

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2021 (Unaudited)

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Quality Construction Products Public Company Limited and its Subsidiary
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 4 November 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 30 September 2021 and 31 December 2020 were as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			30 September 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 unless otherwise stated.

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* as disclosed in the notes to financial statements for the year ended 31 December 2020. As the accounting guidance already expired on 31 December 2020, the Group has adjusted the value of assets in the first quarter of 2021 and has no material impact on the financial statements of the Group.

(d) *Basis of consolidation*

The interim financial statements for the three-month and nine-month periods ended 30 September 2020 include the accounts of Quality Construction Products Public Company Limited and its subsidiary. The subsidiary included in the interim financial statement is Q-CON Eastern Co., Ltd.

All significant intercompany transactions with subsidiary included in the interim consolidated 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 a person or entity that are under common control or the same joint control or the same significant influence as the Group.

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Significant transactions with related parties for the three-month and nine-month periods ended 30 September 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	1	-	1	-
Administrative expenses	2,912	4,262	2,702	4,016
Shareholder of the company				
Sales of goods	981	4,736	981	4,736
Other income	16	155	16	155
Subsidiary				
Sales of goods	-	-	126	-
Purchase	-	-	3	1,299
Service income	-	-	1,485	540
Trademark income	-	-	1,260	1,234
Other income	-	-	1	-
Other related parties				
Sales of goods	220,736	261,881	173,925	211,418
Purchase	71,052	76,631	59,673	63,965
Distribution costs	262	351	261	348
Administrative expenses	3,229	3,244	2,708	2,638
Other income	1,412	2,837	824	1,534
Interest income	950	1,393	229	251

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	Consolidated financial statements		Separate financial statements	
	nine-month periods		nine-month periods	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Distribution costs	1	6	1	6
Administrative expenses	8,955	10,309	8,330	9,636
Shareholder of the company				
Sales of goods	10,894	17,888	10,894	17,888
Other income	256	537	256	537
Subsidiary				
Sale of goods	-	-	217	-
Purchase	-	-	3,323	6,058
Service income	-	-	7,065	7,980
Trademark income	-	-	4,107	3,796
Dividend income	-	-	4,720	-
Other income	-	-	2	5
Other related parties				
Sales of goods	747,007	857,224	598,965	705,862
Purchase	243,954	271,266	203,714	213,475
Distribution costs	649	658	645	650
Administrative expenses	9,942	7,382	8,397	6,033
Purchase of property, plant and equipment	-	883	-	-
Other income	3,489	9,871	1,601	7,365
Interest income	3,429	3,163	832	692

Balances as at 30 September 2021 and 31 December 2020 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>			
<i>Investment in short-term debt instruments</i>	540,000	470,000	140,000	90,000
<i>Trade receivables</i>				
Shareholder of the company	1,234	4,990	1,234	4,990
Other related parties	47,507	45,408	39,088	36,764
Total	48,741	50,398	40,322	41,754

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<i>Other current receivables</i>	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Ultimate parent company	569	569	477	477
Subsidiary	-	-	403	424
Other related parties	1,642	2,623	408	134
Total	2,211	3,192	1,288	1,035
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<i>Other non-current assets</i>	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Ultimate parent company	3,555	3,982	2,982	3,340
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<i>Trade payables</i>	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Subsidiary	-	-	-	18
Other related parties	14,694	7,668	12,820	6,872
Total	14,694	7,668	12,820	6,890
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<i>Other current payables</i>	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	31 September 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Ultimate parent company	5,236	1,750	4,560	1,588
Parent company	-	95	-	95
Other related parties	7,266	5,186	6,773	4,974
Total	12,502	7,031	11,333	6,657
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<i>The Board of Director and 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 30 September</i>				
Short-term employee benefits	6,837	5,744	6,837	5,744
Post-employment benefits	724	541	724	541
Total	7,561	6,285	7,561	6,285
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<i>For the nine-month period ended 30 September</i>				
Short-term employee benefits	19,253	16,984	19,253	16,984
Post-employment benefits	1,941	1,623	1,941	1,623
Total	21,194	18,607	21,194	18,607
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4 Trade and other current receivables

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2021	31 December 2020	30 September 2021	31 December 2020
<i>(in thousand Baht)</i>					
Trade receivables					
Related parties	3	48,741	50,398	40,322	41,754
Other companies		86,984	78,400	85,646	75,087
Less allowance for expected credit loss		-	-	-	-
Net		86,984	78,400	85,646	75,087
		135,725	128,798	125,968	116,841
Other current receivables					
Related parties	3	2,211	3,192	1,288	1,035
Other companies		10,811	12,571	9,829	11,885
		13,022	15,763	11,117	12,920
Total		148,747	144,561	137,085	129,761
Trade receivables					
Related parties					
Within credit terms		48,741	50,291	40,322	41,647
Overdue:					
Less than 1 month		-	107	-	107
Total		48,741	50,398	40,322	41,754
Other companies					
Within credit terms		85,361	75,570	84,023	72,621
Overdue:					
Less than 1 month		1,623	2,830	1,623	2,466
		86,984	78,400	85,646	75,087
Less allowance for expected credit loss		-	-	-	-
Net		86,984	78,400	85,646	75,087
Total		135,725	128,798	125,968	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 30 September 2021 and 31 December 2020, and dividend from those investment for the nine-month period ended 30 September was as follows:

	Separate financial statements							
	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	30 September 2020
	(%)				<i>(in thousand Baht)</i>			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	4,720	-
Total					590,000	590,000	4,720	-

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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 September 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	
	30 September 2021	31 December 2020	30 September 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	7,887	12,623	7,887	12,623
(c) Commitments				
- Construction, installation of machinery equipment, and others	21,319	46,903	18,194	43,942
- Expenses of dam's construction for the propose of flood protection	8,435	9,548	8,435	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.				

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9 Thai Financial Reporting Standard (TFRS) that has been issued but is not yet effective

The Federation of Accounting Professions has revised TFRS which is effective for annual accounting periods beginning on or after 1 January 2022 and has not been adopted in the preparation of these interim financial statements because it is not yet effective. The Group has assessed the potential initial impact on the financial statements of this revised TFRS and expected that there will be no material impact on the financial statements in the period of initial application.