

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 2024

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 2024, the Group has a total of 130 branches (31 December 2023: 128 branches) (The Company only: 123 branches, 31 December 2023: 121 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 are the official statutory financial information of the Company. The interim financial information in English language have 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 2023, with no change in shareholding structure of subsidiaries during the current period.

1.4 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 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, 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		
	2024	2023	2024	2023	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	14,003	20,038	Cost plus margin
Service income	-	-	-	35	Actual cost and contract price
Dividend income	-	-	-	225,000	As declared
Rental and service expense	-	-	154,756	131,540	Actual cost and contract price
Management service expense	-	-	110,982	219,885	Actual cost and contract price
<u>Transactions with related companies</u>					
Sales income	17,282	16,830	17,282	16,830	Market price
Rental and service income	2,301	2,552	2,301	2,552	Contract price
Other income	10,982	8,774	10,982	8,774	Contract price
Interest income	431	35	425	26	0.15% - 1.90% per annum (2023: 0.15% - 0.65% per annum)
Rental and service expenses	12,021	11,421	12,021	10,938	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	85,952	102,818	85,952	102,818	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		
	2024	2023	2024	2023	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	30,337	59,539	Cost plus margin
Service income	-	-	-	45	Actual cost and contract price
Dividend income	-	-	500,000	225,000	As declared
Rental and service expense	-	-	296,605	263,081	Actual cost and contract price
Management service expense	-	-	294,859	429,799	Actual cost and contract price
<u>Transactions with related companies</u>					
Sales income	31,083	35,476	31,083	35,476	Market price
Rental and service income	4,354	4,906	4,354	4,906	Contract price
Other income	20,420	19,331	20,420	19,331	Contract price
Interest income	7,025	77	7,019	68	0.15% - 1.90% per annum (2023: 0.15% - 0.65% per annum)
Rental and service expenses	26,272	23,572	23,357	20,174	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	158,098	290,862	158,098	290,862	As mutually agreed upon comparing market price

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	31 December	30 June	31 December
	2024	2023	2024	2023
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽²⁾	27,097	30,149	21,534	22,449
<u>Trade and other receivables</u>				
Subsidiaries	-	-	93,657	140,629
Related companies ⁽¹⁾	3,788	5,638	3,788	5,638
Related companies ⁽²⁾	5,057	3,509	5,057	3,509
Related companies ⁽³⁾	572	3,345	572	3,345
Related companies ⁽⁴⁾	15,765	31,709	15,765	31,709
Total	25,182	44,201	118,839	184,830
<u>Rental guarantee deposits</u>				
Related company ⁽²⁾	5,921	5,921	5,921	5,921
Related company ⁽³⁾	1,515	1,515	1,515	1,515
Total	7,436	7,436	7,436	7,436

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
<u>Trade and other payables</u>				
Subsidiaries	-	-	66,034	162,041
Related company ⁽²⁾	2,204	2,193	2,204	2,193
Related company ⁽³⁾	9,352	3,037	9,352	3,037
Related companies ⁽⁴⁾	75,453	125,372	75,453	125,372
Total	87,009	130,602	153,043	292,643

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

Directors and management's benefits

(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	
	2024	2023	2024	2023
Short-term benefits	74,170	70,517	71,137	66,323
Post-employment benefits	680	1,048	679	964
Total	74,850	71,565	71,816	67,287

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2024	2023	2024	2023
Short-term benefits	143,181	133,788	132,068	121,863
Post-employment benefits	1,359	2,096	1,273	1,927
Total	144,540	135,884	133,341	123,790

(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
	2024	2023	2024	2023
Trade accounts receivable	338,314	303,719	415,842	429,647
Other receivables	1,399,127	1,801,625	1,380,494	1,763,604
Income receivables	8,064	9,342	7,246	8,436
Total trade and other receivables	<u>1,745,505</u>	<u>2,114,686</u>	<u>1,803,582</u>	<u>2,201,687</u>

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
Trade accounts receivable	147,803	157,479	231,846	290,648
Credit card and coupon receivable	197,329	149,830	186,576	138,999
Total	345,132	307,309	418,422	429,647
Less: Allowance for expected credit losses	(6,818)	(3,590)	(2,580)	-
Total trade accounts receivable - net	<u>338,314</u>	<u>303,719</u>	<u>415,842</u>	<u>429,647</u>

The outstanding balances of trade accounts receivable as at 30 June 2024 and 31 December 2023 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
<u>Aged on the basis of due dates</u>				
Not yet due	294,571	231,784	283,817	223,650
Past due				
Up to 3 months	31,760	62,962	37,125	68,629
3 - 6 months	2,532	4,111	2,503	5,879
6 - 12 months	8,690	781	8,632	64,032
Over 12 months	7,579	7,671	86,345	67,457
Total	345,132	307,309	418,422	429,647
Less: Allowance for expected credit losses	(6,818)	(3,590)	(2,580)	-
Total trade accounts receivable - net	<u>338,314</u>	<u>303,719</u>	<u>415,842</u>	<u>429,647</u>

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 2024 and 31 December 2023 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
<u>Aged on the basis of due dates</u>				
Not yet due	633,315	886,224	625,960	860,306
Past due				
Up to 3 months	754,940	893,271	744,419	881,916
3 - 6 months	7,530	23,943	7,412	23,467
6 - 12 months	6,070	-	5,707	-
Over 12 months	7,678	8,723	6,988	8,010
Total	1,409,533	1,812,161	1,390,486	1,773,699
Less: Allowance for expected credit losses	(10,406)	(10,536)	(9,992)	(10,095)
Total other receivables - net	<u>1,399,127</u>	<u>1,801,625</u>	<u>1,380,494</u>	<u>1,763,604</u>

4. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
Inventories	17,366,869	16,764,208	16,922,930	16,319,251
Less: Reduce cost to net realisable value	(584,110)	(590,916)	(560,403)	(570,585)
Net	16,782,759	16,173,292	16,362,527	15,748,666
Less: Inventories - repaid its cost when sold	(1,517,150)	(1,545,836)	(1,517,150)	(1,545,836)
Purchase discount	(680,182)	(662,182)	(680,182)	(662,182)
Inventories - net	<u>14,585,427</u>	<u>13,965,274</u>	<u>14,165,195</u>	<u>13,540,648</u>

(Unaudited but reviewed)

5. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the period	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
	2024	2023	2024	2023	2024	2023	2024	2023
			(%)	(%)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	-
Home Product Center (Malaysia) Sdn. Bhd.	538,448	538,448	100.00	100.00	538,448	538,448	-	-
Mega Home Center Company Limited	1,500,000	1,500,000	99.99	99.99	1,500,000	1,500,000	450,000	225,000
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	50,000	-
Home Product Center Viet Nam Company Limited								
	32,340	32,340	100.00	100.00	32,340	32,340	-	-
Total					2,078,288	2,078,288	500,000	225,000
Less: Allowance for impairment of investment					(301,199)	(280,199)		
Investments in subsidiaries - net					1,777,089	1,798,089		

In May 2024, Home Product Center Viet Nam Company Limited, a subsidiary of the Company, initiated procedures to dissolve its business by submitting documents to terminate its investment with the Vietnamese Ministry of Planning and Investment and received approval for the business termination. Currently the subsidiary is undergoing liquidation and dissolution. During the current period, the Company recorded an allowance for impairment of Baht 21 million for its investment in the subsidiary in the statement of comprehensive income.

6. Investment in associate

Company's name	Nature of business	(Unit: Thousand Baht) Consolidated financial statements						Separate financial statements	
		Shareholding percentage		Cost		Carrying amounts based on equity method		Carrying amounts based on cost method - net	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
		2024	2023	2024	2023	2024	2023	2024	2023
		(%)	(%)						
OneStockHome Company Limited	Online sale and service	30.00	30.00	68,706	68,706	65,918	65,894	68,706	68,706

7. Investment properties

Movements of the investment properties for the six-month period ended 30 June 2024 are summarised below.

	(Unit: Thousand Baht) Consolidated and separate financial statements
Net book value as at 1 January 2024	4,346,002
Acquisitions - at cost	16,111
Depreciation	(118,081)
Net book value as at 30 June 2024	4,244,032

(Unaudited but reviewed)

8. Property, building and equipment

Movements of the property, building and equipment for the six-month period ended 30 June 2024 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2024	31,178,914	28,451,685
Acquisitions - at cost	1,255,731	1,254,065
Disposals and written-off - net book value	(1,351)	(288)
Depreciation	(1,326,730)	(1,215,946)
Translation adjustment	7,405	-
Net book value as at 30 June 2024	<u>31,113,969</u>	<u>28,489,516</u>

9. Right-of-use assets

Movements of the right-of-use assets for the six-month period ended 30 June 2024 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2024	9,353,246	9,150,509
Additions - at cost	456,964	456,964
Depreciation	(239,937)	(453,563)
Translation adjustment	71	-
Net book value as at 30 June 2024	<u>9,570,344</u>	<u>9,153,910</u>

10. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Bills of exchange - Baht	2.55	2.65	1,000,000	2,000,000	1,000,000	2,000,000
Bills of exchange - Foreign currency	COF [*] + 0.75	COF [*] + 0.75	13,250	39,947	-	-
Total short-term loans from financial institutions			<u>1,013,250</u>	<u>2,039,947</u>	<u>1,000,000</u>	<u>2,000,000</u>

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

(Unaudited but reviewed)

As at 30 June 2024, the Group had overdraft lines from banks totaling Baht 340 million and MYR 2.5 million (31 December 2023: Baht 340 million and MYR 2.5 million) (The Company only: Baht 310 million 31 December 2023: Baht 310 million) and other credit facilities totaling Baht 10,934 million, USD 39 million and MYR 113 million (31 December 2023: Baht 10,934 million, USD 27 million and MYR 109 million) (The Company only: Baht 10,684 million and USD 39 million 31 December 2023: Baht 10,685 million and USD 27 million).

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
Trade accounts payable	13,013,192	12,782,788	12,825,306	12,589,501
Other payables	490,724	591,815	469,991	620,625
Other payables for purchase of assets	657,373	696,144	657,373	696,073
Accrued expenses	961,949	1,153,954	971,404	1,167,423
Total trade and other payables	<u>15,123,238</u>	<u>15,224,701</u>	<u>14,924,074</u>	<u>15,073,622</u>

12. Lease liabilities

Movements of lease liabilities for the six-month period ended 30 June 2024 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
As at 1 January 2024	6,789,379		6,874,268	
Additions	456,964		456,964	
Increase from amortisation of deferred interest in the period	134,041		132,609	
Payments	(479,842)		(711,392)	
Translation adjustment	77		-	
As at 30 June 2024	6,900,619		6,752,449	
Less: Current portion	(192,811)		(418,514)	
Lease liabilities - net of current portion	<u>6,707,808</u>		<u>6,333,935</u>	

(Unaudited but reviewed)

13. Long-term loan

			(Unit: Thousand Baht)	
			Consolidated financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	30 June 2024	31 December 2023
1	COF* + 1.10	Monthly repayment since April 2019 to February 2025	12,367	21,798
2	COF* + 0.80	Monthly repayment since April 2024 to March 2029	116,249	116,140
Total long-term loans			128,616	137,938
Less: Current portion			(36,840)	(37,542)
Long-term loans - net of current portion			91,776	100,396

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

Movement of the long-term loans for the six-month period ended 30 June 2024 are summarised below:

		(Unit: Thousand Baht)
		Consolidated
		financial statements
Balance as at 1 January 2024		137,938
Repayments		(16,738)
Translation adjustment		7,416
Balance as at 30 June 2024		128,616

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 had no collateral and 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 net tangible asset 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 to maintain debt to equity ratio on the consolidated financial statement of the Group for the loan no. 2.

(Unaudited but reviewed)

As at 30 June 2024, long-term loan no. 1 amounted to Baht 12 million (31 December 2023: Baht 22 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.

14. Debentures

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 June 2024	31 December 2023
Debentures	13,700,000	15,700,000
Less: Deferred interest	(52,612)	(75,524)
Debentures - net	13,647,388	15,624,476
Less: Current portion	(1,994,713)	(3,982,356)
Debentures - net of current portion	11,652,675	11,642,120

Movements in debentures account for the six-month period ended 30 June 2024 are summaries below:

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Beginning balance as at 1 January 2024	15,700,000
Less: Redemption of debentures during the period	(2,000,000)
Ending balance as at 30 June 2024	13,700,000

The above debentures are registered, unsubordinated, unsecured debentures with trustee which have terms of payment of interest every 6 months throughout the terms of debentures.

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.

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

	(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	
	2024	2023	2024	2023
Type of goods or service:				
Sale of goods related to houses and residences	17,150,742	17,565,454	16,845,944	17,249,419
Renovation and improvement services	66,830	67,103	66,830	67,103
Installation, maintenance and other services	180,605	156,276	175,372	152,819
Total revenue from contracts with customers	<u>17,398,177</u>	<u>17,788,833</u>	<u>17,088,146</u>	<u>17,469,341</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	17,331,347	17,721,730	17,021,316	17,402,238
Revenue recognised over time	66,830	67,103	66,830	67,103
Total revenue from contracts with customers	<u>17,398,177</u>	<u>17,788,833</u>	<u>17,088,146</u>	<u>17,469,341</u>

	(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	
	2024	2023	2024	2023
Type of goods or service:				
Sale of goods related to houses and residences	34,587,519	34,604,413	33,963,906	33,987,714
Renovation and improvement services	131,597	128,703	131,597	128,703
Installation, maintenance and other services	342,895	279,187	332,962	272,694
Total revenue from contracts with customers	<u>35,062,011</u>	<u>35,012,303</u>	<u>34,428,465</u>	<u>34,389,111</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	34,930,414	34,883,600	34,296,868	34,260,408
Revenue recognised over time	131,597	128,703	131,597	128,703
Total revenue from contracts with customers	<u>35,062,011</u>	<u>35,012,303</u>	<u>34,428,465</u>	<u>34,389,111</u>

(Unaudited but reviewed)

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	
	2024	2023	2024	2023
Revenue from external customers	17,380,895	17,778,003	17,056,861	17,432,473
Revenue from related parties	31,285	36,868	31,285	36,868
	17,412,180	17,814,871	17,088,146	17,469,341
Eliminations	(14,003)	(26,038)	-	-
Total revenue from contracts with customers	<u>17,398,177</u>	<u>17,788,833</u>	<u>17,088,146</u>	<u>17,469,341</u>

(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	
	2024	2023	2024	2023
Revenue from external customers	35,030,928	34,976,745	34,367,045	34,294,096
Revenue from related parties	61,420	95,015	61,420	95,015
	35,092,348	35,071,760	34,428,465	34,389,111
Eliminations	(30,337)	(59,457)	-	-
Total revenue from contracts with customers	<u>35,062,011</u>	<u>35,012,303</u>	<u>34,428,465</u>	<u>34,389,111</u>

16. Dividend Paid

Dividends	Approved by	Total dividends	Dividends per share
		(Million Baht)	(Baht)
Dividend from operating results from July 2022 to December 2022	The Annual General Meeting of the shareholders on 7 April 2023	2,762	0.21
Total		2,762	
Dividend from operating results from July 2023 to December 2023	The Annual General Meeting of the shareholders on 10 April 2024	2,893	0.22
Total		2,893	

17. 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.

18. Commitments and contingent liabilities**18.1 Capital commitment**

As at 30 June 2024 and 31 December 2023, 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.

18.2 Rental lease commitment - as a lessee

As at 31 December 2023, the Company had future lease payments required under non-cancellable lease contracts that have not yet commenced amounting to Baht 77 million (30 June 2024: Nil).

18.3 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 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.
- c) The Company has entered into building rental agreements and personnel management services agreement with a subsidiary. The terms of the agreements are 2 years 6 months. Under the conditions of the agreements, the Company is to pay the monthly rental fees and service fee as stipulated in the agreement. The agreements are non-cancelable, except with the consent of the counterparties. However, the Company terminated the personnel management services agreement on 18 March 2024, effective from 1 April 2024.

18.4 Long-term lease agreements - as a lessor

As at 30 June 2024, the Company has entered into 5 agreements (31 December 2023: 5 agreements) with 4 companies (31 December 2023: 4 companies). To lease and/or sub-lease parts of its premises in 5 branches (31 December 2023: 5 branches). The periods between 18 to 30 years, with a total of rental received in advance amounting Baht 543 million (31 December 2023: Baht 543 million). The terms of the agreements are ended in the year 2033 to the year 2052. 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 2024, the outstanding balance of rental received in advance, net of recognised rental income was Baht 205 million (31 December 2023: Baht 215 million).

18.5 Guarantees

- a) As at 30 June 2024, the Group has outstanding bank guarantees of Baht 191 million and MYR 2 million (31 December 2023: Baht 188 million and MYR 2 million) (The Company only: Baht 178 million, 31 December 2023: Baht 174 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 13 million and MYR 2 million (31 December 2023: Baht 14 million and MYR 2 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 30 June 2024, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 0.1 million and CNY 5.4 million (31 December 2023: USD 0.1 million and CNY 6.0 million).
- c) As at 30 June 2024, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 148 million (31 December 2023: Baht 280 million and MYR 148 million) to financial institutions.

18.6 Litigation

- a) As at 30 June 2024, the Group has legal cases for a total claimed amount of Baht 8.9 million (31 December 2023: Baht 8.4 million) (The Company only: Baht 8.9 million 31 December 2023: Baht 8.4 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.
- b) In July 2022, a financial institution accepting the rights of claim transferred under factoring contracts with a supplier filed a lawsuit against the Company, seeking payments under the contracts. In February 2024, the Court of First Instance dismissed the plaintiff's case since debts, to which the rights of claim had been transferred, were found to be based on falsified documents by the supplier. The case is currently under consideration of the court of Appeal. However, the Company had completely settled the outstanding debts to the supplier from November 2018 to March 2021. After reviewing the related transactions, the Company's management concluded that they were conducted properly and appropriately. As a result, the Company has not set aside provision for contingent liabilities arising from the litigation in the financial statements.

18.7 Forward contracts

As at 30 June 2024 and 31 December 2023, forward contracts outstanding are summarised below.

Consolidated and separate financial statements					
As at 30 June 2024					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	6	-	35.00 - 36.50	-	Within November 2024
CNY	90	-	4.85 - 5.10	-	Within December 2024

Consolidated and separate financial statements					
As at 31 December 2023					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	8	-	33.47 - 36.15	-	Within January 2024
CNY	154	-	4.85 - 5.04	-	Within May 2024

19. Financial Instrument**19.1 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 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability				
Debentures	13,647	13,678	15,624	15,596

19.2 Fair value hierarchy

As at 30 June 2024 and 31 December 2023, the Group had the financial asset and liability that was measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	As at 30 June 2024			
	Level 1	Level 2	Level 3	Total
Asset measured at fair value				
Derivative				
Foreign currency forward contracts	-	9	-	9

(Unit: Million Baht)

	Consolidated and separate financial statements			
	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Liability measured at fair value				
Derivative				
Foreign currency forward contracts	-	27	-	27

During the current period, there were no changes in the methods and the assumptions used to estimate the fair value of financial instruments and there were no transfers between the levels of fair value hierarchy.

20. Events after the reporting period

- a) On 1 July 2024, the meeting of the Board of Directors of a subsidiary passed a resolution approving the payment of dividend arising from the operating results from January 2024 to May 2024. The dividend to be paid in cash was at the rate of Baht 15 per share, or the total amount of not exceeding Baht 225 million. The dividend payment was paid on 4 July 2024.
- b) On 26 July 2024, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 2 million units with a par value of Baht 1,000 each for a total of Baht 2,000 million with interest at discount rate of 2.95% per annum and no interest payments are made over the life of debentures, issuing to institutional investors to be used as the Company's working capital. The debenture is maturity on 26 July 2027.

21. Approval of interim financial information

This interim financial information was authorised for issue by the Company's authorised directors on 26 July 2024.