

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2021 (Unaudited)

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes 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 7 May 2021.

1 General information

Quality Construction Products Public Company Limited, (the “Company”), is incorporated in Thailand and has its registered office 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 of autoclaved aerated concrete blocks, reinforced wall panels, floor panels, and lintels for construction uses.

Details of the Company’s subsidiary as at 31 March 2021 and 31 December 2020 were as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			31 March 2021	31 December 2020
<i>Direct subsidiary</i>				
Q-Con Eastern Co., Ltd.	Manufacturer and distributor autoclaved aerated concrete, block, reinforced wall panels, floor panels and lintels for construction uses.	Thailand	100	100

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are presented in the same format as the annual financial statements and together with notes to the interim financial statements on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 “*Interim Financial Reporting*”, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiary for the year ended 31 December 2020.

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(b) *Functional and presentation currency*

The interim financial statements are prepared and 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 interim financial statements to the nearest thousand Baht unless otherwise stated.

(c) *Use of estimates and judgements*

The preparation of interim 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.

The significant assumptions in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the financial statements for the year ended 31 December 2020.

The significant assumptions and the key sources of estimation included in the following note:

Note 4 Measurement of the recoverable amounts of each asset.

The COVID-19 outbreak resulted in estimation uncertainty. In 2020 The Group elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 in preparing the financial statements for the year ended 31 December 2020 by excluding COVID-19 situation. As the accounting guidance already expired on 31 December 2020, the Group has adjusted the value of assets in 2021 and there is no material effect on the financial statements of the Group.

(d) *Basis of consolidation*

The interim financial statements for the three-month period ended 31 March 2021 include the accounts of Quality Construction Products Public Company Limited and its subsidiary included in the interim financial statement is Q-CON Eastern Co., Ltd.

All significant intercompany transactions with subsidiary included in the consolidated interim financial statements have been eliminated.

3 Related parties

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

In the first quarter of 2021, there is no significant change in related parties and pricing policies regarding the consolidated and separate financial statements for the year 2020.

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Significant transactions with related parties for the three-month periods ended 31 March are summarized as follows:

	Consolidated financial statements		Separate financial statements	
	three-month periods		three-month periods	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Distribution costs	-	6	-	6
Administrative expenses	3,047	3,213	2,838	3,022
Shareholder of the company				
Sales of goods	6,026	7,866	6,026	7,866
Other income	158	186	158	186
Subsidiary				
Sales of goods	-	-	91	-
Purchase	-	-	3,263	4,597
Service income	-	-	2,790	3,720
Trademark income	-	-	1,551	1,369
Other income	-	-	3	3
Other related parties				
Sales of goods	280,796	320,247	226,811	266,441
Purchase	95,765	98,167	78,626	80,455
Distribution costs	256	175	254	173
Administrative expenses	3,340	1,198	2,827	980
Purchase of property, plant and equipment	-	883	-	-
Other income	2,758	4,207	1,909	3,153
Interest income	1,361	184	340	167

Balances as at 31 March 2021 and 31 December 2020 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Investment in short-term debt instruments	470,000	470,000	90,000	90,000
Other related parties				
Trade receivables				
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Shareholder of the company	6,810	4,990	6,810	4,990
Subsidiary	-	-	106	-
Other related parties	67,625	45,408	55,808	36,764
Total	74,435	50,398	62,724	41,754

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<i>Other current receivables</i>	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Ultimate parent company	569	569	477	477
Subsidiary	-	-	3,607	424
Other related parties	3,198	2,623	7	134
Total	3,767	3,192	4,091	1,035

<i>Other non-current assets</i>	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Ultimate parent company	3,840	3,982	3,221	3,340

<i>Trade payables</i>	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Subsidiary	-	-	-	18
Other related parties	21,753	7,668	17,860	6,872
Total	21,753	7,668	17,860	6,890

<i>Other current payables</i>	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Ultimate parent company	696	1,750	689	1,588
Parent company	-	95	-	95
Subsidiary	-	-	45	-
Other related parties	5,993	5,186	5,640	4,974
Total	6,689	7,031	6,374	6,657

<i>Accrued dividends</i>	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Parent company	123,668	-	123,668	-
Shareholder of the company	38,929	-	38,929	-
Other related parties	1	-	1	-
Total	162,598	-	162,598	-

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<i>Key management personal compensation</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>For the three-month period ended 31 March</i>				
Short-term employee benefits	5,964	5,738	5,964	5,738
Post-employment benefits	546	541	546	541
Total	6,510	6,279	6,510	6,279

4 Trade and other current receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
		<i>(in thousand Baht)</i>			
<i>Trade receivables</i>					
Related parties	3	74,435	50,398	62,724	41,754
Other companies		97,485	78,400	91,412	75,087
Less allowance for expected credit loss		-	-	-	-
Net		97,485	78,400	91,412	75,087
		171,920	128,798	154,136	116,841
<i>Other current receivables</i>					
Related parties	3	3,767	3,192	4,091	1,035
Other companies		11,777	12,571	10,772	11,885
		15,544	15,763	14,863	12,920
Total		187,464	144,561	168,999	129,761
<i>Trade receivables</i>					
Related parties					
Within credit terms		74,435	50,291	62,724	41,647
Overdue:					
Less than 1 month		-	107	-	107
Total		74,435	50,398	62,724	41,754
Other companies					
Within credit terms		96,161	75,570	90,088	72,621
Overdue:					
Less than 1 month		507	2,830	508	2,466
1 - 30 months		817	-	816	-
		97,485	78,400	91,412	75,087
Less allowance for expected credit loss		-	-	-	-
Net		97,485	78,400	91,412	75,087
Total		171,920	128,798	154,136	116,841

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

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5 Investments in subsidiary

Investments in subsidiary as at 31 March 2021 and 31 December 2020, and dividend from those investment for the three-month period ended 31 March was as follows:

Separate financial statements

	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	31 March 2021	31 December 2020 (%)	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 March 2020
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	-	-
Total					590,000	590,000	-	-

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6 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.

7 Dividends

Details of dividends are as follows:

	Approval date	Payment schedule	Separate financial statements	
			Dividend rate per share (Baht)	Amount (in million Baht)
<i>2021</i>				
Annual dividend 2020	29 March 2021	22 April 2021	<u>0.46</u>	<u>184</u>
<i>2020</i>				
Interim dividend 2019	19 March 2020	17 April 2020	<u>0.18</u>	<u>72</u>

On 19 March 2020, the meeting of the Board of Directors passed a resolution to postpone the 2020 Annual General Meeting of Shareholders of the Company which scheduled on 27 March 2020 to 29 June 2020 due to the situation of COVID-19 outbreak, and approved the interim dividend payment from the Company's profit as of 31 December 2019 instead of the annual dividend payment.

8 Commitments

	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	13,841	13,841	5,300	5,300
(b) Unused letters of credit	9,523	12,623	7,239	12,623
(c) Commitments				
- Construction, installation of machinery equipment, and others	33,679	46,903	30,348	43,942
- Expenses of dam's construction for the propose of flood protection	9,218	9,548	9,218	9,548
(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.				