

Home Product Center Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2017

1. General information

1.1 Corporate information

Home Product Center Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 96/27 Moo 9, Bangkhen, Amphoe Muang, Nonthaburi.

As at 30 September 2017, the Company and its subsidiaries have a total of 101 branches (31 December 2016: 95 branches) (The Company only: 84 branches, 31 December 2016: 82 branches).

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2016, with there being no changes in the structure of shareholding in subsidiaries during the period except increasing of share capital of the subsidiaries as described in Note 6.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	For the three-month periods		For the three-month periods		
	ended 30 September		ended 30 September		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	27,025	9,721	Cost plus margin
Rental and service income	-	-	67,681	59,362	Baht 3 million and Baht 20 million per month (2016: Baht 2 million and Baht 18 million per month)
Management service income	-	-	29,453	25,505	Actual cost and contact price
Service income	-	-	21,893	13,822	Actual cost
Interest income	-	-	36,651	38,390	4.50% per annum (2016: 4.50% - 4.75% per annum)
Service expense	-	-	78,073	84,983	Actual cost and contact price
Other expenses	-	-	4,095	4,054	Actual cost
Interest expenses	-	-	441	709	1.75% per annum (2016: 1.75% per annum)
<u>Transactions with related companies</u>					
Sales income	10,524	11,637	10,524	11,637	Market price
Rental and service income	4,319	5,533	4,319	5,533	Contact price
Interest income	7,556	4,456	7,556	4,456	0.25% - 0.80% per annum (2016: 0.75% - 1.00% per annum)
Rental and service expenses	6,672	4,563	6,672	4,563	Percentage of revenue but not less than a minimum rate

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	For the nine-month periods		For the nine-month periods		
	ended 30 September		ended 30 September		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	57,256	25,209	Cost plus margin
Rental and service income	-	-	200,555	178,334	Baht 3 million and Baht 20 million per month (2016: Baht 2 million and Baht 18 million per month)
Management service income	-	-	88,219	75,434	Actual cost and contact price
Service income	-	-	46,425	37,204	Actual cost
Interest income	-	-	114,230	104,849	4.50% - 4.75% per annum (2016: 4.50% - 4.75% per annum)
Service expense	-	-	237,927	266,965	Actual cost and contact price
Other expenses	-	-	12,796	11,891	Actual cost
Interest expenses	-	-	1,309	1,494	1.75% per annum (2016: 1.75% per annum)
<u>Transactions with related companies</u>					
Sales income	28,155	42,587	28,155	42,587	Market price
Rental and service income	12,876	15,013	12,876	15,013	Contact price
Interest income	21,899	10,209	21,899	10,209	0.25% - 1.00% per annum (2016: 0.75% - 1.00% per annum)
Rental and service expenses	18,605	16,083	18,605	16,083	Percentage of revenue but not less than a minimum rate

As at 30 September 2017 and 31 December 2016, the Company and its subsidiaries had the outstanding balances with related parties which had been included in the following accounts in the statement of financial position:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Deposits with financial institution				
Related company ⁽¹⁾	1,086,081	2,728,457	987,539	2,689,413
Trade and other receivables				
Subsidiaries	-	-	239,949	146,163
Related company ⁽¹⁾	620	2,479	620	2,479
Related company ⁽²⁾	8,485	5,951	8,393	5,576
Total	9,105	8,430	248,962	154,218
Short-term loans to related parties				
Subsidiaries	-	-	3,264,000	4,014,082
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Trade and other payables				
Subsidiaries	-	-	31,982	42,291
Related company ⁽¹⁾	1,744	1,689	1,744	1,689
Total	1,744	1,689	33,726	43,980
Short-term loans from related party				
Subsidiary	-	-	100,000	100,000

Relationship with the related companies

(1) has common major shareholders

(2) the major shareholders

Short-term loans to related parties

As at 30 September 2017, the Company has granted unsecured loans of Baht 3,264 million (31 December 2016: Baht 4,014 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% per annum (31 December 2016: 4.50% - 4.75% per annum). The loans are repayable at call. Movements in the balance of the loans during the period were as follow:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the period		Balance as at
	1 January 2017	Increase	Decrease	30 September 2017
Short-term loans to related parties				
Mega Home Center Company Limited	3,837,000	655,000	(1,228,000)	3,264,000
Home Product Center (Malaysia) Sdn. Bhd.	177,082	-	(177,082)	-
Total	4,014,082	655,000	(1,405,082)	3,264,000

The decrease of short-term loans to Home Product Center (Malaysia) Sdn. Bhd. during the period was resulted from debt restructuring program as described in Note 6.

Short-term loans from related party

As at 30 September 2017 and 31 December 2016, the Company has received unsecured loans of Baht 100 million from Market Village Company Limited, the Company's 100% owned subsidiary, on which interest is payable on a monthly basis at a rate of 1.75% per annum. The loan is repayable at call. There is no movement in the balance of the loan during the period.

Directors and management's benefits

The Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2017	2016	2017	2016
Short-term benefits	25,071	21,780	22,259	19,140
Post-employment benefits	2,529	830	2,280	590
Total	27,600	22,610	24,539	19,730

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2017	2016	2017	2016
Short-term benefits	142,793	121,290	128,013	109,080
Post-employment benefits	4,189	2,490	3,460	1,771
Total	146,982	123,780	131,473	110,851

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Trade accounts receivable	126,974	337,926	139,362	337,001
Other receivables	1,507,322	1,547,092	1,343,452	1,376,731
Income receivables	11,731	10,462	202,319	124,056
Total trade and other receivables	1,646,027	1,895,480	1,685,133	1,837,788

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Trade accounts receivable	65,993	137,032	82,579	141,903
Credit card and coupon receivable	63,729	203,642	59,531	197,846
Total	129,722	340,674	142,110	339,749
Less: Allowance for doubtful debts	(2,748)	(2,748)	(2,748)	(2,748)
Total trade accounts receivable - net	126,974	337,926	139,362	337,001

The outstanding balances of trade accounts receivable as at 30 September 2017 and 31 December 2016 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Trade receivables				
Not yet due	120,609	334,297	122,010	327,886
Past due				
Up to 3 months	7,868	5,205	18,891	10,802
3 - 6 months	461	103	460	-
6 - 12 months	33	25	-	17
Over 12 months	751	1,044	749	1,044
Total	129,722	340,674	142,110	339,749
Less: Allowance for doubtful debts	(2,748)	(2,748)	(2,748)	(2,748)
Total trade receivables - net	126,974	337,926	139,362	337,001

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 30 September 2017 and 31 December 2016 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Age of receivables				
Not yet due	719,963	853,604	664,621	780,529
Past due				
Up to 3 months	744,853	655,704	667,142	588,489
3 - 6 months	15,652	19,717	8,540	7,567
6 - 12 months	17,897	16,437	7,288	6,517
Over 12 months	35,952	28,625	21,829	19,597
Total	1,534,317	1,574,087	1,369,420	1,402,699
Less: Allowance for doubtful debts	(26,995)	(26,995)	(25,968)	(25,968)
Total other receivables - net	1,507,322	1,547,092	1,343,452	1,376,731

4. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Inventories	13,541,055	12,276,527	10,967,239	10,071,245
Less: Reduce cost to net realisable value	(469,400)	(410,656)	(437,015)	(390,623)
Net	13,071,655	11,865,871	10,530,224	9,680,622
Less: Inventories - repaid its cost when sold	(2,078,692)	(1,709,121)	(1,706,311)	(1,411,055)
Purchase discount	(539,205)	(485,205)	(458,605)	(422,605)
Total inventories - net	10,453,758	9,671,545	8,365,308	7,846,962

5. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Prepaid expenses	173,215	128,632	146,397	107,902
Suspend input value added tax	48,934	36,483	44,756	32,158
Others	20,049	25,090	7,139	11,443
Total other current assets	242,198	190,205	198,292	151,503

6. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the nine-month periods ended	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	30 September 2016
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	-
Home Product Center (Malaysia) Sdn. Bhd.	437,177	251,179	100.00	100.00	437,177	251,179	-	-
Mega Home Center Company Limited	1,500,000	1,000,000	99.99	99.99	1,500,000	1,000,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					1,944,677	1,258,679	-	-

During the period, the significant changes in investments in subsidiaries are as follows.

Home Product Center (Malaysia) Sdn. Bhd.

On 31 March 2017, Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary, passed a resolution to enter into debt restructuring program by converting its principal of short-term loans from the Company amounting Baht 177 million and related accrued interest at Baht 9 million, totaling Baht 186 million (MYR 24 million) in exchange with the subsidiary's ordinary shares at the same amount ("the transaction"). Upon the completion of the transaction, the registered capital of the subsidiary would be increased from Baht 251 million (MYR 25 million) to Baht 437 million (MYR 49 million). However, the Company's proportionate holding in the equity of the subsidiary did not change from the transaction. The subsidiary completed its regulatory process of the transaction on 5 May 2017.

Mega Home Center Company Limited

On 31 January 2017, Mega Home Center Company Limited, the Company's 99.99% owned subsidiary, passed a resolution to increase its registered capital, which raised from the previous registered capital of Baht 1,000 million to Baht 1,500 million, and to call-up the subscriptions from shareholders. The Company made payment for the subscription on the same date. As a result, the Company's proportionate holding in the equity of such subsidiary did not change.

7. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	3,046,951	3,889,930
Acquisitions - at cost	28,345	28,345
Disposals and written-off - net book value	(424)	(424)
Depreciation	(220,556)	(220,556)
Net book value as at 30 September 2017	<u>2,854,316</u>	<u>3,697,295</u>

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	29,539,712	24,201,255
Acquisitions - at cost	1,090,139	635,438
Disposals and written-off - net book value	(4,333)	(3,802)
Depreciation	(1,979,412)	(1,622,723)
Reversal of allowance for impairment of assets	4,320	4,320
Translation adjustment	(4,550)	-
Net book value as at 30 September 2017	<u>28,645,876</u>	<u>23,214,488</u>

9. Computer software

Movements of the computer software account during the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	426,036	391,851
Acquisitions - at cost	52,365	52,191
Amortisation	(32,426)	(28,482)
Translation adjustment	(6)	-
Net book value as at 30 September 2017	<u>445,969</u>	<u>415,560</u>

10. Leasehold rights

Movements of the leasehold right account during the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	2,517,422	2,222,110
Acquisitions - at cost	50,240	-
Amortisation	(69,679)	(63,981)
Net book value as at 30 September 2017	2,497,983	2,158,129

11. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 September	31 December	30 September	31 December	30 September	31 December
	2017	2016	2017	2016	2017	2016
Bill of exchange - Baht	1.70	1.65	250,000	1,500,000	-	1,500,000
Bill of exchange - MYR	4.00 - 5.06	3.65	141,881	7,405	-	-
Total short-term loans from financial institutions			391,881	1,507,405	-	1,500,000

As at 30 September 2017, the Company had overdraft lines from banks totaling Baht 305 million (31 December 2016: Baht 275 million) (the Company only: Baht 275 million, 31 December 2016: Baht 275 million), and other credit facilities amounting to Baht 13,427 million (31 December 2016: Baht 12,927 million) (the Company only: Baht 13,177 million, 31 December 2016: Baht 12,927 million).

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Trade accounts payable	11,488,261	11,894,819	9,688,895	10,038,528
Other payables	594,692	551,006	521,189	469,616
Other payables for purchase of assets	152,305	329,947	91,216	233,350
Accrued expenses	1,264,261	1,255,805	1,104,273	1,125,174
Total trade and other payables	13,499,519	14,031,577	11,405,573	11,866,668

13. Long-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Long-term loans - Baht	3.59 - 3.71	3.59 - 3.71	750,000	1,100,000	750,000	1,100,000
Long-term loans - MYR	COF + 1.10*	-	108,875	-	-	-
Total long-term loans			858,875	1,100,000	750,000	1,100,000
Less: Current portion of long-term loans			(550,000)	(700,000)	(550,000)	(700,000)
Long-term loans - net of current portion			308,875	400,000	200,000	400,000

* The Bank's cost of fund ("COF") plus 1.10% per annum.

- a) Long-term loans in Baht are unsecured long-term credit facilities from a financial institution, comprising three loans agreements. Payment of interest is scheduled on a quarterly basis and payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal drawdown. Full repayment is to be made within 10 installments or within 60 months after first principal draw down. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio according to the agreements.
- b) Long-term loan in MYR is loan facility from an overseas financial institution of Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. Payments of interest and principal are scheduled on a monthly basis. Full repayments are to be made within seven years after first principal drawdown. The first installment of the principal is to commence on the 25th month from the first principal drawdown. The loan is secured by a 100% corporate guarantee provided by the Company, together with the requirement to maintain the Company's shareholding directly or indirectly, of the subsidiary at not less than 51%. The loan agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity ratio according to the agreement.

14. Debentures

Consolidated and separate financial statements								
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30 September 2017	31 December 2016	30 September 2017	31 December 2016
No.	Interest rate per annum	Age	Repayment	Maturity				
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	-	1,000,000	-	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	-	530,000	-	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	-	520,000	-	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	-	2,000,000	-	2,000,000
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2015	Fixed rate 3.05%	3 years	At maturity	24 February 2018	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2015	Fixed rate 2.25%	3 years	At maturity	15 September 2018	2,500,000	2,500,000	2,500,000	2,500,000
No. 1/2016	Fixed rate 2.10%	3 years	At maturity	5 August 2019	2,700,000	2,700,000	2,700,000	2,700,000
No. 2/2016	Fixed rate 2.25%	3 years	At maturity	14 October 2019	3,000,000	3,000,000	3,000,000	3,000,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	27 April 2020	4,000,000	-	4,000,000	-
Total					<u>14,200,000</u>	<u>14,250,000</u>	14,200,000	14,250,000
Less: Current portion of debentures							(3,500,000)	(4,050,000)
Debentures - net of current portion							<u>10,700,000</u>	<u>10,200,000</u>

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

On 5 April 2017, the Annual General Meeting of the Company's shareholders passed the resolution to approve the cancellation of long-term debentures for the portion that has not been issued and offered for sale, which was approved according to the resolution of the Annual General Shareholders' Meeting of year 2013. Then, to approve the issuance and sale of long-term debentures in the amount of not exceeding Baht 30,000 million

15. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	periods ended 30 September		periods ended 30 September	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	285,830	256,380	285,103	246,714
Deferred tax:				
Relating to origination and reversal of temporary differences	(8,736)	(3,703)	(7,283)	(1,994)
Income tax expenses reported in the statements of comprehensive income	<u>277,094</u>	<u>252,677</u>	<u>277,820</u>	<u>244,720</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	788,476	753,096	785,475	727,625
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,586)	(15,396)	(5,619)	(16,066)
Income tax expenses reported in the statements of comprehensive income	<u>775,890</u>	<u>737,700</u>	<u>779,856</u>	<u>711,559</u>

16. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2017	2016	2017	2016
Profit for the period (Thousand Baht)	1,183,003	948,421	1,175,356	944,066
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.09	0.07	0.09	0.07

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Profit for the period (Thousand Baht)	3,360,429	2,805,272	3,343,303	2,754,738
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.26	0.21	0.25	0.21

17. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 7 April 2016	1,973	0.15
Interim dividends for 2016	Board of Director's meeting on 30 August 2016	1,578	0.12
Total		3,551	
Final dividends for 2016	Annual General Meeting of the shareholders on 5 April 2017	1,973	0.15
Interim dividends for 2017	Board of Director's meeting on 29 August 2017	1,709	0.13
Total		3,682	

18. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company and its subsidiaries are principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail and wholesale business, together with space rental and provide utilities service (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographic information

Sales income from external customers is based on locations of the Company and its subsidiaries which are summarised as follow.

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Sales income from external customers				
Thailand	14,861	13,693	43,571	41,712
Malaysia	237	123	600	362
Total	15,098	13,816	44,171	42,074

(Unaudited but reviewed)

(Unit: Million Baht)

	As at	
	30 September	31 December
	2017	2016
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	34,287	35,459
Malaysia	317	207
Total	<u>34,604</u>	<u>35,666</u>

Major customers

For the three-month and nine-month periods ended 30 September 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

19. Commitments and contingent liabilities

19.1 Capital commitment

The Company and its subsidiaries had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

19.2 Operating lease commitments - as a lessee

a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 15 to 30 years and they are non-cancelable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Payable:				
In up to 1 year	120	113	110	104
In over 1 and up to 5 years	529	506	472	467
In over 5 years	3,241	3,057	2,625	2,714

- b) The Company and its subsidiaries have entered into lease agreements to lease commercial space. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Payable:				
In up to 1 year	130	118	107	100
In over 1 and up to 5 years	439	502	407	401
In over 5 years	789	813	789	813

19.3 Long-term service and rental commitments

- a) The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.
- b) The Company has entered into agreements to provide administrative services to two subsidiaries and inventory management services to one subsidiary. Under the conditions of the agreements, the Company receives monthly services fee at a percentage of sales, rental and service income, and a percentage of the actual cost, as stipulated in the agreements.
- c) The Company has entered into land lease agreements and an agreement to lease commercial space including related services with two subsidiaries. The terms of the agreements are 3 and 30 years. Under the conditions of the agreements, the Company receives monthly rental and service fees at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

19.4 Long-term lease agreements - as a lessor

As at 30 September 2017 and 31 December 2016, the Company has entered into 8 agreements with 4 companies to lease and/or sub-lease parts of its premises in 7 branches for the periods between 18 to 30 years, with a total of rental received in advance amounting Baht 651 million. The terms of the agreements are ended in the year 2033 to the year 2039. The Company recognised this income systematically on a straight-line basis over the lease periods which are the useful lives of the leaseholds.

As at 30 September 2017, the outstanding balance of rental received in advance, net of recognised rental income was Baht 389 million (31 December 2016: Baht 406 million).

19.5 Guarantees

- a) As at 30 September 2017, there were outstanding bank guarantees of Baht 150 million issued by banks on benefit of the Company and its subsidiaries in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (31 December 2016: Baht 189 million) (The Company only: Baht 137 million, 31 December 2016: Baht 177 million). The bank guarantee of Baht 13 million issued in the name of subsidiary was guaranteed by the Company.
- b) As at 30 September 2017, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 3 million and CNY 2 million (31 December 2016: USD 2 million and CNY 2 million).
- c) As at 30 September 2017, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 46 million (31 December 2016: Baht 280 million and MYR 32 million) to financial institutions.

19.6 Litigation

- a) As at 30 September 2017, the Company has legal cases for a total claimed amount of Baht 4.5 million (31 December 2016: Baht 2 million) which are currently being considered by the Court. The legal department and the management of the Company believe that the outcome of these cases will not have any significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.

- b) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department and the management of the Company viewed that the Company has proceeded according to the law and believe that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

19.7 Foreign exchange contracts

As at 30 September 2017 and 31 December 2016 foreign exchange contracts outstanding are summarised below

Consolidated and Separate financial statements					
As at 30 September 2017					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	1	-	33.40 - 33.90	-	January - February 2018
Consolidated and Separate financial statements					
As at 31 December 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	35.92 - 36.03	-	Within July 2017

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 30 October 2017.