

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2019

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purpose are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 13 February 2020.

1 General information

Quality Construction Products Public Company Limited, the (“Company”), is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 6 January 2004 where its registered office is at 144 Moo 16, Udomsorayuth Road, Tambol Bangkrasan, Amphur Bang pa-in, Ayutthaya, 13160, Thailand.

The immediate and ultimate parent companies during the financial period were SCG Building Materials Company Limited and The Siam Cement Public Company Limited. Both are incorporated in Thailand.

The principal businesses of the Company are to produce and distribute autoclaved aerated concrete blocks, reinforced wall panels, floor panels, and lintels for construction uses.

Details of the Company’s subsidiary as at 31 December were as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			2019	2018
<i>Direct subsidiary</i>				
Q-Con Eastern Co., Ltd.	Manufacturer and distributor autoclaved aerated concrete, block, reinforced wall panels, floor panels and lintels for construction uses.	Thailand	100	100

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in no material impact on the Group’s accounting policies, calculation method, financial performance and position.

The Group has initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) since 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognized. It replaced TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations.

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Under TFRS 15, the Group recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRSs that are relevant to the Group's operations are disclosed in note 33.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material item in the consolidated statement of financial position:

- Defined benefit obligations are measured at the present value of non-current provisions for defined benefit plans.

(c) *Functional and presentation currency*

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

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note 11	Impairment testing: key assumptions underlying recoverable amounts;
Note 13, 25	Recognition of deferred tax assets: availability of future taxable profit against which tax deductible temporary differences and tax losses carried forward can be utilized; and
Note 17	Measurement of non-current provisions for defined benefit plans - key actuarial assumptions.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established 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 CFO.

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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 these valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized 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 that the entity can access at the measurement date.
- 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 are unobservable inputs for the asset or liability.

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

3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group").

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiary

Subsidiary is entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates at that date. Foreign exchange differences are recognized in profit or loss.

Non-monetary assets and liabilities which include arising from the payment or receipt of advance consideration measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) Trade and other receivables and contract assets

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable and a contract asset are measured at value less allowance for doubtful accounts and impairment losses which are assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value.

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Cost is calculated using the following formula:

Finished goods	- at standard cost which approximates actual production cost
Merchandise	- at average cost
Goods in process	- at standard cost
Raw materials, spare parts, stores, supplies and others	- at average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(f) Investment

Investment in subsidiary

Investment in subsidiary in the separate financial statements of the Company is accounted for using the cost method.

(g) Property, plant and equipment

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different consumption patterns and useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

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Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and structures	5, 20 years
Machinery and equipment	5, 10, 15 years
Transportation and equipment	5 years
Furniture, fixtures and office equipment	5, 10 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Licence fees	Term of agreements
Software licences	3 - 10 years

No amortization is provided on assets under development.

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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of in held-to-maturity securities at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at cost less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

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(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognized when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognizes the related revenue.

(m) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method which is based on actuarial valuation method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(p) Revenue

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Sale of goods and rendering of services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognized as services are provided on the basis of stage of completion of the transaction.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Granting options to purchase additional goods or services

The consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognized as contract liabilities and revenue is recognized when loyalty points are redeemed, the likelihood of the customer redeeming the loyalty points becomes remote or option expire. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

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Interest and dividend income

Interest income is recognized in profit or loss as it accrues. Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

Royalty fee income

Royalty fee income is recognized throughout the royalty period.

(q) Expenses

Operating leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Early retirement expense

The Group offered certain qualifiable employees the option to take early retirement from the Group. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

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(r) *Income tax*

Income tax expense on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for subsidiary in the Group. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) *Derivative financial instruments*

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, long-term receivables, loans, investments and borrowings.

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The Group operates internationally and is exposed to risk from changes in foreign exchange rates. The Group uses derivative financial instruments to mitigate that risk. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the exchange differences on the items covered by the hedge.

(t) **Business segment reporting**

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
The Siam Cement Public Company Limited	Thailand	The ultimate parent of the group
SCG Building Materials Co., Ltd.	Thailand	The major shareholder, 67.62%, and there are some common directors
Q-Con Eastern Co., Ltd.	Thailand	A subsidiary, 100% shareholding, and there are some common directors
Land and Houses Public Company Limited	Thailand	The shareholder, 21.16%, and there are some common directors
SCG Cement-Building Materials Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
SCG International Corporation Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
The Concrete Products and Aggregate Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors
The Siam Cement (Ta Luang) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
The Siam Cement (Kaeng Koi) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.

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Name of entities	Country of incorporation/ nationality	Nature of relationships
SCG Ceramics Public Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
SCG Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
SCG Distribution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
SCI Eco Services Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
SCG Experience Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Accounting Services Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Legal Counsel Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Learning Excellence Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Containers Group Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
IT One Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Land and Houses Bank Public Company Limited	Thailand	There are common directors.

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

Transactions	Pricing policies
Sales of goods	At prices equivalent to sales provided to third parties
Purchase	At price equivalent to purchases
Sales of property, plant and equipment	At prices equivalent to sales provided to third parties
Purchase of property, plant and equipment	At contractually agreed prices
Distribution costs and administration expenses	At contractually agreed prices, equivalent to market prices
Service income	At contractually agreed prices
Trademark income	Percentage of revenue from sales
Interest expenses	At contract rate
Other income	At contractually agreed prices, equivalent to market prices
Advanced payment from software license fee	At contractually agreed prices

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Significant transactions for the years ended 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent				
Administration expenses	12,430	12,393	11,645	11,701
Distribution costs	43	162	43	162
Subsidiary				
Sales of goods	-	-	-	67
Purchase	-	-	25,838	54,530
Purchase of property, plant and equipment	-	-	-	417
Service income	-	-	13,440	13,560
Trademark income	-	-	6,482	6,681
Interest expenses	-	-	3,074	9,852
Other income	-	-	267	1,113
Other related parties				
Sales of goods	1,246,878	1,116,781	991,634	888,670
Purchase	355,629	301,311	285,244	236,181
Distribution Costs	1,744	-	1,744	-
Administrative expenses	3,868	1,735	3,742	1,732
Other income	9,637	5,452	5,804	2,295
Interest income	33	14	33	14

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade receivables				
Other related parties				
SCG Cement-Building Materials Co., Ltd.	79,606	67,779	65,309	53,151
Land and Houses Public Company Limited	8,012	7,663	8,012	7,663
SCG Experience Co., Ltd.	16	113	16	113
Total	87,634	75,555	73,337	60,927
Other current receivables				
Parent				
The Siam Cement Public Company Limited	569	186	477	153
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	447	1,775

Quality Construction Products Public Company Limited and its Subsidiary

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For the year ended 31 December 2019

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related parties				
SCG Distribution Co., Ltd.	1	-	1	-
The Siam Cement (Ta Luang) Co., Ltd.	-	2,010	-	1,661
SCG International Corporation Co., Ltd.	-	94	-	94
Total	570	2,290	925	3,683
Other non-current assets				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent				
The Siam Cement Public Company Limited	4,551	1,492	3,817	1,225
Trade payables				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	85	38
Other related parties				
The Siam Cement (Ta Luang) Co., Ltd.	9,645	11,547	7,381	9,202
SCG Logistics Management Co., Ltd.	1,483	2,034	895	1,025
The Concrete Products and Aggregate Co., Ltd.	1,162	1,336	1,162	1,336
SCG Cement-Building Materials Co., Ltd.	659	-	659	-
The Siam Cement (Kaeng Khoi) Co., Ltd.	-	429	-	429
Total	12,949	15,346	10,182	12,030
Other current payables				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent				
The Siam Cement Public Company Limited	2,398	2,929	1,635	2,801
SCG Building Materials Co., Ltd.	-	75	-	75
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	4	-
Other related parties				
SCG Cement-Building Materials Co., Ltd.	2,400	3,497	2,313	3,432
Thai Containers Group Co., Ltd.	275	-	275	-
SCG International Corporation Co., Ltd.	257	361	257	361
SCG Ceramics Public Company Limited	202	65	202	65
SCG Legal Counsel Limited	77	1	77	1
IT One Co., Ltd.	75	134	73	111

Quality Construction Products Public Company Limited and its Subsidiary

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For the year ended 31 December 2019

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
SCI Eco Services Co., Ltd.	74	-	74	-
SCG Accounting Services Co., Ltd.	68	12	68	12
SCG Learning Excellence Co., Ltd.	2	-	2	-
Total	5,828	7,074	4,980	6,858

Short-term borrowing from related party

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	-	200,000

Movement during the year on short-term borrowing from related party was as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
At 1 January	-	-	200,000	300,000
Decrease	-	-	(200,000)	(100,000)
At 31 December	-	-	-	200,000

Key management personnel compensation

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>For the year ended 31 December</i>				
Short-term employee benefits	26,165	25,841	26,165	25,841
Post-employment benefits	5,187	607	5,187	607
Total	31,352	26,448	31,352	26,448

Management benefit expenses comprise of the remuneration paid to the directors of Quality Construction Products Public Company Limited and its Subsidiary under the articles of the Group and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

Quality Construction Products Public Company Limited and its Subsidiary
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For the year ended 31 December 2019

5 Cash and cash equivalents and current investment

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash and cash equivalents				
Cash on hand	108	128	78	98
Cash at banks - current accounts	10,278	22,558	7,057	20,191
Cash at banks - savings accounts	238,291	323,763	158,142	105,058
Total	<u>248,677</u>	<u>346,449</u>	<u>165,277</u>	<u>125,347</u>
Current investment				
Fixed deposit with financial institution	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

6 Trade receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	4	87,634	75,555	73,337	60,927
Other parties		107,886	100,189	105,690	98,425
Total		<u>195,520</u>	<u>175,744</u>	<u>179,027</u>	<u>159,352</u>
<i>Less</i> allowance for doubtful accounts		-	-	-	-
Net		<u>195,520</u>	<u>175,744</u>	<u>179,027</u>	<u>159,352</u>

For the year ended 31 December

Reversal of allowance for doubtful account	-	5,416	-	3,687
Bad debts expense	-	5,414	-	3,685

Aging analyzes for trade receivables were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within credit terms	192,690	174,019	176,197	157,874
Overdue:				
Less than 3 months	2,830	1,725	2,830	1,478
	<u>195,520</u>	<u>175,744</u>	<u>179,027</u>	<u>159,352</u>
<i>Less</i> allowance for doubtful accounts	-	-	-	-
Net	<u>195,520</u>	<u>175,744</u>	<u>179,027</u>	<u>159,352</u>

The normal credit terms granted by the Group range from 15 to 60 days.

Quality Construction Products Public Company Limited and its Subsidiary

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For the year ended 31 December 2019

7 Other current receivables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Related parties	4	570	2,290	925	3,683
			<i>(in thousand Baht)</i>		
Other parties					
Prepaid expenses		3,338	3,829	1,809	3,476
Refundable tax		2,018	1,858	1,699	1,394
Others		966	1,218	965	1,217
Total		6,892	9,195	5,398	9,770

8 Inventories

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
			<i>(in thousand Baht)</i>		
Finished goods		58,709	71,258	41,600	49,086
Goods in process		1,851	3,250	1,851	3,250
Raw materials		32,482	24,310	23,961	19,870
Spare parts, supplies and others		65,893	64,626	53,663	52,750
Goods in transit		8,633	16,268	8,632	16,267
Total		167,568	179,712	129,707	141,223
Less allowance for decline in value		(4,009)	(6,427)	(3,575)	(6,004)
Net		163,559	173,285	126,132	135,219
Cost of inventories recognized as an expense in cost of sales		1,674,688	1,646,964	1,381,580	1,364,421
Reversal of write-down		(153)	(4,144)	(130)	(3,869)
Changes in inventories of finished goods and goods in process		13,948	(3,514)	8,885	(6,927)
Raw materials and supplies used		906,847	886,976	743,590	709,134

Quality Construction Products Public Company Limited and its Subsidiary
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For the year ended 31 December 2019

9 Investments in subsidiary

Investments in subsidiary as at 31 December and dividend from those investments for the years then ended at the same date, were as follows:

	Total direct/indirect holding		Separate financial statements					
			Paid-up capital		Cost method		Dividend income	
			2019	2018	2019	2018	2019	2018
	(%)				<i>(in thousand Baht)</i>			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	-	-
Total					590,000	590,000	-	-

Quality Construction Products Public Company Limited and its Subsidiary
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For the year ended 31 December 2019

10 Other long-term investment

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other long - term investment	876	876	442	442
Less allowance for impairment	(876)	(876)	(442)	(442)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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11 Property, plant and equipment

	Consolidated financial statements					
	Land and land improvements	Buildings and structures	Plant, machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Construction in progress	Total
<i>Cost</i>						
At 1 January 2018	323,634	887,746	2,659,040	65,917	198,419	4,134,756
Additions	-	3,102	6,473	9,112	7,460	26,147
Disposals/written off	-	(184)	(16,154)	(1,505)	-	(17,843)
Transfer in (out)	-	1,476	7,042	233	(8,751)	-
At 31 December 2018	323,634	892,140	2,656,401	73,757	197,128	4,143,060
Additions	-	2,280	6,740	3,001	15,979	28,000
Written off	-	(220)	(2,614)	(1,023)	-	(3,857)
Transfer in (out)	-	602	8,759	274	(9,635)	-
At 31 December 2019	323,634	894,802	2,669,286	76,009	203,472	4,167,203
<i>Accumulated depreciation and accumulate impairment losses</i>						
At 1 January 2018	-	557,332	1,993,850	47,245	-	2,598,427
Depreciation charge for the year	-	37,057	135,482	8,204	-	180,743
Impairment losses	-	-	-	-	20,967	20,967
Disposals/written off	-	(19)	(15,263)	(1,048)	-	(16,330)
At 31 December 2018	-	594,370	2,114,069	54,401	20,967	2,783,807
Depreciation charge for the year	-	37,837	119,888	6,770	-	164,495
Impairment losses	-	-	-	-	6,404	6,404
Written off	-	(84)	(1,660)	(937)	-	(2,681)
At 31 December 2019	-	632,123	2,232,297	60,234	27,371	2,952,025

Quality Construction Products Public Company Limited and its Subsidiary
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For the year ended 31 December 2019

	Consolidated financial statements					Total
	Land and land improvements	Buildings and structures	Plant, machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Construction in progress	
<i>Carrying amount</i>						
At 31 December 2018	323,634	297,770	542,332	19,356	176,161	1,359,253
At 31 December 2019	323,634	262,679	436,989	15,775	176,101	1,215,178

Quality Construction Products Public Company Limited and its Subsidiary
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For the year ended 31 December 2019

	Separate financial statements					
	Land and land improvements	Buildings and structures	Plant, machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Construction in progress	Total
Cost						
At 1 January 2018	263,634	712,101	2,166,614	52,411	198,552	3,393,312
Additions	-	3,065	1,578	8,345	7,460	20,448
Disposals/written off	-	(184)	(16,154)	(499)	-	(16,837)
Transfer in (out)	-	1,476	7,042	233	(8,751)	-
At 31 December 2018	263,634	716,458	2,159,080	60,490	197,261	3,396,923
Additions	-	2,280	5,357	2,395	13,640	23,672
Written off	-	(220)	(2,614)	(828)	-	(3,662)
Transfer in (out)	-	602	8,759	275	(9,636)	-
At 31 December 2019	263,634	719,120	2,170,582	62,332	201,265	3,416,933
Accumulated depreciation and accumulate impairment losses						
At 1 January 2018	-	452,211	1,619,809	37,173	-	2,109,193
Depreciation charge for the year	-	28,157	102,241	6,801	-	137,199
Impairment losses	-	-	-	-	20,967	20,967
Disposals/written off	-	(19)	(15,263)	(448)	-	(15,730)
At 31 December 2018	-	480,349	1,706,787	43,526	20,967	2,251,629
Depreciation charge for the year	-	28,936	85,458	5,674	-	120,068
Impairment losses	-	-	-	-	6,404	6,404
Written off	-	(84)	(1,660)	(741)	-	(2,485)
At 31 December 2019	-	509,201	1,790,585	48,459	27,371	2,375,616

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	Land and land improvements	Buildings and structures	Separate financial statements Plant, machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Construction in progress	Total
<i>Carrying amount</i>						
At 31 December 2018	263,634	236,109	452,293	16,964	176,294	1,145,294
At 31 December 2019	263,634	209,919	379,997	13,873	173,894	1,041,317

Property, plant and equipment under construction

The construction of new plant in Lamphun province has been commenced partially during 2015-2016; costs incurred up to the reporting date totaled Baht 240 million (2018: Baht 240 million).

In the board of directors' meeting held on 27 October 2015, following the current local market condition, the directors approved to suspend temporarily the project construction accordingly. Management and the board of directors have made critically an assessment of the potential initial impact and expect that there will be no material impact on the Company's business and other interest. The management will monitor the market closely and regularly in order to consider the most appropriate time to restart the project.

In the third quarter of 2018, the Company appointed an independent professional valuer to review and determine the impairment of property, plant and equipment under construction in Lamphun province. The fair value of property was determined at Market Data Approach and plant and equipment under construction were determined at Cost Approach. Based on the result of the assessment, the Company recognized an impairment loss of Baht 21 million. In 2019, the Company determined and tested the impairment of property, plant and equipment under construction in Lamphun province by using independent professional valuer's information to recalculate, resulting in recognized an impairment loss of Baht 6 million. The fair value measurement has been categorized as a Level 3 fair value.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
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12 Intangible assets

	Consolidated financial statements		
	Software licenses	Development Cost	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2018	18,429	-	18,429
Additions	1,395	710	2,105
Disposal/written off	(98)	-	(98)
At 31 December 2018	19,726	710	20,436
Additions	262	161	423
Written off	(550)	-	(550)
Transfer in (out)	710	(710)	-
At 31 December 2019	20,148	161	20,309
Accumulated amortization			
At 1 January 2018	12,846	-	12,846
Amortization for the year	1,337	-	1,337
Disposal/written off	(98)	-	(98)
At 31 December 2018	14,085	-	14,085
Amortization for the year	1,333	-	1,333
Written off	(63)	-	(63)
At 31 December 2019	15,355	-	15,355
Carrying amount			
At 31 December 2018	5,641	710	6,351
At 31 December 2019	4,793	161	4,954
	Separate financial statements		
	Software license	Development cost	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2018	14,935	-	14,935
Additions	1,195	516	1,711
Disposal/written off	(52)	-	(52)
At 31 December 2018	16,078	516	16,594
Additions	262	128	390
Written off	(385)	-	(385)
Transfer in (out)	516	(516)	-
At 31 December 2019	16,471	128	16,599
Accumulated amortization			
At 1 January 2018	10,655	-	10,655
Amortization for the year	1,055	-	1,055
Disposal/written off	(52)	-	(52)
At 31 December 2018	11,658	-	11,658
Amortization for the year	1,048	-	1,048
Written off	(44)	-	(44)
At 31 December 2019	12,662	-	12,662

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	Separate financial statements		
	Software license	Development cost	Total
	<i>(in thousand Baht)</i>		
<i>Carrying amount</i>			
At 31 December 2018	<u>4,420</u>	<u>516</u>	<u>4,936</u>
At 31 December 2019	<u>3,809</u>	<u>128</u>	<u>3,937</u>

13 Deferred tax assets

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Deferred tax assets	<u>20,027</u>	<u>14,736</u>	<u>18,829</u>	<u>13,917</u>

Movements in total deferred tax assets during the years were as follows:

	Consolidated financial statements			
	At 1 January 2018	Credited (charged) to		At 31 December 2018
profit or loss (Note 25)		other comprehensive income	(in thousand Baht)	
<i>Deferred tax assets</i>				
Trade receivables	1,082	(1,082)	-	-
Inventories	935	346	-	1,281
Investment	175	-	-	175
Property, plant and equipment	-	4,193	-	4,193
Provisions	-	856	-	856
Provisions for employee benefits	10,056	1,372	(3,197)	8,231
Loss carry forward	18,740	(18,740)	-	-
Total	<u>30,988</u>	<u>(13,055)</u>	<u>(3,197)</u>	<u>14,736</u>

	Consolidated financial statements			
	At 1 January 2019	Credited (charged) to		At 31 December 2019
profit or loss (Note 25)		other comprehensive income	(in thousand Baht)	
<i>Deferred tax assets</i>				
Inventories	1,281	(479)	-	802
Investment	175	-	-	175
Property, plant and equipment	4,193	1,281	-	5,474
Provisions	856	(64)	-	792
Provisions for employee benefits	8,231	3,452	1,101	12,784
Total	<u>14,736</u>	<u>4,190</u>	<u>1,101</u>	<u>20,027</u>

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	Separate financial statements			
	At 1 January 2018	Credited (charged) to		At 31 December 2018
		profit or loss (Note 25) (in thousand Baht)	other comprehensive income	
Deferred tax assets				
Accounts receivable	737	(737)	-	-
Inventories	795	406	-	1,201
Investment	88	-	-	88
Property, plant and equipment	-	4,193	-	4,193
Provisions	-	856	-	856
Provisions for employee benefits	9,142	1,247	(2,810)	7,579
Loss carry forward	13,177	(13,177)	-	-
Total	23,939	(7,212)	(2,810)	13,917

	Separate financial statements			
	At 1 January 2019	Credited (charged) to		At 31 December 2019
		profit or loss (Note 25) (in thousand Baht)	other comprehensive income	
Deferred tax assets				
Inventories	1,201	(486)	-	715
Investment	88	-	-	88
Property, plant and equipment	4,193	1,281	-	5,474
Provisions	856	(64)	-	792
Provisions for employee benefits	7,579	3,157	1,024	11,760
Total	13,917	3,888	1,024	18,829

The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets are as the following items

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Deductible temporary differences				
- Inventories	1	24	-	-
- Provisions	1,087	920	-	-
- Unused tax losses	52,052	208,384	-	-
Total	53,140	209,328	-	-

As at 31 December 2019, the Group incurred a tax loss of Baht 52 million (2018: 208 million). Management has determined that the recoverability of cumulative tax losses, which expire in 2020-2022 (2018: expire in 2020-2022), based on business plan for the next five years. It is uncertain to utilise the tax losses and management expects to partially utilised. However, if the management considered probable that future taxable profits would be available against which such losses can be used, then deferred tax assets and related income tax benefit could be recognized

Quality Construction Products Public Company Limited and its Subsidiary
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14 Interest-bearing liabilities

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Current					
- Unsecured					
Short-term borrowings					
from related party	4	-	-	-	200,000

The periods to maturity of interest-bearing liabilities were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within one year	-	-	-	200,000

15 Trade payables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	4	12,949	15,346	10,182	12,030
Other parties		69,142	89,944	60,589	71,893
Total		82,091	105,290	70,771	83,923

16 Other current payables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	4	5,828	7,074	4,980	6,858
Other parties					
Freight payables		17,137	13,154	15,224	11,677
Accrued expenses		12,670	14,659	11,777	13,571
Revenue department payables		9,375	5,684	8,791	5,276
Account payables from purchases of assets		6,246	397	3,324	299
Accrued sales promotion expenses		5,045	5,202	3,958	4,282
Rental payables		3,058	3,674	2,835	2,978
Others		33,292	36,636	26,804	31,112
Total		92,651	86,480	77,693	76,053

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17 Non-current provisions for employee benefits

The Group operates post-employment benefits based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Non-current provisions for employee benefits in statement of financial position as at 31 December

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payment plan	57,144	35,822	52,764	33,111
Other long-term employee benefits	4,826	3,462	4,234	3,070
Non-current provisions for defined benefit plan	61,970	39,284	56,998	36,181

Movement in the present value of non-current provisions for defined benefit plans

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	39,284	48,387	36,181	43,959
Included in profit or loss				
Current service costs	3,700	4,748	3,318	4,255
Interest on obligation	1,535	1,740	1,405	1,576
Actuarial losses	1,226	984	1,027	983
Past service cost from the amended severance pay of the Labor Law	11,280	-	10,456	-
	17,741	7,472	16,206	6,814
Included in other comprehensive income				
Actuarial losses (gains)	5,499	(15,987)	5,118	(14,048)
Other				
Benefits paid	(554)	(588)	(507)	(544)
Non-current provisions for defined benefit plans at 31 December	61,970	39,284	56,998	36,181

On 5 April 2019, the Labor Protection Act has already been announced in Royal Gazette that became effective on 5 May 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. The Group recognized the effect of this change as the expense amounted to Baht 11 million and 10 million in consolidated income statement and separate income statement respectively, resulting in the decrease in net profit amounted to Baht 9 million and 8 million respectively.

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Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>For the years ended 31 December</i>				
Demographic assumptions	(11)	(18,514)	(10)	(16,555)
Financial assumptions	3,550	2,459	3,199	2,139
Experience adjustment	1,960	68	1,929	368
Total	5,499	(15,987)	5,118	(14,048)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period

	Consolidated and Separated financial statements		Consolidated and Separated financial statements	
	2019		2018	
	<i>(%)</i>			
Discount rate*	1.67 - 1.83		3.02 - 3.31	
Salary increase rate	3.00 - 6.00		3.00 - 6.00	
Employee turnover rate**	4.00 - 20.00		4.00 - 24.00	
Mortality rate***	50.00 of TMO2017		50.00 of TMO2017	

* Market yield from government's bond for legal severance payments plan

** Upon the length of service

*** Reference from TMO2017: Thai Mortality Ordinary Table 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

Effect on the non-current provisions for defined benefit plans at 31 December

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>Increase (decrease) (in thousand Baht)</i>			
Discount rate				
0.5% increase	(3,047)	(2,113)	(3,060)	(1,902)
0.5% decrease	3,743	2,315	3,356	2,080
Salary increase rate				
1.0% increase	7,528	4,588	6,743	4,112
1.0% decrease	(6,390)	(3,916)	(5,743)	(3,523)
Employee turnover rate				
10.0% increase	(2,940)	(1,816)	(2,640)	(1,632)
10.0% decrease	3,162	1,949	2,836	1,749

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Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18 Share capital

	Par Value (in Baht)	2019 Number of shares	2019 Value	2018 Number of shares	2018 Value
<i>(in thousand shares / in thousand Baht)</i>					
Authorized					
At 1 January					
- Ordinary shares	1	400,000	400,000	400,000	400,000
At 31 December					
- Ordinary shares	1	400,000	400,000	400,000	400,000
Issued and paid-up					
At 1 January					
- Ordinary shares	1	400,000	400,000	400,000	400,000
At 31 December					
- Ordinary shares	1	400,000	400,000	400,000	400,000

19 Share premium and legal reserve

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

20 Business segment information

The Group operates in a single line of business, produce and distribute of autoclaved aerated concrete blocks, reinforced wall panels, floor panels, and lintels for construction uses, and has therefore only one business segment.

Geographical segments

The Group geographical segment is in domestic and overseas. All significant revenue from sales on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers.

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Geographical segment information

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Thailand	1,948,253	1,669,543	1,607,111	1,367,406
Australia	117,420	252,069	117,420	252,069
Others	628	931	393	931
Total	2,066,301	1,922,543	1,724,924	1,620,406

Major Customer

Revenues from major customers of the Group's produce and distribute of autoclaved aerated concrete blocks, reinforced wall panels, floor panels, and lintels for construction uses segments represents approximately Baht 1,333 million (2018: Baht 1,349 million) of the Group's total revenues.

21 Other income

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Service income	-	-	13,440	13,560
Trademark income	-	-	6,482	6,681
Freight income	3,837	-	508	-
Interest income	3,128	1,020	641	378
Others	5,133	1,465	4,151	2,675
Total	12,098	2,485	25,222	23,294

22 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	39,577	35,700	38,186	34,490
Advertising and sales promotion expenses	10,630	13,050	9,905	12,408
Transportation	9,069	9,235	9,069	9,235
Rental expenses	4,220	4,219	4,197	4,196
Freight expenses	-	13,952	-	16,239
Others	9,995	10,060	9,645	9,759
Total	73,491	86,216	71,002	86,327

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23 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	65,117	61,906	61,412	58,653
Employee benefit expense from the amended severance pay of the Labor Law	11,280	-	10,456	-
Information technology expenses	9,772	9,894	8,285	8,303
Professional fees	8,754	5,998	7,848	5,146
Impairment loss on property, plant and equipment	6,404	20,967	6,404	20,967
Rental expenses	2,819	2,787	2,521	2,458
Directors' remuneration	2,280	2,310	2,280	2,310
Depreciation and amortization expenses	1,290	1,325	1,002	1,030
Transportation	1,110	750	1,011	668
Others	7,516	16,674	7,006	16,495
Total	116,342	122,611	108,225	116,030

24 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salaries and wages	196,395	190,607	173,727	168,416
Welfares and others	61,246	60,002	53,638	53,800
Contribution to defined contribution plans	8,441	8,239	7,854	7,594
Contribution to defined benefit plans	17,741	7,472	16,206	6,814
Directors' remuneration	2,280	2,310	2,280	2,310
Total	286,103	268,630	253,705	238,934

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 3% to 13% of their basic salaries and by the Group at 4% to 13% of the members' basic salaries, depending on the length of employment.

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25 Income tax

Income tax recognized in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Current tax					
Current tax		41,077	2,861	41,077	2,861
Under provided in prior years		551	-	551	-
		<u>41,628</u>	<u>2,861</u>	<u>41,628</u>	<u>2,861</u>
Deferred tax					
Movement in temporary differences	13	(4,190)	13,055	(3,888)	7,212
Total		<u>37,438</u>	<u>15,916</u>	<u>37,740</u>	<u>10,073</u>

Income tax recognized in other comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Actuarial losses (gain)	13	<u>(1,101)</u>	<u>3,197</u>	<u>(1,024)</u>	<u>2,810</u>

Reconciliation of effective tax rate

	Consolidated financial statements			
	2019		2018	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		217,131		73,186
Income tax using the Thai corporation tax rate	20	43,426	20	14,637
Expenses deductible at a greater amount		(1,075)		(1,035)
Expenses not deductible for tax purposes and others		4,604		2,930
Tax losses decrease		(5,878)		(13,671)
Current tax		<u>41,077</u>		<u>2,861</u>
Under provided in prior years		551		-
Movement in temporary differences		(4,190)		13,055
Income tax expense	17	<u>37,438</u>	22	<u>15,916</u>

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	Separate financial statements			
	2019		2018	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		189,198		70,742
Income tax using the Thai corporation tax rate	20	37,840	20	14,148
Expenses deductible at a greater amount		(1,004)		(964)
Expenses not deductible for tax purposes and others		4,241		2,921
Tax losses decrease		-		(13,244)
Current tax		41,077		2,861
Under provided in prior years		551		-
Movement in temporary differences		(3,888)		7,212
Income tax expense	20	37,740	14	10,073

Reconciliation of effective tax rate

The Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code and utilized the tax losses carried forward from prior years and also had the exempted net profit from the promoted business.

26 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to Manufacturer and distributor autoclaved aerated concrete. 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;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above; and
- (d) a deduction of twice the actual transportation, electrical and water supply expenses for a period of 10 years from the respective revenues

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

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Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2019			2018		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	-	118,049	118,049	-	253,001	253,001
Local sales	-	1,948,252	1,948,252	-	1,669,542	1,669,542
Total revenue	-	2,066,301	2,066,301	-	1,922,543	1,922,543

	Separate financial statements					
	2019			2018		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	-	117,813	117,813	-	253,001	253,001
Local sales	-	1,607,111	1,607,111	-	1,367,405	1,367,405
Total revenue	-	1,724,924	1,724,924	-	1,620,406	1,620,406

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December were based on the profit for the years and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the years	179,693	57,271	151,458	60,669
Weighted average number of ordinary shares outstanding	400,000	400,000	400,000	400,000
Basic earnings per share (in Baht)	0.45	0.14	0.38	0.15

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28 Dividends

The dividends paid by the Group to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Annual dividend 2018	22 March 2019	19 April 2019	<u>0.06</u>	<u>24</u>
<i>2018</i>				
Annual dividend 2017	26 March 2018	25 April 2018	<u>0.03</u>	<u>21</u>

29 Financial instruments

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilisation and reviewing collections. Fair value of receivables which is presented in the statement of financial position is the balances net of allowance for doubtful accounts.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

	Effective interest rates (% p.a.)	Consolidated financial statements (in thousand Baht)	Separate financial statements
<i>2018</i>			
Current			
Short-term borrowings from related party	3.53	<u>-</u>	<u>200,000</u>
<i>2019</i>			
Current			
Short-term borrowings from related party	2.20 - 3.53	<u>-</u>	<u>-</u>

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Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Group's foreign currency of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Australian Dollar</i>				
Trade receivables	-	24,131	-	24,131
<i>Euro</i>				
Trade payables	(8,550)	(10,347)	(8,550)	(10,347)
Other current payables	-	(201)	-	(201)
Gross balance sheet exposure	<u>(8,550)</u>	<u>13,583</u>	<u>(8,550)</u>	<u>13,583</u>

Fair values of financial assets and liabilities

Since the majority of the financial assets and liabilities classified as short-term and borrowings are bearing interest at rates close to current market rate, the management believes that as at 31 December 2019 and 2018, the carrying amount of the Group's financial instruments does not materially differ from their aggregate fair value.

30 Commitments and contingent liabilities

(a) Commitments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Land, Building and other structures	185	1,414	185	1,393
Machines and equipment	17,656	3,928	13,911	3,928
Furniture, fixtures and office equipment	266	217	266	217
Total	<u>18,107</u>	<u>5,559</u>	<u>14,362</u>	<u>5,538</u>
<i>Non-cancellable operating lease commitments</i>				
Within one year	20,679	26,616	16,072	23,556
After one year but within five years	22,489	37,504	17,034	31,143
Total	<u>43,168</u>	<u>64,120</u>	<u>33,106</u>	<u>54,699</u>

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	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Other commitments</i>				
Unused letters of credit for goods and supplies	2,522	12,253	2,522	12,253
Bank guarantees	14,145	14,614	6,500	6,969
Expenses of dam's construction for the propose of flood protection	10,870	12,025	10,870	12,025
Total	<u>27,537</u>	<u>38,892</u>	<u>19,892</u>	<u>31,247</u>

(b) Other long-term contracts

The Company entered into long-term agreements with two local companies to purchase steam for 10 years from the date of transaction occurs which ends in 2023 and another agreement has a period of 15 years from the date of transaction occurs which has not started trading. The prices in both agreements are agreed based on market price.

In March 2014, the Company entered into a steam purchase agreement for Lamphun Factory with a local company. The Company has committed to purchase steam at a quantity as indicated in the agreement for 10 years, commencing from the effective date to be specified later but not later than 1 October 2021.

31 Capital management

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

32 Event after the reporting period

At the Board of Directors' Meeting held on 13 February 2020, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2019 at the rate of Baht 0.18 per share, amounting to Baht 72 million. The dividend will be paid to shareholders during 2020. This dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 27 March 2020.

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33 Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective

New and revised TFRS, which are relevant to the Group's operations will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020. The Group does not plan to early adopt these TFRSs. The new TFRSs are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments depends on the Group's financial instruments by following TFRS - Financial instruments as follows:

(1) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Group on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The Group has made an assessment of classification - Financial assets under TFRS 9. This adoption has no material effect on trade receivables and current investments. However, the Group has long-term investments recognized at cost less any impairment losses. The Group classified them as FVTPL. The Group has made an assessment the classification of financial assets under TFRS 9 and has no material effect on the consolidated and separate financial statements.

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(2) Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the consolidated and separate financial statements.

(3) Impairment - Financial assets

TFRS 9 introduces forward-looking Expected Credit Loss (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires consideration about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

The Group has made an assessment the impairment of financial assets under TFRS 9. This adoption has no material effect on the consolidated and separate financial statements.

(4) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The Group classified other financial liabilities which are not held for trading or derivative measured at amortized cost. The adoption of TFRS 9 has no material effect on the consolidated and separate financial statements.

(5) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness. Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. At the initial date of first time adoption, the Group has no effect on this matter.

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(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains to the current standard. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled. Currently, the Group recognizes payments made under operating leases in income statement on a straight-line basis over the term of the lease.

The Group has made an assessment of TFRS 16 adoption. On 1 January 2020, the Group will recognize the increase in right-of-use assets and lease liabilities on the consolidated and separate financial statements approximately Baht 47 million and Baht 38 million, respectively. The nature of expenses related to those leases will be changed as the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities.

Transition

The Group applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach, by recognizing right-of-use assets and lease liabilities with no restatement of comparative information.