

Haad Thip Public Company Limited and its subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2017 (Unaudited)

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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 8 May 2017.

1 General information

Haad Thip Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 87/1, Kanchanavanich Road, Thambol Banphru, Amphur Hadyai, Songkhla, Thailand.

The Company was listed on the Stock Exchange of Thailand in December 1988.

The Company’s major shareholders during the financial period were Rattakul family (35.57% shareholding), and Gutsche Family Investments (Proprietary) Limited (24.12% shareholding) which was incorporated in South Africa.

The principal businesses of the Company are manufacturing and distribution of soft drinks. Detail of the Company’s subsidiary as at 31 March 2017 and 31 December 2016 is given in note 7.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2016) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiary for the year ended 31 December 2016.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

(b) Functional and presentation currency

The interim financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

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(c) Use of judgements and estimates

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 8 Investment properties;
- Note 9 Property, plant and equipment; and
- Note 16 Financial instruments

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3 Seasonal operations

The Group is subject to seasonal sales revenue from soft drink products. The majority of sales revenue and expenditure are normally derived during the summer season.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiary, key management personnel and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
<i>Subsidiary</i>		
Southern Rocks Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
<i>Other related parties</i>		
Gutsche Family Investments (Proprietary) Limited	South Africa	Major shareholder, 24.12% shareholding
Haadyai Nakarin Co., Ltd.	Thailand	Common director
<i>Key management personnel</i>		
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Purchases of containers	Cost plus margin
Blowing plastic bottles service	Contractually agreed price
Service fee for area utilisation	Contractually agreed price
Rental income from land	Contractually agreed price
Key management personnel compensation	As defined by the Group's policy

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Significant transactions for the three-month periods ended 31 March 2017 and 2016 with related parties were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiary				
Purchases of containers	-	-	124,457	101,123
Blowing plastic bottles service	-	-	5,185	10,490
Service fee for area utilisation	-	-	660	660
Rental income from land	-	-	53	53
Key management personnel				
Key management personnel compensation				
Short-term benefits	14,004	11,782	14,004	11,782
Post-employment benefits	979	798	979	798
Total key management personnel compensation	14,983	12,580	14,983	12,580

Balances as at 31 March 2017 and 31 December 2016 with related parties were as follows:

<i>Other receivable - related party</i>	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Subsidiary				
Southern Rocks Co., Ltd.	-	-	2,661	2,202
Trade account payable - related party				
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Subsidiary				
Southern Rocks Co., Ltd.	-	-	121,032	85,359

Significant agreements with related parties

Service agreements for area utilisation

The Company has entered into service agreements for area utilisation with a subsidiary for Hadyai factory and Phoonpin factory of which the agreements have terms of 7 years expired in December 2019 and 8 years expired in February 2021, respectively. The subsidiary has agreed to pay service fees at the amounts as stipulated in the agreements.

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Lease agreement for land

On 1 November 2014, the Company entered into a lease agreement for land with a subsidiary for the purpose of building construction. The lease term was for a period of 20 years commencing from 1 November 2014 to 31 October 2034. The subsidiary has the first priority to renew the lease agreement, which can be extendable for successive periods of 10 years each. The subsidiary can renew the lease by informing the Company at least 30 days before the expiry date. The subsidiary agreed to pay the rental fee in the amount as stipulated in the agreement and rental rates will be adjusted every 5 years. Under the term of the agreement, the building including other constructions thereon will be transferred to the Company when the agreement is terminated.

Service agreement for blowing plastic bottles

In February 2015, the Company has entered into service agreement for blowing plastic bottles with a subsidiary. The Company has agreed to pay service fee at the amount as stipulated in the agreement. The subsidiary is able to change the price as appropriate without prior notice to the Company. The Company may terminate the agreement at any time.

5 Current investments

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		<i>(in thousand Baht)</i>			
Investment units	16	26,191	19,063	841	6,788
Total		26,191	19,063	841	6,788

Movements during the three-month periods ended 31 March 2017 and 2016 of investment units were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Current investments in investment units</i>				
At 1 January	19,063	-	6,788	-
Purchases during the period	138,000	-	125,000	-
Sales during the period	(131,000)	-	(131,000)	-
Gain on sales during the period	55	-	55	-
Valuation adjustment	73	-	(2)	-
At 31 March	26,191	-	841	-

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6 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Other parties	635,254	555,156	635,254	555,156
Less allowance for doubtful accounts	<u>(9,013)</u>	<u>(9,201)</u>	<u>(9,013)</u>	<u>(9,201)</u>
Net	<u>626,241</u>	<u>545,955</u>	<u>626,241</u>	<u>545,955</u>
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expenses (reversal) for the three-month period ended 31 March	<u>(188)</u>	<u>8,434</u>	<u>(188)</u>	<u>8,434</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	615,186	536,644	615,186	536,644
Overdue:				
Less than 3 months	10,195	8,445	10,195	8,445
3 - 6 months	575	368	575	368
6 - 12 months	766	5,136	766	5,136
Over 12 months	<u>8,532</u>	<u>4,563</u>	<u>8,532</u>	<u>4,563</u>
	<u>635,254</u>	<u>555,156</u>	<u>635,254</u>	<u>555,156</u>
Less allowance for doubtful accounts	<u>(9,013)</u>	<u>(9,201)</u>	<u>(9,013)</u>	<u>(9,201)</u>
Net	<u>626,241</u>	<u>545,955</u>	<u>626,241</u>	<u>545,955</u>

The normal credit term granted by the Group ranges from 7 days to 90 days.

7 Investment in subsidiary

In June 2013, Southern Rocks Co., Ltd., registered with the Ministry of Commerce, an increase in registered share capital of Baht 50 million from Baht 47 million to Baht 97 million by increasing the number of shares from 470,000 shares to 970,000 shares with par value of Baht 100 per share, 25% shares subscription was called up in June 2013.

As at 31 March 2017, the Company had commitments for the share subscription of investments to such subsidiary, which have not yet been called up, amounting to Baht 37.5 million (*31 December 2016: Baht 37.5 million*).

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Investment in subsidiary as at 31 March 2017 and 31 December 2016, and dividend income from the investment for the three-month periods ended 31 March 2017 and 2016, were as follows:

		Separate financial statements										Dividend income for the three-month periods ended	
Type of business	Ownership interest	Paid-up capital		Cost		Impairment		At cost- net		31 March 2017	31 March 2016		
		31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016				
		(%)						(in thousand Baht)					
Subsidiary													
Southern Rocks Co., Ltd.	Manufacture and distribute plastic bottles and semi-finished plastic bottles and blowing plastic bottles service	99.99	99.99	59,500	59,500	59,497	59,497	-	-	59,497	59,497	-	-
Total						<u>59,497</u>	<u>59,497</u>	<u>-</u>	<u>-</u>	<u>59,497</u>	<u>59,497</u>	<u>-</u>	<u>-</u>

The subsidiary was incorporated in Thailand.

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8 Investment properties

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	206,388	206,388	207,347	207,347
At 31 March	<u>206,388</u>	<u>206,388</u>	<u>207,347</u>	<u>207,347</u>

Investment properties comprise land held for future project and land that is leased to a subsidiary company.

Investment properties as at 31 March 2017, had an appraised value of Baht 577.7 million (*31 December 2016: Baht 577.7 million*) as shown in the appraiser's reports dated 9 January 2015 to 18 March 2015 by CPM Capital Co., Ltd., a firm of independent professional valuers, based on open market value and existing use.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for investment properties of the Group of Baht 577.7 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The external independent valuer applied the Market Comparison Approach to measure fair value of investment properties.

The significant unobservable inputs used in measuring the fair value of investment properties are the quoted price and the purchasing and selling price of comparable investment properties adjusted with other different factors.

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9 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2017 and 2016 were as follows:

Consolidated financial statements				
<i>Three-month period ended 31 March</i>	2017		2016	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land	1,582	-	-	-
Land improvements	765	-	8,377	-
Buildings and structures and leasehold improvements	16,264	-	2,909	-
Furniture and office equipment	10,283	59	9,984	8
Vehicles	5,602	-	1,230	-
Containers	71	256	5,218	709
Promotional equipment	1,971	-	1,402	-
Assets under construction and installation	41,149	20,013	211,032	17,323
Total	77,687	20,328	240,152	18,040

Separate financial statements				
<i>Three-month period ended 31 March</i>	2017		2016	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land	1,582	-	-	-
Land improvements	765	-	8,377	-
Buildings and structures and leasehold improvements	16,011	-	982	-
Furniture and office equipment	10,283	59	9,648	8
Vehicles	5,602	-	-	-
Containers	71	256	5,218	709
Promotional equipment	1,971	-	1,402	-
Assets under construction and installation	41,149	20,013	210,519	16,593
Total	77,434	20,328	236,146	17,310

As at 31 March 2017, the revaluation surplus net of income tax for the Group and the Company which was presented under other component of equity under “Equity” in the statement of financial position amounted to Baht 1,223.0 million and Baht 1,222.9 million, respectively (31 December 2016: for the Group and the Company amounted to Baht 1,223.0 million and Baht 1,222.9 million, respectively).

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Measurement of fair value

Fair value hierarchy

The fair value of land was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for land of the Group of Baht 1,520.8 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The external independent valuer applied the Market Comparison Approach to measure fair value of land.

The significant unobservable inputs used in measuring the fair value of land are the quoted price and the purchasing and selling price of comparable land adjusted with other different factors.

10 Interest-bearing liabilities

As at 31 March 2017, the Group and the Company had unutilised credit facilities totaling Baht 960.3 million and Baht 837.6 million, respectively (*31 December 2016: Baht 539.7 million and Baht 417.0 million, respectively*).

During the three-month period ended 31 March 2017, the Group and the Company additionally drewdown long-term loans from a local financial institution from existing credit lines as follows:

	Credit facility lines	Drewdown amount
	<i>(in million Baht)</i>	
The Company	450.0	26.5
	80.0	13.1
	158.0	3.7
		43.3

Under the terms of the long-term loan agreements, the Group has to comply with certain conditions, such as maintaining the debt to equity ratio, the debt covenant ratio, etc. The Group also assigned the benefits of an insurance policy covering the assets as collateral for secured interest-bearing liabilities.

As at 31 March 2017, a portion of the Group's and the Company's land, buildings, machinery and equipment with carrying value totaling approximately Baht 1,590.7 million and Baht 1,402.8 million, respectively (*31 December 2016: Baht 1,610.4 million and Baht 1,417.4 million, respectively*) were mortgaged and pledged as collateral for the credit facilities obtained from a local bank. The Group also assigned the benefits of an insurance policy covering a portion of the Group's property and equipment to a local bank as collateral for credit facilities obtained from the same bank.

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11 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2017
		<i>(in thousand Baht)</i>			
Related party	4	-	-	121,032	85,359
Other parties		300,155	252,387	271,810	237,250
Total		<u>300,155</u>	<u>252,387</u>	<u>392,842</u>	<u>322,609</u>

12 Segment information

The Group operates in a single line of business as manufacturing and distribution of soft drinks, therefore, management considers that the Group has only one major business segment. In addition, the Group solely distributes in 14 provinces in Southern Thailand, therefore, management considers that the Group has only one major geographic segment.

13 Income tax expense

According to the Royal Decree No. 492 B.E. 2553 dated 16 January 2010, No. 566 B.E. 2556 dated 10 July 2013 and No. 584 B.E. 2558 dated 1 May 2015, the Group has been granted reduction in the corporate income tax rate to 3% of taxable profit, to juristic companies or partnerships whose place of business is located in the exclusive development zone and whose revenue derived from manufacturing, selling of goods or rendering services occur within the exclusive development zone, starting from the accounting period of 2010 which begins on or after 1 January 2010 until the accounting period of 2017 ending on or after 31 December 2017.

14 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the subsidiary has been granted privileges by the Board of Investment relating to semi-plastic bottle (Preform) and plastic bottles (PET) businesses. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations.

As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

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15 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	85,472	78,818	43,870	27,255
Number of ordinary shares outstanding	199,218	199,218	199,218	199,218
Earnings per share (basic) <i>(in Baht)</i>	0.43	0.40	0.22	0.14

16 Financial instruments

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>					
31 March 2017					
<i>Financial assets/Financial liabilities measured at fair value</i>					
Investment units	26,191	-	26,191	-	26,191
Debenture	(150,000)	-	(150,495)	-	(150,495)
31 December 2016					
<i>Financial assets/Financial liabilities measured at fair value</i>					
Investment units	19,063	-	19,063	-	19,063
Debenture	(150,000)	-	(150,487)	-	(150,487)

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	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
31 March 2017					
<i>Financial assets/Financial liabilities measured at fair value</i>					
Investment units	841	-	841	-	841
Debenture	(150,000)	-	(150,495)	-	(150,495)
31 December 2016					
<i>Financial assets/Financial liabilities measured at fair value</i>					
Investment units	6,788	-	6,788	-	6,788
Debenture	(150,000)	-	(150,487)	-	(150,487)

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets and liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair value for investment units by reference to the value from Asset Management Company at the reporting date.

The Group determines Level 2 fair value of debenture as at 31 March 2017 and 31 December 2016 was Baht 150.50 million and Baht 150.49 million, respectively, which have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business at the reporting date.

Fair values of current financial assets and liabilities are taken to approximate the carrying values because the relatively short-term maturity of these financial instruments.

Fair value of long-term loans which bear interest at floating market rate is taken to approximate the carrying value.

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17 Agreements

Exclusive distribution license agreement

On 1 January 2014, the Company and two suppliers (altogether “Licensees”) and a customer (“Licensor”) entered into the memorandum of agreement, whereby the licensor permits the licensees to sell exclusively fountain products in the stores of the licensor. The memorandum of agreement affects all parties from 1 January 2014 until the Exclusive Distribution License Agreement has been signed by all parties. In consideration thereof, the Company, as a licensee, has an obligation to pay the marketing support fee at rates based on the purchase quantity of the licensor, as stipulated in the memorandum of agreement.

Service agreement

On 19 December 2013, The Company entered into an agreement with a local company, whereby such company will provide services and support as necessary to assist the Company’s production, distribution, marketing, promotion, and sales activities pertaining to the beverages, including maintaining the image of the Company’s trademark. In consideration thereof, the Company agreed to pay the service fee in the amount as indicated in the agreement. The agreement period is five years commencing from 1 January 2014 and ending on 31 December 2018. Unless there is notification to terminate the agreement within three months before the expiry date, the agreement will be automatically renewed for successive periods of one year.

18 Commitments with non - related parties

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	13,327	13,517	13,237	13,517
After one year but within five years	14,600	14,473	14,600	14,473
Total	27,927	27,990	27,927	27,990
Commitment for machinery purchased	788	807	-	-
Commitment under land improvement agreements	3,590	3,500	3,590	3,500
Commitment for building system installment	704	11,895	704	11,895
Commitment for building improvement	321	-	321	-
Forward contracts	788	841	-	-
Other commitments	533	933	533	933

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Operating lease commitments

- Lease agreements for advertising billboards, expiring in various periods up to February 2019.
- Lease agreements for restaurant business for a period of two years expiring in June 2018.
- Lease agreement for land and office building for a period of three years expiring in September 2017.
- Lease agreement for service of internet leased line for a period of two years expiring in June 2018.
- Lease agreements covering vehicles for periods from three to five years expiring in various periods up to December 2020.
- Lease agreements covering office equipment for a period of three years expiring in various periods up to June 2017.

Forward contracts

As at 31 March 2017, the Group had outstanding balance of forward contracts for a period not exceeding one year as follows:

	Consolidated financial statements		Separate financial statements	
	Foreign amount	Equivalent to Baht <i>(in thousand)</i>	Foreign amount	Equivalent to Baht
United States Dollars (USD)	23	788	-	-
Total		788		-

Other commitment

Beverage supportive agreement

In June 2014, the Company entered into a beverage supportive agreement with a company, whereby such company agrees to sell all types of the Company's beverage in the theaters which are affiliates of such company in 14 southern provinces and will not sell any other beverages which are the same or similar to the Company's beverage for a period of 4 years commencing from 1 August 2013 to 31 July 2017. The Company will pay the marketing support fee in the total amount of Baht 4.8 million in three installments which are in September 2014 amounting to Baht 2.8 million and Baht 1 million each in August 2015 and August 2016. As at 31 March 2017, the aforesaid company had unbilled the second and third installments due to the aforesaid company had restructured company. Therefore, the Company had outstanding commitment amounting to Baht 2 million.

Syrup supply agreement

On 22 December 2015, the Company entered into a syrup supply agreement with a company. Under the term of the agreement, the Company agrees to purchase for syrup supply during 2016 – 2020 at the quantities required by the Company and at the prices specified in the agreement. The agreement may be terminated by mutual agreement or by either party by giving to the other advance written notice not less than 30 days.

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Sugar supply agreements

The Company has sugar supply agreements with many companies. Under the terms of the agreements, the Company agrees to purchase sugar at the quantities required by the Company and at the prices specified in the agreements. These agreements are effective for a period of 1 year from the commencement date and is renewable when expire as agreed by both parties.

19 Contingent liability

As at 31 March 2017, the Group was contingently liable for letters of guarantee issued by a local bank in favor of certain government agencies, state enterprises and companies totaling approximately Baht 80.5 million (*31 December 2016: Baht 139.5 million*), mainly in respect of excise tax and the use of electricity. These letters of guarantee are collateralised by the mortgage and pledge of a portion of the Group's land, buildings, machinery and equipment as discussed in note 10.

20 Event after the reporting period

At the annual general meeting of the shareholders of the Company held on 26 April 2017, the shareholders approved the appropriation of dividend of Baht 0.35 per share, amounting to Baht 69.7 million. The dividend will be paid to the shareholders in May 2017.

21 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016 and the statement of comprehensive income for the three-month period ended 31 March 2016, which are included in the 2017 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2017 interim financial statements.

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
			<i>(in thousand Baht)</i>			
<i>Statement of financial position as at 31 December 2016</i>						
Other receivables	60,897	(60,897)	-	62,673	(62,673)	-
Other current receivables	-	58,235	58,235	-	60,011	60,011
Current tax assets	-	2,662	2,662	-	2,662	2,662
		<u>-</u>			<u>-</u>	

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	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<i>Statement of comprehensive income for the three-month period ended 31 March 2016</i>						
Revenue from sale of goods	1,472,822	(17,649)	1,455,173	1,472,822	(17,649)	1,455,173
Selling expenses	(281,162)	<u>17,649</u>	(263,513)	(281,148)	<u>17,649</u>	(263,499)
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.