

Home Product Center Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2022

1. General information

1.1 The Company's general 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 31 Prachachuennonthaburi Rd., Bangkhen, Amphoe Muang, Nonthaburi.

As at 30 June 2022, the Group has a total of 114 branches (31 December 2021: 114 branches) (The Company only: 95 branches, 31 December 2021: 95 branches).

1.2 Basis of preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No.34 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 information is 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. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language financial information.

1.3 Basis of consolidation

This interim financial information includes the financial statements of Home Product Center Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") (collectively as "the Group") and has been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021, with no change in shareholding structure of subsidiaries during the current period.

1.4 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the periods, the Group 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 Group and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	2022	2021	2022	2021	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	72,260	94,387	Cost plus margin
Rental and service income	-	-	11,477	11,287	Baht 3.8 million per month (2021: Baht 3.7 million per month)
Management service income	-	-	9,934	9,788	Actual cost and contract price
Service income	-	-	36,103	41,489	Actual cost and contract price
Dividend income	-	-	100,000	-	As declared
Interest income	-	-	6,880	10,637	3.00% per annum
Service expense	-	-	100,095	95,245	Actual cost and contract price
Other expenses	-	-	1,853	-	Actual cost
<u>Transactions with related companies</u>					
Sales income	15,249	13,928	15,040	13,647	Market price
Rental and service income	1,892	3,270	1,961	2,924	Contract price
Other income	12,792	10,147	12,272	9,422	Contract price
Interest income	1,144	1,371	1,103	1,323	0.15% - 0.40% per annum (2021: 0.15% - 0.40% per annum)
Rental and service expenses	11,350	6,049	8,435	6,049	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	83,399	92,994	80,060	77,436	As mutually agreed upon comparing market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the six-month		For the six-month		
	periods ended 30 June		periods ended 30 June		
	2022	2021	2022	2021	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	181,092	180,215	Cost plus margin
Rental and service income	-	-	22,953	22,431	Baht 3.8 million per month (2021: Baht 3.7 million per month)
Management service income	-	-	19,769	18,923	Actual cost and contract price
Service income	-	-	74,454	79,914	Actual cost and contract price
Dividend income	-	-	100,000	-	As declared
Interest income	-	-	15,839	23,298	3.00% per annum
Sales of assets	-	-	-	320	Cost plus margin
Service expense	-	-	190,886	189,407	Actual cost and contract price
Other expenses	-	-	3,504	-	Actual cost
<u>Transactions with related companies</u>					
Sales income	26,217	26,879	25,523	26,556	Market price
Rental and service income	4,717	6,692	4,865	5,789	Contract price
Other income	23,330	23,365	22,238	21,647	Contract price
Interest income	2,372	3,894	2,331	3,846	0.15% - 0.40% per annum (2021: 0.15% - 0.40% per annum)
Rental and service expenses	21,368	18,422	18,453	15,772	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	167,524	172,281	150,411	151,495	As mutually agreed upon comparing market price

Rental income, management service income, service income and service expense with subsidiaries were described in Note 17.3.

(Unaudited but reviewed)

The balances of the accounts between the Group and those related companies are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽²⁾	3,812,326	3,921,159	3,791,167	3,889,563
<u>Trade and other receivables</u>				
Subsidiaries	-	-	128,425	151,706
Related companies ⁽¹⁾	5,426	4,726	5,426	4,726
Related companies ⁽²⁾	2,783	3,643	2,783	3,720
Related companies ⁽³⁾	692	1,366	580	806
Related companies ⁽⁴⁾	10,257	13,045	9,931	12,686
Total	19,158	22,780	147,145	173,644
<u>Short-term loans to related party</u>				
Subsidiary	-	-	676,000	1,234,000
<u>Rental guarantee deposits</u>				
Related company ⁽²⁾	5,921	5,921	5,921	5,921
Related company ⁽³⁾	1,605	1,425	1,605	1,425
Total	7,526	7,346	7,526	7,346
<u>Trade and other payables</u>				
Subsidiaries	-	-	28,795	40,784
Related company ⁽²⁾	1,902	5,067	1,902	5,067
Related company ⁽³⁾	297	167	297	167
Related companies ⁽⁴⁾	77,654	81,793	74,760	77,699
Total	79,853	87,027	105,754	123,717
Relationship with the related companies				
(1) the major shareholders				
(2) has common major shareholders				
(3) has common shareholders				
(4) has shareholders who related to director				

(Unaudited but reviewed)

Short-term loans to related party

As at 30 June 2022, the Company has granted unsecured loans to its subsidiary on which interest is payable on a monthly basis at a rate of 3.00% per annum (31 December 2021: 3.00% per annum). The loans are repayable at call. Movements in the balance of the loans during the period were as follow:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 30 June 2022
	Balance as at 1 January 2022	During the period		
		Increase	Decrease	
Short-term loans to related party				
Mega Home Center Company Limited	1,234,000	2,190,000	(2,748,000)	676,000

Directors and management's benefits

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2022	2021	2022	2021
Short-term benefits	74,485	70,198	69,758	65,892
Post-employment benefits	1,378	1,223	1,221	1,053
Total	75,863	71,421	70,979	66,945

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2022	2021	2022	2021
Short-term benefits	144,046	133,137	131,146	121,740
Post-employment benefits	2,756	2,446	2,443	2,106
Total	146,802	135,583	133,589	123,846

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
Trade accounts receivable	219,637	166,849	212,064	268,249
Other receivables	1,223,857	1,502,422	1,124,283	1,402,477
Income receivables	6,061	5,602	6,052	5,592
Total trade and other receivables	<u>1,449,555</u>	<u>1,674,873</u>	<u>1,342,399</u>	<u>1,676,318</u>

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
Trade accounts receivable	168,150	78,843	165,528	185,213
Credit card and coupon receivable	51,487	88,006	46,536	83,036
Total trade accounts receivable	<u>219,637</u>	<u>166,849</u>	<u>212,064</u>	<u>268,249</u>

The outstanding balances of trade accounts receivable as at 30 June 2022 and 31 December 2021 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
<u>Aged on the basis of due dates</u>				
Not yet due	181,064	143,753	94,037	144,067
Past due				
Up to 3 months	35,180	21,402	71,364	55,059
3 - 6 months	2,403	924	34,764	5,984
6 - 12 months	251	39	10,540	50,702
Over 12 months	739	731	1,359	12,437
Total trade receivables	<u>219,637</u>	<u>166,849</u>	<u>212,064</u>	<u>268,249</u>

(Unaudited but reviewed)

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 June 2022 and 31 December 2021 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
<u>Aged on the basis of due dates</u>				
Not yet due	539,261	789,212	501,412	740,911
Past due				
Up to 3 months	653,811	683,821	593,982	635,152
3 - 6 months	28,271	15,305	27,325	14,508
6 - 12 months	8,097	22,428	7,359	21,152
Over 12 months	9,107	6,806	6,548	3,539
Total	1,238,547	1,517,572	1,136,626	1,415,262
Less: Allowance for expected credit losses	(14,690)	(15,150)	(12,342)	(12,785)
Total other receivables - net	1,223,857	1,502,422	1,124,283	1,402,477

4. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
Inventories	15,197,095	15,197,877	12,472,945	12,496,477
Less: Reduce cost to net realisable value	(669,648)	(654,216)	(609,082)	(601,761)
Net	14,527,447	14,543,661	11,863,863	11,894,716
Less: Inventories - repaid its cost when sold	(1,426,015)	(1,401,525)	(1,201,065)	(1,159,527)
Purchase discount	(575,934)	(569,934)	(491,335)	(485,336)
Total inventories - net	12,525,498	12,572,202	10,171,463	10,249,853

(Unaudited but reviewed)

5. Investment in associate

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Carrying amounts based on equity method		Carrying amounts based on cost method	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
OneStockHome Company Limited	68,705	-	68,705	-

In February 2022, the Company has entered into an agreement on share purchase and subscription with the current shareholders of OneStockHome Company Limited, a limited company incorporated in Thailand and is principally engaged in online sale and service. The Company has paid Baht 68.7 million for 37,792 preferred shares at Baht 1,818 per share (par value of Baht 10 per share) on 8 March 2022 and 3 May 2022. The Company's shareholding percentage in this company is 30%.

The preferred shares of this company have right to receive dividends equal to the ordinary shares. In addition, the preferred shareholders have right to receive any payments either from a key person as identified or from the capital or assets of this company first, in accordance with the Articles of Association of this company when the liquidation occurs.

Currently, the Company is in the process of assessing the fair value of this company at the acquisition date. It is to be completed within the period of 12 months of the acquisition date.

6. Investment properties

Movements of the investment properties for the six-month period ended 30 June 2022 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2022	3,674,704	4,737,481
Acquisitions - at cost	4,779	4,779
Depreciation	(122,451)	(127,335)
Net book value as at 30 June 2022	3,557,032	4,614,925

7. Property, building and equipment

Movements of the property, building and equipment for the six-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2022	27,584,172	23,402,331
Acquisitions - at cost	1,409,698	1,365,479
Transfer from right-of-use assets - net book value	360	360
Disposals and written-off - net book value	(5,159)	(462)
Depreciation	(1,156,814)	(997,349)
Translation adjustment	(174)	-
Net book value as at 30 June 2022	<u>27,832,083</u>	<u>23,770,359</u>

8. Right-of-use assets

Movements of the right-of-use assets for the six-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2022	6,659,214	5,656,479
Additions - at cost	974,801	974,801
Transfer to property, building and equipment - net book value	(360)	(360)
Decrease from rental period reduction	(10,864)	(10,864)
Depreciation	(226,696)	(187,788)
Translation adjustment	(243)	-
Net book value as at 30 June 2022	<u>7,395,852</u>	<u>6,432,268</u>

(Unaudited but reviewed)

9. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Bills of exchange - Baht	0.76	0.58	1,000,000	1,000,000	1,000,000	1,000,000
Bills of exchange - Foreign currency	3.26	3.01 - 3.44	55,974	231,829	-	-
Total short-term loans from financial institutions			<u>1,055,974</u>	<u>1,231,829</u>	<u>1,000,000</u>	<u>1,000,000</u>

As at 30 June 2022, the Group had overdraft lines from banks totaling Baht 370 million and MYR 2.5 million (31 December 2021: Baht 340 million and MYR 2.5 million) (The Company only: Baht 340 million, 31 December 2021: Baht 310 million) and other credit facilities totaling Baht 12,250 million, USD 24 million and MYR 103 million (31 December 2021: Baht 11,937 million, USD 40 million and MYR 70 million) (The Company only: Baht 12,018 million and USD 24 million, 31 December 2021: Baht 11,704 million and USD 40 million).

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Trade accounts payable	11,642,218	12,253,471	9,936,965	10,743,269
Other payables	508,238	603,917	459,452	533,278
Other payables for purchase of assets	533,685	242,453	514,145	237,205
Accrued expenses	784,730	872,778	725,146	796,593
Total trade and other payables	<u>13,468,871</u>	<u>13,972,619</u>	<u>11,635,708</u>	<u>12,310,345</u>

11. Lease liabilities

Movements of lease liabilities for six-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2022	5,112,730	4,654,433
Additions	974,801	974,801
Increase from amortisation of deferred interest in the period	84,875	81,163
Payments	(730,364)	(705,816)
Decrease from rental period reduction	(10,884)	(10,884)
Translation adjustment	(207)	-
As at 30 June 2022	5,430,951	4,993,697
Less: current portion	(224,656)	(185,082)
Lease liabilities - net of current portion	<u>5,206,295</u>	<u>4,808,615</u>

12. Long-term loans

Loan	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated financial statements	
			30 June 2022	31 December 2021
1	COF* + 1.10	Monthly repayment since April 2019 to February 2025	58,000	61,608
2	COF* + 0.80	Monthly repayment since April 2024 to March 2029	125,542	-
Total long-term loans			183,542	61,608
Less: Current portion			(58,000)	(61,608)
Long-term loans - net of current portion			<u>125,542</u>	<u>-</u>

* The Bank's cost of fund ("COF")

(Unaudited but reviewed)

Movement of the long-term loans for the six-month period ended 30 June 2022 are summarised below:

	(Unit: Thousand Baht)
	Consolidated
	<u>financial statements</u>
Balance as at 1 January 2022	61,608
Additional borrowings	122,273
Repayments	(3,520)
Translation adjustment	3,181
Balance as at 30 June 2022	<u>183,542</u>

Long-term loans denominated in MYR were loan facilities granted by two overseas financial institutions for Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. The loans were secured by a 100% corporate guarantee provided by the Company. The loan agreements contained covenants as specified in the agreements that, among other things, require the subsidiary to maintain a certain debt to equity ratio and the Company to maintain its shareholding, directly or indirectly, in the subsidiary of no less than 51% for the loan no. 1 and require the consolidated financial statement of the Company to maintain a certain debt to equity ratio for the loan no. 2.

As at 30 June 2022, the loan no. 1 amounted to Baht 58 million (31 December 2021: Baht 62 million), of which on 22 April 2020, the subsidiary received a letter of consent allowing for a moratorium on principal repayment commencing from May 2020 to October 2020 and an extension of principal repayment for another 6 months. Subsequently, on 14 October 2021, the subsidiary received a letter of consent allowing for a moratorium on principal repayment commencing from November 2021 to April 2022 and an extension of principal repayment for another 6 months. The debt to equity ratio of the subsidiary was not in compliance with the conditions prescribed in the agreement. Therefore, the Group presented the balance of long-term loan as current liabilities in the consolidated financial statements. However, the Group is currently in negotiation with the bank on modification and amendment of the contractual conditions.

(Unaudited but reviewed)

13. Debentures

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 June 2022	31 December 2021
Debentures	12,320,000	12,320,000
Less: Deferred interest	(169,466)	(255,735)
Debentures - net	12,150,534	12,064,265
Less: Current portion of debentures	(6,265,166)	(3,120,897)
Debentures - net of current portion	5,885,368	8,943,368

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.

14. Revenue from contracts with customers**Disaggregated revenue information**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2022	2021	2022	2021
Type of goods or service:				
Sale of goods related to houses and residences	16,136,945	15,992,163	13,878,519	13,901,859
Renovation and improvement services	70,847	67,848	70,847	67,848
Installation, maintenance and other services	110,810	94,296	104,140	88,197
Total revenue from contracts with customers	16,318,602	16,154,307	14,053,506	14,057,904
Timing of revenue recognition:				
Revenue recognised at a point in time	16,247,755	16,086,459	13,982,659	13,990,056
Revenue recognised over time	70,847	67,848	70,847	67,848
Total revenue from contracts with customers	16,318,602	16,154,307	14,053,506	14,057,904

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2022	2021	2022	2021
Type of goods or service:				
Sale of goods related to houses and residences	31,718,351	30,903,815	27,292,702	26,784,605
Renovation and improvement services	157,347	128,969	157,347	128,969
Installation, maintenance and other services	203,841	173,929	191,174	161,678
Total revenue from contracts with customers	<u>32,079,539</u>	<u>31,206,713</u>	<u>27,641,223</u>	<u>27,075,252</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	31,922,192	31,077,744	27,483,876	26,946,283
Revenue recognised over time	157,347	128,969	157,347	128,969
Total revenue from contracts with customers	<u>32,079,539</u>	<u>31,206,713</u>	<u>27,641,223</u>	<u>27,075,252</u>

Set out below, is a reconciliation of the revenue from contracts with customers with financial information classified by source of revenue.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	periods ended 30 June		periods ended 30 June	
	2022	2021	2022	2021
Revenue from external customers	16,303,006	16,140,379	13,966,206	13,949,870
Revenue from related parties	89,352	94,616	87,300	108,034
	16,392,358	16,234,995	14,053,506	14,057,904
Eliminations	(73,756)	(80,688)	-	-
Total revenue from contracts with customers	<u>16,318,602</u>	<u>16,154,307</u>	<u>14,053,506</u>	<u>14,057,094</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2022	2021	2022	2021
Revenue from external customers	32,053,323	31,179,834	27,434,608	26,868,481
Revenue from related parties	210,803	199,970	206,615	206,771
	32,264,126	31,379,804	27,641,223	27,075,252
Eliminations	(184,587)	(173,091)	-	-
Total revenue from contracts with customers	32,079,539	31,206,713	27,641,223	27,075,252

15. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend from operating results from July 2020 to December 2020	The Annual General Meeting of the shareholders on 8 April 2021	2,630	0.20
Total		2,630	
Dividend from operating results from July 2021 to December 2021	The Annual General Meeting of the shareholders on 8 April 2022	2,630	0.20
Total		2,630	

16. 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 Group 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 and total assets 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.

17. Commitments and contingent liabilities

17.1 Capital commitment

As at 30 June 2022 and 31 December 2021, the Company 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.

17.2 Rental lease commitment - as a lessee

As at 30 June 2022, the Company had future lease payments required under non-cancellable lease contracts that have not yet commenced amounting to Baht 1,181 million (31 December 2021: Baht 701 million).

17.3 Service commitments and land and building 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 entered into an agreement on management assistance and inventories management with subsidiary. Under the conditions prescribed by agreement, the Company is paid by monthly service fees based on percentage of sales and percentage of actual costs as stipulated in the agreement. However, the Company terminated the agreement on 30 June 2022.
- c) The Company has entered into land lease agreements with a subsidiary. The terms of the agreements are 3 years. Under the conditions of the agreements, the Company receives monthly rental fees at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

17.4 Long-term lease agreements - as a lessor

As at 30 June 2022 and 31 December 2021, the Company has entered into 5 agreements with 4 companies to lease and/or sub-lease parts of its premises in 5 branches for the periods between 18 to 30 years, with a total of rental received in advance amounting Baht 572 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 June 2022, the outstanding balance of rental received in advance, net of recognised rental income was Baht 249 million (31 December 2021: Baht 259 million).

17.5 Guarantees

- a) As at 30 June 2022, the Group has outstanding bank guarantees of Baht 161 million and MYR 1.5 million (31 December 2021: Baht 163 million and MYR 1.3 million) (The Company only: Baht 131 million, 31 December 2021: Baht 134 million) issued by banks on behalf of the Group in respect of guarantees provided for leasing, purchases of goods or hire of work, and as bonds with State Enterprise. The bank guarantee of Baht 29 million and MYR 1.5 million (31 December 2021: Baht 29 million and MYR 1.3 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 30 June 2022, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 0.6 million and CNY 3.4 million (31 December 2021: USD 0.8 million and CNY 4.7 million).
- c) As at 30 June 2022, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 143 million (31 December 2021: Baht 280 million and MYR 103 million) to financial institutions.

17.6 Litigation

As at 30 June 2022, the Group has legal cases for a total claimed amount of Baht 2.4 million (31 December 2021: Baht 5.0 million) (The Company only: Baht 2.4 million, 31 December 2021: Baht 2.6 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.

17.7 Forward contracts

As at 30 June 2022 and 31 December 2021, forward contracts outstanding are summarised below.

Consolidated and Separate financial statements					
As at 30 June 2022					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	6	-	32.56 - 34.80	-	Within January 2023
CNY	116	-	5.06 - 5.18	-	Within November 2022

Consolidated and Separate financial statements					
As at 31 December 2021					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	32.73 - 33.57	-	Within July 2022
CNY	30	-	5.20 - 5.25	-	Within July 2022

18. Financial Instrument**Fair value of financial instruments**

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value except debentures are not expected to be materially different from the amounts presented in the statements of financial position. The estimated fair value of debentures, in comparison with the related amount carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Debentures	12,150	12,114	12,064	12,161

19. Events after the reporting period

- a) On 1 July 2022, a subsidiary sold all inventories and some equipment to the Company for use in trading of goods and other items related to wholesale and retail business operations. A subsidiary continues to operate under other businesses. In addition, the Company entered into building rental agreements and a personnel management services agreement with the subsidiary.
- b) On 15 July 2022, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 3 million units with a par value of Baht 1,000 each for a total of Baht 3,000 million with interest rate at of 2.68% per annum with interest payments every 6 months, issuing to institutional investors to be used as the Company's working capital. The debenture is maturity on 15 July 2025.

20. Approval of interim financial information

This interim financial information was authorised for issue by the Company's authorised directors on 25 July 2022.