Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2020

Note **Contents**

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 9 February 2021.

1 General information

Quality Construction Products Public Company Limited, the ("Company"), is incorporated in Thailand. The Company's 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 (%)	
			2020	2019
Direct subsidiary				
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.

The new and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRSs have resulted in changes in certain of the Group's accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 Financial Instruments and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

(b) 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 million unless otherwise stated.

(c) Use of estimates and judgements

The preparation of -financial statements in conformity with TFRSs requires management to make judgments, 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.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

4(i) and 13 Leases:
- whether an arrangement contains a lease;
- whether the Group is reasonably certain to exercise extension options;
- whether the Group exercise termination options;
- whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees.

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

4(i)	Determining the incremental borrowing rate to measure lease liabilities;
11, 12	Impairment test: key assumptions underlying recoverable amounts;
18	Measurement of defined benefit obligations: key actuarial assumptions;
26	Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate;
15	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

Impact of COVID-19 Outbreak

The COVID-19 outbreak resulted in estimation uncertainty. The Group elected to apply accounting guidance on temporary relief measures for additional accounting options in response to impact from the COVID-19 outbreak for transactions related to financial statements as at 31 December 2020 as follows:

(a) Impairment of assets

The Group considered impairment of trade accounts receivables under simplified approach using historical loss rate for expected credit loss and did not take forward-looking information about the uncertain situation of COVID-19 into account.

(b) Fair value measurement

The Group elected to measure investment in non-marketable equity instruments at using fair values at 1 January 2020.

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies are as follows:

(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. The details of accounting policies are disclosed in note 4(j) and 26. The impact from adoption of TFRS - Financial instruments standards are 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 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives are measured at FVTPL. It replaces accounting policies of the Group on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The classification - Financial assets under TFRS 9 has no material effect on trade receivables, current investments and other long-term investments.

(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 financial statements of the Group.

(3) 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 financial statements of the Group.

(4) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while previous 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 strategies 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 the first time adoption, the Group has no effect from this matter.

(5) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model of Financial assets whereas previously the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost or fair value to other comprehensive income, except for investments in equity instruments.

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

The Group has adopted TFRS - Financial instruments standards for the first time by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020 with no restatement of comparative information.

(b) TFRS 16 Leases

Previously, the Group, as a lessee, recognized payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. When TFRS 16 is effective from 1 January 2020, it 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 or leases of low-value items.

The Group applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach by recognizing cumulative impact of right-of-use assets and lease liabilities with no restatement of comparative information. The Group elected to use some practical expedients as stated by TFRS 16.

The Group has made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognized 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. (Base on reclassification from operation leases, right-of use asset under a lease qualifying have been recognized in Baht 47 million and Baht 38 million on consolidated and separate financial statement, respectively) which presented in Property, plant and equipment on consolidated and separate financial statement. 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. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate and used of exemption for short-term lease and low-value items lease assets, combined with finance lease liabilities; therefore, the Group has recognized lease liabilities as at 1 January 2020 amounting to Baht 47 million and Baht 38 million on the consolidated and separate financial statements, respectively. Incremental borrowing rates were 2.27% to 2.75% per annum on the consolidated and separate financial statements.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

(a) Basis of consolidation

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

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.

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.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated.

(b) 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.

(c) 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 is measured at transaction price less allowance for expected credit loss *(2019: allowance for doubtful accounts)* which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

(d) Inventories

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

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.

(e) Investment in subsidiary

Investment in subsidiary in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

(f) Investment property

Investment properties are properties which properties that are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognized in profit or loss.

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

(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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

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 - 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 calculated 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.

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

(i) Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognized as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable amount under purchase, extension or termination option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognized as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

Accounting policies applicable before 1 January 2020

As a lessee, 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 capitalized 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.

Assets held under other leases were classified as operating leases and lease payments 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 the 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.

(j) Impairment of financial assets

Accounting policies applicable from 1 January 2020

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables, debt investments and contract assets).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:
- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognized as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Group recognizes an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 90 days past due, probable the debtor will enter bankruptcy.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Accounting policies applicable before 1 January 2020

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.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Reversal 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. For financial assets carried at amortized cost, the reversal is recognized in profit or loss.

(k) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting period 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.

Calculation of recoverable amount

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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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 depreciation or amortization, if no impairment loss had been recognized.

(l) Trade and other current payables

Trade and other current payables are stated at cost.

(m) 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.

(n) 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 annually 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.

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.

(o) 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.

(p) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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 (Stock Exchange) 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: 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.

(q) 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.

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.

Dividend income

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.

(r) Interest

Accounting policies applicable from 1 January 2020

Effective Interest Rate (EIR)

Interest income or expense is recognized using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Accounting policies applicable before 1 January 2020

Interest income is recognized in profit or loss at the rate specified in the contract.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(s) Expenses

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 and profit or loss for the Group's hedge of a net position.

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.

(t) 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.

(u) 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 end of the reporting period 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.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that the fair value was measured.

(v) Financial instruments

Accounting policies applicable from 1 January 2020

(v.1) Recognition and initial measurement

Trade receivables, debt securities issued and trade payables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognized at fair value.

(v.2) Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value to other comphehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(v.3) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(v.4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies applicable before 1 January 2020

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount and if the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(w) 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.

5 Related parties

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.

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.
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
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.

Name of entities	Country of incorporation/ nationality	Nature of relationships
Silasanont Co.,Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
Siam Sanitary Ware Industry 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
Other income	At contractually agreed prices, equivalent to market prices
Dividend income	Upon declaration
Interest income	At contractually agreed prices
Interest expenses	At contractually agreed prices
Advanced payment from software license fee	At contractually agreed prices

Significant transactions for the years ended 31 December with related parties are summarized follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Parent				
Distribution costs	6	43	6	43
Administration expenses	13,647	12,430	12,579	11,645
Subsidiary				
Purchase	-	-	8,110	25,838
Sales of property, plant and equipment	-	-	8,500	-
Service income	-	-	7,980	13,440
Trademark income	-	-	5,172	6,482
Interest expenses	-	-	-	3,074
Other income	-	-	7	267
Dividend income	-	-	80,240	-
Other related parties				
Sales of goods	1,135,154	1,246,878	931,964	991,634
Purchase	308,370	355,629	253,534	285,244
Distribution Costs	1,661	1,744	1,649	1,744
Administrative expenses	9,895	3,868	8,256	3,742
Other income	10,762	9,637	6,633	5,804
Interest income	4,600	33	950	33

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

Trade receivables	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Other related parties				
SCG Distribution Co., Ltd.	44,925	-	36,281	-
Land and Houses Public Company Limited	4,990	8,012	4,990	8,012
SCG International Corporation Co., Ltd.	312	-	312	-
SCG Experience Co., Ltd.	171	16	171	16
SCG Cement-Building Materials Co., Ltd.	-	79,606	-	65,309
Total	**50,398**	**87,634**	**41,754**	**73,337**

Other current receivables	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Parent				
The Siam Cement Public Company Limited	569	569	477	477
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	424	447
Other related parties				
SCG Distribution Co., Ltd.	-	1	-	1
Total	**569**	**570**	**569**	**925**

Other non-current assets	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(in thousand Baht)		
Parent				
The Siam Cement Public Company Limited	**3,982**	**4,551**	**3,340**	**3,817**

Trade payables	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(in thousand Baht)		
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	18	85
Other related parties				
The Siam Cement (Ta Luang) Co., Ltd.	5,325	9,645	4,721	7,381
Silasanont Co.,Ltd.	1,362	-	1,362	-
SCG Logistics Management Co., Ltd.	732	1,483	540	895
SCG Distribution Co., Ltd.	249	-	249	-
SCG Cement-Building Materials Co., Ltd.	-	659	-	659
The Concrete Products and Aggregate Co., Ltd.	-	1,162	-	1,162
Total	**7,668**	**12,949**	**6,890**	**10,182**

Other current payables	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(in thousand Baht)		
Parent				
The Siam Cement Public Company Limited	1,750	2,398	1,588	1,635
SCG Building Materials Co., Ltd.	95	-	95	-
Subsidiary				
Q-Con Eastern Co., Ltd.	-	-	-	4
Other related parties				
SCG Cement-Building Materials Co., Ltd.	2,281	2,400	2,072	2,313
SCG Logistics Management Co., Ltd.	2,254	-	2,254	-
IT One Co., Ltd.	204	75	201	73
SCG Ceramics Public Company Limited	143	202	143	202
SCG Legal Counsel Limited	82	77	82	77
SCG Distribution Co., Ltd.	72	-	72	-
Siam Sanitary Ware Industry Co., Ltd.	71	-	71	-
SCG International Corporation Co., Ltd.	55	257	55	257
SCG Experience Co., Ltd.	24	-	24	-
Thai Containers Group Co., Ltd.	-	275	-	275
SCI Eco Services Co., Ltd.	-	74	-	74
SCG Accounting Services Co., Ltd.	-	68	-	68
SCG Learning Excellence Co., Ltd.	-	2	-	2
Total	**7,031**	**5,828**	**6,657**	**4,980**

Short-term borrowing from related party	**Consolidated financial statements**		**Separate financial statements**	
	2020	2019	2020	2019
		(in thousand Baht)		
Subsidiary				
Q-Con Eastern Co., Ltd.	**-**	**-**	**-**	**-**

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

	Consolidated financial statements		**Separate financial statements**	
	2020	2019	2020	2019
		(in thousand Baht)		
At 1 January	-	-	-	200,000
Decrease	-	-	-	(200,000)
At 31 December	**-**	**-**	**-**	**-**

The Board of Directors and key management personnel compensation	**Consolidated financial statements**		**Separate financial statements**	
	2020	2019	2020	2019
		(in thousand Baht)		
For the year ended 31 December				
Short-term employee benefits	26,665	26,165	26,665	26,165
Post-employment benefits	2,164	5,187	2,164	5,187
Total	**28,829**	**31,352**	**28,829**	**31,352**

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.

6 Cash, cash equivalents and current investment

	Consolidated financial statements		**Separate financial statements**	
	2020	2019	2020	2019
		(in thousand Baht)		
Cash and cash equivalents				
Cash on hand	108	108	78	78
Cash at banks - current accounts	16,472	10,278	10,569	7,057
Cash at banks - savings accounts	353,167	238,291	298,274	158,142
Total	**369,747**	**248,677**	**308,921**	**165,277**
Current investment				
Fixed deposit with financial institution	**470,000**	**400,000**	**90,000**	**-**

7 Other current receivables

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Related parties	*5*	569	570	901	925
Other parties					
Receivable from fixed asset sold		7,490	-	7,490	-
Prepaid expenses		2,827	3,338	2,469	1,809
Accrued interests		2,623	-	135	-
Refundable tax		1,248	2,018	995	1,699
Others		1,006	966	930	965
Total		**15,763**	**6,892**	**12,920**	**5,398**

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Finished goods	44,670	58,709	32,649	41,600
Goods in process	857	1,851	857	1,851
Raw materials	35,737	32,482	28,342	23,961
Spare parts, supplies and others	85,055	65,893	73,739	53,663
Goods in transit	8,676	8,633	6,330	8,632
Total	174,995	167,568	141,917	129,707
Less allowance for decline in value	(771)	(4,009)	(527)	(3,575)
Net	**174,224**	**163,559**	**141,390**	**126,132**
Cost of inventories recognized as an expense in cost of sales	1,388,336	1,674,688	1,134,766	1,381,580
Reversal of write-down	(260)	(153)	(262)	(130)
Reversal of cost of inventories recognized as an expense in Administrative expenses	(2,978)	(2,266)	(2,786)	(2,299)
Changes in inventories of finished goods and goods in process	15,033	13,948	9,945	8,885
Raw materials and supplies used	723,003	906,847	599,838	743,590

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:

	Separate financial statements							
	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)				*(in thousand Baht)*			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	80,240	-
Total					**590,000**	**590,000**	**80,240**	**-**

10 Other long-term investment

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Other long - term investment	876	876	442	442
Less allowance for impairment	(876)	(876)	(442)	(442)
Total	**-**	**-**	**-**	**-**

11 Investment property

	Note	Consolidated and Separate financial statements		
		Land	Buildings under construction and installation	Total
			(in thousand Baht)	
Cost				
At 1 January 2019 and 31 December 2019		-	-	-
Transfer from property, plant and equipment	*12*	51,333	118,995	170,328
At 31 December 2020		**51,333**	**118,995**	**170,328**
Impairment losses				
At 1 January 2019 and 31 December 2019		-	-	-
Transfer from property, plant and equipment	*12*	-	9,609	9,609
At 31 December 2020		**-**	**9,609**	**9,609**
Net book value				
At 31 December 2019		**-**	**-**	**-**
At 31 December 2020		**51,333**	**109,386**	**160,719**

The Group determined fair value of investment properties at open market values on an existing use basis. The fair value was Baht 160.7 million.

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is an independent professional valuer appraised the fair value of property were determined at Market Data Approach and plant and equipment under construction were determined at Cost Approach.

12 Property, plant and equipment

		Consolidated financial statements						
	Note	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
					(in thousand Baht)			
Cost								
At 1 January 2019		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
Transfers		-	602	8,759	-	274	(9,635)	-
Written off		-	(220)	(2,614)	-	(1,023)	-	(3,857)
At 31 December 2019 and 1 January 2020		**323,634**	**894,802**	**2,669,286**	**-**	**76,009**	**203,472**	**4,167,203**
Recognition of depreciation of right-of-use asset on initial application of TFRS 16 (see note 3(b))		218	-	28,146	16,088	2,478	-	46,930
At 1 January 2020 - as adjusted		**323,852**	**894,802**	**2,697,432**	**16,088**	**78,487**	**203,472**	**4,214,133**
Additions		-	3,468	25,897	1,469	5,840	28,184	64,858
Transfers		-	775	5,834	-	13,657	(25,083)	(4,817)
Transfer to investment property	*11*	)51,333(	-	-	-	-	(118,995)	(170,328)
Disposals/written off		(218)	(96)	(115,974)	(450)	(2,346)	(8,045)	(127,129)
At 31 December 2020		**272,301**	**898,949**	**2,613,189**	**17,107**	**95,638**	**79,533**	**3,976,717**

		Consolidated financial statements						
	Note	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
					(in thousand Baht)			
Accumulated depreciation and accumulate impairment losses								
At 1 January 2019		-	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 and 1 January 2020		**-**	**632,123**	**2,232,297**	**-**	**60,234**	**27,371**	**2,952,025**
Depreciation charge for the year		218	38,252	104,266	5,254	7,107	-	155,097
Impairment losses		-	-	-	-	-	4,667	4,667
Reversal of impairment losses		-	-	-	-	-	(13,043)	(13,043)
Transfer impairment losses to investment property	*11*	-	-	-	-	-	(9,609)	(9,609)
Disposals/written off		(218)	(38)	(62,134)	(100)	(2,292)	-	(64,782)
At 31 December 2020		**-**	**670,337**	**2,274,429**	**5,154**	**65,049**	**9,386**	**3,024,355**
Net book value								
At 31 December 2019								
Owned assets		**323,634**	**262,679**	**436,989**	**-**	**15,775**	**176,101**	**1,215,178**
At 31 December 2020								
Owned assets		272,301	228,612	310,129	-	28,576	70,148	909,766
Right-of-use assets		-	-	28,630	11,953	2,013	-	42,596
		272,301	**228,612**	**338,759**	**11,953**	**30,589**	**70,148**	**952,362**

		Separate financial statements						
	Note	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
				(in thousand Baht)				
Cost								
At 1 January 2019		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
Transfers		-	602	8,759	-	275	(9,636)	-
Written off		-	(220)	(2,614)	-	(828)	-	(3,662)
At 31 December 2019 and 1 January 2020		**263,634**	**719,120**	**2,170,582**	**-**	**62,332**	**201,265**	**3,416,933**
Recognition of depreciation of right-of-use asset on initial application of TFRS 16 (see note 3(b))		218	-	19,680	15,692	1,967	-	37,557
At 1 January 2020 - as adjusted		**263,852**	**719,120**	**2,190,262**	**15,692**	**64,299**	**201,265**	**3,454,490**
Additions		-	2,785	24,745	1,470	5,119	24,467	58,586
Transfers		-	273	5,834	-	13,658	(24,582)	(4,817)
Transfer to investment property	*11*	(51,333)	-	-	-	-	(118,995)	(170,328)
Disposals/written off		(218)	(96)	(115,636)	(450)	(1,981)	(15,553)	(133,934)
At 31 December 2020		**212,301**	**722,082**	**2,105,205**	**16,712**	**81,095**	**66,602**	**3,203,997**

	Note	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
		Separate financial statements *(in thousand Baht)*						
Accumulated depreciation and accumulate impairment losses								
At 1 January 2019		-	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 and 1 January 2020		**-**	**509,201**	**1,790,585**	**-**	**48,459**	**27,371**	**2,375,616**
Depreciation charge for the year		218	29,238	65,899	5,087	6,193	-	106,635
Impairment losses		-	-	-	-	-	4,667	4,667
Reversal of impairment losses		-	-	-	-	-	(10,494)	(10,494)
Transfer impairment losses to investment property	*11*	-	-	-	-	-	(9,609)	(9,609)
Disposals/written off		(218)	(38)	(61,797)	(100)	(1,936)	(2,549)	(66,638)
At 31 December 2020		**-**	**538,401**	**1,794,687**	**4,987**	**52,716**	**9,386**	**2,400,177**
Net book value								
At 31 December 2019								
Owned assets		**263,634**	**209,919**	**379,997**	**-**	**13,873**	**173,894**	**1,041,317**
At 31 December 2020								
Owned assets		212,301	183,681	286,706	-	26,836	57,217	766,740
Right-of-use assets		-	-	23,812	11,725	1,543	-	37,080
		212,301	**183,681**	**310,518**	**11,725**	**28,379**	**57,217**	**803,820**

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 totalled Baht 240.4 million *(31 December 2019: Baht 240.4 million).*

In the Board of directors' meeting held on 10 August 2020, the directors approved to the cancellation of the new plant in Lamphun province as the directors has continuously reviewed the investment. The Board of Directors has considered the return on the project and found that it is not worth to invest due to the market situation, therefore the board of directors passed a resolution to approve the termination of the investment. In the third quarter of 2020, the Company appointed an independent professional valuer to review and determined the impairment of property, plant and equipment under construction in Lamphun province. In addition, the Company has performed impairment testing and estimation of the recoverable value of the machines.

An independent professional valuer appraised the fair value of property were determined at Market Data Approach and plant and equipment under construction were determined at Cost Approach. The fair value measurement has been categorized as a Level 3 fair value.

The company performs impairment testing and estimates of the machine's recoverable value. The expected recoverable amount is based on 1) the value in use of the asset and/or 2) the fair value of the asset less cost to sell whichever is higher. The Company determines the recoverable amount of the investment based on the utilized value. The period for which the future cash flow is projected is five years and the growth rate after that based on management's long-term estimates of earnings growth before finance costs, income taxes, depreciation and amortization (EBITDA) to be derived on the avoidable costs and the discount rate is applied based on the company's weighted average cost of capital.

For the year 2020, the Company recognized impairment losses on property, plant and equipment under construction in Lamphun province totalled Baht 4.7 million on the consolidated and separate income statements and reversed the impairment loss of machinery totalled Baht 13.0 million and Baht 10.5 million on the consolidated and separate income statements respectively.

Transfer to investment property

During 2020, the Company has transferred the property, plant and equipment under construction in Lamphun province to an investment property with a net book value totalled Baht 160.7 million due to the Company does not use such assets and determine the purpose of future use.

13 Leases

The Group leases a number of machine and equipment for 1-5 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

The Group leases a number of vehicles and equipment for 4-5 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

The Group leases a number of office equipment for 3-6 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

	Consolidated financial statements		**Separate financial statements**	
For the year ended 31 December	2020	2019	2020	2019
	(in thousand Baht)			
Amounts recognized in profit or loss				
Depreciation of right-of-use assets:				
- Land	218	-	218	-
- Equipment	18,920	-	15,003	-
- Vehicles	5,253	-	5,087	-
- Office equipment	1,309	-	1,097	-
Interest on lease liabilities	1,110	-	936	-
Expenses relating to short-term leases	1,123	-	1,123	-
Expenses relating to leases of low-value assets	1,368	-	1,248	-
Variable lease payments based on sales	-	28,142	-	23,597

In 2020, total cash outflow for lease liabilities of the Group and the Company were Baht 26.77 million and Baht 22.32 million respectively.

14 Intangible assets

	Consolidated financial statements		
	Software licenses	Development Cost	Total
		(in thousand Baht)	
Cost			
At 1 January 2019	19,726	710	20,436
Additions	262	161	423
Written off	(550)	-	(550)
Transfer in (out)	710	(710)	-
At 31 December 2019 and 1 January 2020	**20,148**	**161**	**20,309**
Additions	385	403	788
Written off	(177)	-	(177)
Transfer in (out)	161	(161)	-
At 31 December 2020	**20,517**	**403**	**20,920**
Accumulated amortization			
At 1 January 2019	14,085	-	14,085
Amortization for the year	1,333	-	1333
Written off	(63)	-	(63)
At 31 December 2019 and 1 January 2020	**15,355**	**-**	**15,355**
Amortization for the year	1,367	-	1,367
Written off	(177)	-	(177)
At 31 December 2020	**16,545**	**-**	**16,545**

	Consolidated financial statements		
	Software licenses	Development Cost	Total
		(in thousand Baht)	
Carrying amount			
At 31 December 2019	**4,793**	**161**	**4,954**
At 31 December 2020	**3,972**	**403**	**4,375**

	Separate financial statements		
	Software license	Development cost	Total
		(in thousand Baht)	
Cost			
At 1 January 2019	16,078	516	16,594
Additions	262	128	390
Written off	(385)	-	(385)
Transfer in (out)	516	(516)	-
At 31 December 2019 and 1 January 2020	**16,471**	**128**	**16,599**
Additions	386	403	789
Written off	(177)	-	(177)
Transfer in (out)	128	(128)	-
At 31 December 2020	**16,808**	**403**	**17,211**
Accumulated amortization			
At 1 January 2019	11,658	-	11,658
Amortization for the year	1,048	-	1,048
Written off	(44)	-	(44)
At 31 December 2019 and 1 January 2020	**12,662**	**-**	**12,662**
Amortization for the year	1,080	-	1,080
Written off	(177)	-	(177)
At 31 December 2020	13,565	-	13,565
Carrying amount			
At 31 December 2019	**3,809**	**128**	**3,937**
At 31 December 2020	**3,243**	**403**	**3,646**

15 Deferred tax assets

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(in thousand Baht)		
Deferred tax assets	**21,804**	**20,027**	**18,647**	**18,829**

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

	Consolidated financial statements			
		Credited (charged) to		
	At 1 January 2019	profit or loss *(Note 24)*	other comprehensive income	At 31 December 2019
		(in thousand Baht)		
Deferred tax assets				
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	**14,736**	**4,190**	**1,101**	**20,027**

	Consolidated financial statements			
		Credited (charged) to		
	At 1 January 2020	profit or loss *(Note 24)*	other comprehensive income	At 31 December 2020
		(in thousand Baht)		
Deferred tax assets				
Inventories	802	(649)	-	153
Investment	175	-	-	175
Investment Property	5,474	(3,178)	-	2,296
Property, plant and equipment	-	1,503	-	1,503
Provisions	792	(50)	-	742
Provisions for employee benefits	12,784	1,172	1,227	15,183
Loss carry forward	-	1,752	-	1,752
Total	**20,027**	**550**	**1,227**	**21,804**

	Separate financial statements			
		Credited (charged) to		
	At 1 January 2019	profit or loss *(Note 24)*	other comprehensive income	At 31 December 2019
		(in thousand Baht)		
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**

		Separate financial statements		
		Credited (charged) to		
	At 1 January 2020	profit or loss *(Note 24)*	other comprehensive income	At 31 December 2020
		(in thousand Baht)		
Deferred tax assets				
Inventories	715	(610)	-	105
Investment	88	-	-	88
Investment Property	5,474	(3,178)	-	2,296
Property, plant and equipment	-	1,503	-	1,503
Provisions	792	(50)	-	742
Provisions for employee benefits	11,760	1,013	1,140	13,913
Total	**18,829**	**(1,322)**	**1,140**	**18,647**

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**	
	2020	2019	2020	2019
		(in thousand Baht)		
Deductible temporary differences				
- Inventories	-	1	-	-
- Provisions	-	1,087	-	-
- Unused tax losses	38,757	52,052	-	-
Total	**38,757**	**53,140**	**-**	**-**

As at 31 December 2020, the Group incurred a tax loss of Baht 38.8 million *(2019: 52.1 million)*. Management has determined that the recoverability of cumulative tax losses, which expire in 2021-2022 *(2019: 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.

16 Trade payables

		Consolidated financial statements		**Separate financial statements**	
	Note	2020	2019	2020	2019
			(in thousand Baht)		
Related parties	*5*	7,668	12,949	6,890	10,182
Other parties		50,665	69,142	41,310	60,589
Total		**58,333**	**82,091**	**48,200**	**70,771**

17 Other current payables

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
			(in thousand Baht)		
Related parties	*5*	7,031	5,828	6,657	4,980
Other parties					
Accrued expenses		16,398	12,670	15,321	11,777
Freight payables		7,290	17,137	5,881	15,224
Revenue department payables		7,941	9,375	7,308	8,791
Account payables from purchases of assets		7,185	6,246	7,164	3,324
Accrued sales promotion expenses		3,428	5,045	2,894	3,958
Rental payables		3,029	3,058	2,565	2,835
Others		33,317	33,291	28,643	26,804
Total		**85,619**	**92,650**	**76,433**	**77,693**

18 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	
	2020	2019	2020	2019
		(in thousand Baht)		
Post-employment benefits				
Legal severance payment plan	66,845	57,144	61,551	52,764
Other long-term employee benefits	6,833	4,826	5,950	4,234
Non-current provisions for defined benefit plan	**73,678**	**61,970**	**67,501**	**56,998**

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(in thousand Baht)		
Defined benefit obligations at 1 January	61,970	39,284	56,998	36,181
Included in profit or loss				
Current service costs	4,354	3,700	3,906	3,318
Interest on obligation	1,042	1,535	951	1,405
Actuarial losses	2,607	1,226	2,260	1,027
Past service cost from the amended severance pay of the Labor Law	-	11,280	-	10,456
	8,003	**17,741**	**7,117**	**16,206**
Included in other comprehensive income				
Actuarial losses	6,135	5,499	5,699	5,118
Other				
Benefits paid	(2,430)	(554)	(2,313)	(507)
Non-current provisions for defined benefit plans at 31 December	**73,678**	**61,970**	**67,501**	**56,998**

On 5 April 2020, the Labor Protection Act has already been announced in Royal Gazette that became effective on 5 May 2020 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 11.3 million and 10.5 million in consolidated income statement and separate income statement respectively, resulting in the decrease in net profit amounted to Baht 9.0 million and 8.4 million respectively.

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(in thousand Baht)		
For the years ended 31 December				
Demographic assumptions	3,659	(11)	3,267	(10)
Financial assumptions	335	3,550	351	3,199
Experience adjustment	2,141	1,960	2,081	1,929
Total	**6,135**	**5,499**	**5,699**	**5,118**

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period

	Consolidated and Separated financial statements 2020	Consolidated and Separated financial statements 2019
	(%)	
Discount rate*	1.38 - 1.70	1.67 - 1.83
Salary increase rate	2.00 - 6.00	3.00 - 6.00
Employee turnover rate**	3.50 - 18.00	4.00 - 20.00
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	
	2020	2019	2020	2019
	Increase (decrease) *(in thousand Baht)*			
Discount rate				
0.5% increase	(3,828)	(3,047)	(3,423)	(3,060)
0.5% decrease	4,203	3,743	3,752	3,356
Salary increase rate				
1.0% increase	7,907	7,528	7,041	6,743
1.0% decrease	(6,739)	(6,390)	(6,018)	(5,743)
Employee turnover rate				
10.0% increase	(2,725)	(2,940)	(2,431)	(2,640)
10.0% decrease	2,901	3,162	2,586	2,836

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.

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. The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

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.

Geographical segment information

	Consolidated financial statements		**Separate financial statements**	
	2020	2019	2020	2019
	(in thousand Baht)			
Thailand	1,717,798	1,948,253	1,446,798	1,607,111
Australia	461	117,420	461	117,420
Others	101	628	41	393
Total	**1,718,360**	**2,066,301**	**1,447,300**	**1,724,924**

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 1,108.9 million *(2019: Baht 1,333.1 million)* of the Group's total revenues.

21 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Salary, welfare and personnel expenses	39,639	39,577	38,263	38,186
Advertising and sales promotion expenses	8,742	10,630	8,390	9,905
Transportation	6,001	9,069	6,001	9,069
Rental expenses	599	4,220	576	4,197
Others	8,189	9,995	7,880	9,645
Total	**63,170**	**73,491**	**61,110**	**71,002**

22 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Salary, welfare and personnel expenses	65,400	65,117	62,137	61,412
Impairment losses and written off of assets	46,978	8,067	46,846	7,921
Information technology expenses	11,526	9,863	10,096	8,376
Professional fees	14,147	8,663	11,404	7,757
Depreciation and amortization expenses	3,463	1,290	2,957	1,002
Rental expenses	2,263	2,819	1,938	2,521
Directors' remuneration	2,310	2,280	2,310	2,280
Transportation	507	1,110	471	1,011
Employee benefit expense from the amended severance pay of the Labor Law	-	11,280	-	10,456
Others	11,900	5,853	10,690	5,489
Total	**158,494**	**116,342**	**148,849**	**108,225**

23 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Salaries and wages	195,962	196,395	173,778	173,727
Welfares and others	56,567	61,246	49,710	53,638
Contribution to defined contribution plans	8,695	8,441	8,119	7,854
Contribution to defined benefit plans	8,003	17,741	7,117	16,206
Directors' remuneration	2,310	2,280	2,310	2,280
Total	**271,537**	**286,103**	**241,034**	**253,705**

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 2% to 15% of their basic salaries and by the Group at 4% to 13% of the members' basic salaries, depending on the length of employment.

24 Income tax

Income tax recognized in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		(in thousand Baht)			
Current tax					
Current tax		25,434	41,077	25,434	41,077
Under provided in prior years		386	551	386	551
		25,820	**41,628**	**25,820**	**41,628**
Deferred tax					
Movement in temporary differences	*15*	(550)	(4,190)	1,322	(3,888)
Total		**25,270**	**37,438**	**27,142**	**37,740**

Income tax recognized in other comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		(in thousand Baht)			
Actuarial losses	*15*	**(1,227)**	**(1,101)**	**(1,140)**	**(1,024)**

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.

	Consolidated financial statements			
	2020		2019	
	Rate *(%)*	*(in thousand Baht)*	Rate *(%)*	*(in thousand Baht)*
Profit before income tax expense		139,227		217,131
Income tax using the Thai corporation tax rate	20	27,855	20	43,426
Expenses deductible at a greater amount		(1,050)		(1,075)
Expenses provided prior years become tax deductible in current year		(1,813)		(490)
Expenses not deductible for tax purposes and others		1,509		5,094
Tax losses decrease		(1,067)		(5,878)
Current tax		**25,434**		**41,077**
Under provided in prior years		386		551
Movement in temporary differences		(550)		(4,190)
Income tax expense	**18**	**25,270**	**17**	**37,438**

	Separate financial statements			
	2020		2019	
	Rate *(%)*	*(in thousand Baht)*	Rate *(%)*	*(in thousand Baht)*
Profit before income tax expense		214,804		189,198
Income tax using the Thai corporation tax rate	20	42,961	20	37,840
Income not subject to tax		(16,048)		-
Expenses deductible at a greater amount		(980)		(1,004)
Expenses provided prior years become tax deductible in current year		(1,775)		(486)
Expenses not deductible for tax purposes and others		1,276		4,727
Current tax		**25,434**		**41,077**
Under provided in prior years		386		551
Movement in temporary differences		1,322		(3,888)
Income tax expense	**13**	**27,142**	**20**	**37,740**

25 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)*
2020				
Interim dividend 2019	19 March 2020	17 April 2020	**0.18**	**72**
2019				
Annual dividend 2018	22 March 2019	19 April 2019	**0.06**	**24**

26 Financial instruments

(a) Carrying amounts and fair values

Fair values of financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of net book value.

(b) Financial risk management policies

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee and the Credit committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(b.3.1) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions with a minimum credit rating, for which the Group considers to have low credit risk.

(b.3.2) Trade accounts receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 20.

The Credit committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of two months.

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivables

		Consolidated financial statements		**Separate financial statements**	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Related parties	*5*	50,398	87,634	41,754	73,337
Other companies		78,400	107,886	75,087	105,690
Total		**128,798**	**195,520**	**116,841**	**179,027**
Less allowance for expected credit loss		-	-	-	-
Net		**128,798**	**195,520**	**116,841**	**179,027**

Aging analyzes for trade receivables were as follows:

	Consolidated financial statements		**Separate financial statements**	
	2020	2019	2020	2019
		(in thousand Baht)		
Related parties				
Within credit terms	50,291	87,634	41,647	73,337
Overdue:				
Less than 1 months	107	-	107	-
Total	**50,398**	**87,634**	**41,754**	**73,337**
Less allowance for expected credit loss	-	-	-	-
Net	**50,398**	**87,634**	**41,754**	**73,337**
Other companies				
Within credit terms	75,570	105,056	72,621	102,860
Overdue:				
Less than 1 months	2,830	2,165	2,466	2,165
1-3 months	-	665	-	665
Total	**78,400**	**107,886**	**75,087**	**105,690**
Less allowance for expected credit loss	-	-	-	-
Net	**78,400**	**107,886**	**75,087**	**105,690**
Total	**128,798**	**195,520**	**116,841**	**179,027**

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables

The normal credit term granted by the Group is 15 - 60 days.

As at 31 December 2020, the outstanding overdue amounts of above accounts receivable for the Group and the Company have credit bank guarantees amounting to Baht 6.5 million and 3.5 million, respectively.

(b.2) Liquidity risk

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

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

	Consolidated financial statements			
	Effective interest rates *(% p.a.)*	1 year or less	More than 1 year but less than 5 years	Total
			(in thousand Baht)	
At 31 December 2020				
Non-derivative financial liabilities				
Trade payables	-	82,091	-	82,091
Short-term loans from related parties	*2.20 - 2.53*	-	-	-
		82,091	**-**	**82,091**
At 31 December 2020				
Derivative financial liabilities				
Trade payables	-	58,333	-	58,333
Leases liabilities	*1.81 - 2.75*	20,392	22,185	42,577
		78,725	**22,185**	**100,910**

	Separate financial statements			
	Effective interest rates (% p.a.)	1 year or less	More than 1 year but less than 5 years	Total
			(in thousand Baht)	
At 31 December 2020				
Non-derivative financial liabilities				
Trade payables	-	70,771	-	70,771
Short-term loans from related parties	*2.20 - 3.53*	-	-	-
		70,771	**-**	**70,771**
At 31 December 2020				
Derivative financial liabilities				
Trade payables	-	48,200	-	48,200
Leases liabilities	*1.81 - 2.75*	16,753	20,300	37,053
		64,953	**20,300**	**85,273**

(b.3) Market risk

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

(b.3.1) Foreign currency risk

The foreign currency risk relating to denominated in foreign currencies.

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

At 31 December 2020, the Group's exposure to foreign currency risk from foreign currency assets and liabilities are as follows;

	Consolidated financial statements	Separate financial statements
	(in thousand Baht)	
At 31 December 2019		
EUR		
Trade payables	8,550	8,550
Net statement of financial position exposure	**8,550**	**8,550**
At 31 December 2020		
EUR		
Trade payables	8,666	6,311
Net statement of financial position exposure	**8,666**	**6,311**

27 Commitments and contingent liabilities

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	30 December 2020	31 December 2019
	(in thousand Baht)			
(a) Bank guarantees issued by banks to state enterprises	13,841	14,145	5,300	6,500
(b) Unused letters of credit	12,623	2,522	12,623	2,522
(c) Commitments				
- Construction, installation of machinery equipment, and others	46,903	18,156	43,942	14,362
- Expenses of dam's construction for the propose of flood protection	9,548	10,870	9,548	10,870

(d) In 2013, the Company entered into long-term agreements with local companies to purchase steam for 10 years from the date of transaction occurs and in the half-year of 2019, the company entered into another agreement has a period of 15 years from the date of transaction occurs which have not started trading. The prices in both agreements are agreed based on market price.

(e) 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. In 2020, the Company has recognized accrued expense from cancellation the contract due to the cancellation of Lamphun project amount Baht 1.7 million on the statement of income.

28 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.

29 Event after the reporting period

(a) At the Board of Directors' Meeting held on 9 February 2021, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2020 at the rate of Baht 0.46 per share, amounting to Baht 184 million. The dividend will be paid to shareholders during 2021. This dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 29 March 2021.

(b) As disclosed in note 2(c), the Group has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020, which have no material effect on the financial statements of the Group.

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

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2021 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Group has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.