

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2021

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purpose are prepared in the Thai and English languages and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 10 February 2022.

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, Udomsornayuth Road, Tambol Bangkrasan, Amphur Bang pa-in, Ayutthaya, 13160, Thailand.

The immediate and ultimate parent companies during the year 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 (%)	
			2021	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 financial statements

(a) Statement of compliance

The consolidated 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 Group has adopted the amendment to TFRS 16 *COVID-19-related rent concessions* which provides an option for lessees not to assess whether eligible COVID-19 related rent concessions are lease modification. The Group adopted amendment to TFRS 16 since 1 January 2021. However, the changes in accounting policies have no effect on the Groups’s financial statements.

(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 thousand Bath unless otherwise stated.

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(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.

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* by excluding COVID-19 situation for consideration of impairment of assets and fair values measurement. As the accounting guidance already expired on 31 December 2020, the Group has adjusted the value of assets of the year 2021 that has no impact on the Group's financial statements.

3 Significant accounting policies

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

(a) Investments in subsidiary

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

Investments in subsidiary in the separate financial statements of the Company is measured at cost less an allowance for impairment losses.

(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 which has a maturity of three months or less from the date of acquisition and 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

A receivable is recognized when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status by taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

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(d) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost principle which is considered based on appropriateness of type of inventory.

Cost comprises costs of purchase, costs of conversion or relevant direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the costs to complete and to make the sale.

(e) Investment property

Investment properties are properties which 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, 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation charged on freehold land and construction in progress.

Any gains and losses arising from differences between the proceeds from disposal and the carrying amount of investment property are recognized in profit or loss.

(f) Property, plant and equipment

Owned assets

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

Any gains and losses arising from differences between the proceeds from disposal and the carrying amount of property, plant and equipment 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.

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Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item when 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 calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognized in profit or loss. No depreciation is provided on freehold land and construction in progress.

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

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(g) Intangible assets

Development

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Subsequent expenditure is capitalized only when it increases the future economic benefits.

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 is capitalized only when it increases the future economic benefits.

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss, from the date that they are available for use. No amortization is provided on development cost.

The estimated useful lives are as follows:

Licence fees	Term of agreements
Software licences	3 - 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

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(h) Leases

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted 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 are 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 accumulated 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, any lease payments made at or before the commencement date, adjusted for any prepaid lease payments, plus any initial direct costs 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 Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful lives 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 all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. 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, or a change in the assessment of options specified in the lease. 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.

(i) 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 Group will estimate the assets' recoverable amounts. For 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 in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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Calculation of recoverable amount

The recoverable amount 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.

Reversal of impairment

Impairment losses of assets recognized in prior periods 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.

(j) Trade and other payables

Trade and other payables are stated at amortized cost.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to provident fund for the Group's employees are expensed in profit or loss as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value which performed annually by a qualified actuary using the projected unit credit 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 by 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.

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Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or 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.

(l) 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 costs.

(m) Revenue from contracts with customers

(1) Revenue recognition

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 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 at a point in time when the Group transfers control of the goods to customers, generally on delivery of the goods to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognize revenue for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognized when provide services.

For bundled packages, the Group recognizes revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

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

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Customer loyalty programme

For customer loyalty programme that the Group offers to customers, 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.

Other income

Other income comprises dividend income, interest income and others that recognized on accrual basis except dividend income is recognized in profit or loss on date the Group's right to receive payments is established.

Royalty fee of trademark income

Royalty fee income is recognized throughout the royalty period.

(2) *Contract balances*

Contract assets are recognized when the Group has recognized revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Group is entitled to, less allowance for expected credit loss. The contract assets are classified as trade receivables when the Group issues an invoice.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are 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) **Expenses**

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions.

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

Early retirement expense

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

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(o) *Income tax*

Income tax expense for the year comprises current and deferred tax, which is 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 is recognized in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 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 that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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, using tax rates enacted or substantively enacted at the reporting date.

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 realized 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. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) *Foreign currencies 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.

Non-monetary assets and liabilities 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.

Foreign currency differences are generally recognized in profit or loss.

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(g) Financial instruments

Classification and measurement

Other financial assets and financial liabilities, except trade receivables and trade payables are initially recognized when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value by taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognized in profit or loss.

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

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 other comprehensive income. This election is made on an investment-by-investment basis.

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.

On initial recognition, financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

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

Equity investments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Gains and losses from changes in fair value are recognized in OCI and never reclassified to profit or loss.

Derecognition and offset

The Group derecognizes a financial asset when the contractual rights to receive 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 derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes 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. The difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position 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 realize the asset and settle the liability simultaneously.

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Impairment of financial assets

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

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 or trade receivables under simplified approach, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is the investment grade. The Group recognizes ECLs for low credit risk financial asset as 12-month ECLs.

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 credit rating, significant deterioration in the operating results 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 realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

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.

Interest

Interest income and expense are recognized using the effective interest method.

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 carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(r) Fair value measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in 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 an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability 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.

(s) 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.

(t) 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, vice versa, or a person or entity that are under common control or the same significant influence as the Group.

4 Related parties

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

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 parent, 61.01% (2020: 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.

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Name of entities	Country of incorporation/ nationality	Nature of relationships
The Concrete Products and Aggregate Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
The Siam Cement (Ta Luang) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are common directors.
The Siam Cement (Kaeng Khoi) 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.
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.
L H Asset Co., Ltd.	Thailand	A subsidiary of Land and Houses Public Company Limited and there are common directors.
SCG Landscape Company Limited.	Thailand	A subsidiary of The Siam Cement Public Company Limited
CPAC Construction Solution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
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
Sosuco Ceramic Company Limited	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

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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 rates
Interest expenses	At contractually agreed rates
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	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Distribution costs	2	6	2	6
Administration expenses	10,248	13,647	9,924	12,579
Shareholder of the Company				
Sales of goods	14,513	22,489	14,513	22,489
Other income	327	686	327	686
Subsidiary				
Sales of goods	-	-	341	-
Purchase	-	-	3,628	8,110
Sales of property, plant and equipment	-	-	-	8,500
Service income	-	-	9,120	7,980
Trademark income	-	-	5,303	5,172
Other income	-	-	7	7
Dividend income	-	-	4,720	80,240

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	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Other related parties				
Sales of goods	988,483	1,135,154	794,982	909,475
Purchase	314,383	308,370	264,726	253,534
Distribution Costs	1,214	1,661	1,207	1,649
Administrative expenses	13,175	9,895	11,107	8,256
Other income	4,810	12,768	2,439	8,639
Interest income	4,494	4,600	1,127	950

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

<i>Trade receivables</i>	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Shareholder of the company	4,247	-	4,247	-
Other related parties	60,034	50,398	50,251	41,754
Total	64,281	50,398	54,498	41,754
 <i>Other current receivables</i>				
Ultimate parent company	569	569	477	477
Subsidiary	-	-	463	424
Other related parties	13	-	13	-
Total	582	569	953	901
 <i>Other non-current assets</i>				
Ultimate parent company	3,413	3,982	2,863	3,340
 <i>Trade payables</i>				
Subsidiary	-	-	133	18
Other related parties	11,243	7,668	10,074	6,872
Total	11,243	7,668	10,207	6,890
 <i>Other current payables</i>				
Ultimate parent company	1,459	1,750	1,418	1,588
Parent company	-	95	-	95
Other related parties	6,628	5,186	6,301	4,974
Total	8,087	7,031	7,719	6,657

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<i>The Board of Directors and key management personnel compensation</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>For the year ended 31 December</i>				
Short-term employee benefits	32,777	26,665	32,777	26,665
Post-employment benefits	2,727	2,164	2,727	2,164
Total	35,504	28,829	35,504	28,829

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.

5 Cash, cash equivalents and short-term debt instruments

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash and cash equivalents				
Cash on hand	108	108	78	78
Cash at banks - current accounts	28,819	16,356	21,586	10,453
Cash at banks - savings accounts	228,395	353,283	176,588	298,390
Total	257,322	369,747	198,252	308,921
Short-term debt instruments				
Fixed deposit with financial institution	560,000	470,000	140,000	90,000

6 Trade accounts receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Related parties	4	64,281	50,398	54,498	41,754
Other companies		97,819	78,400	96,069	75,087
Total		162,100	128,798	150,567	116,841
Less allowance for expected credit loss		-	-	-	-
Net		162,100	128,798	150,567	116,841

Quality Construction Products Public Company Limited and its Subsidiary
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Aging analyzes for trade receivables were as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	63,969	50,291	54,186	41,647
Overdue:				
Less than 1 months	312	107	312	107
Total	64,281	50,398	54,498	41,754
Other companies				
Within credit terms	97,372	75,570	95,622	72,621
Overdue:				
Less than 1 months	447	2,830	447	2,466
Total	97,819	78,400	96,069	75,087
Less allowance for expected credit loss	-	-	-	-
Net	97,819	78,400	96,069	75,087
Total	162,100	128,798	150,567	116,841

7 Other current receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Related parties	4	582	569	953	901
Other parties					
Receivable from fixed asset sold		4,280	7,490	4,280	7,490
Prepaid expenses		3,180	2,827	2,713	2,469
Accrued interests		2,642	2,623	660	135
Refundable tax		1,828	1,248	1,504	995
Others		605	1,006	482	930
Total		13,117	15,763	10,592	12,920

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Finished goods	51,864	44,670	38,790	32,649
Goods in progress	2,539	857	2,539	857
Raw materials	56,020	35,737	46,763	28,342
Spare parts, supplies and others	80,297	85,055	69,155	73,739
Goods in transit	2,402	8,676	-	6,330
Total	193,122	174,995	157,247	141,917
Less allowance for decline in value	(903)	(771)	(665)	(527)
Net	192,219	174,224	156,582	141,390

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	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cost of inventories recognized as an expense in cost of sales	1,309,002	1,388,336	1,072,315	1,134,766
Reversal of write-down	(2)	(260)	-	(262)
Cost of inventories recognized as an expense in administrative expenses (reversal)	134	(2,978)	138	(2,786)
Changes in inventories of finished goods and goods in process	(8,876)	15,033	(7,823)	9,945
Raw materials and supplies used	698,247	723,003	575,224	599,838

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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	
	2021	2020	2021	2020	2021	2020	2021	2020
	(%)				<i>(in thousand Baht)</i>			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	4,720	80,240
Total					<u>590,000</u>	<u>590,000</u>	<u>4,720</u>	<u>80,240</u>

Quality Construction Products Public Company Limited and its Subsidiary
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10 Other long-term investment

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Other long-term investment	876	876	442	442
Less allowance for impairment	(876)	(876)	(442)	(442)
Total	-	-	-	-

11 Investment property

	<i>Note</i>	Consolidated and Separate financial statements		
		Land	Buildings under construction <i>(in thousand Baht)</i>	Total
Cost				
At 1 January 2020		-	-	-
Transfer from property, plant and equipment	12	51,333	118,995	170,328
At 31 December 2020 and 31 December 2021		51,333	118,995	170,328
Accumulated impairment losses				
At 1 January 2020		-	-	-
Transfer from property, plant and equipment	12	-	9,609	9,609
At 31 December 2020		-	9,609	9,609
Additions		-	1,649	1,649
At 31 December 2021		-	11,258	11,258
Net book value				
At 31 December 2020		51,333	109,386	160,719
At 31 December 2021		51,333	107,737	159,070

The Group determined fair value of investment properties as at 31 December 2021 at open market values on an existing use basis. The fair value was Baht 167.7 million (2020: Baht 169.6 million).

Property and plant under construction

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.

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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.

For the year 2021, the Company recognized impairment losses on property and plant under construction in Lamphun province totalled Baht 1.6 million (*2020: Baht 9.6 million*) on the consolidated and separate income statements.

Transfer from property, plant and equipment

During 2020, the Company has transferred the property and plant 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.

Quality Construction Products Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2021

12 Property, plant and equipment

		Consolidated financial statements						
		Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<i>Note</i>				<i>(in thousand Baht)</i>				
Cost								
	At 1 January 2020	323,852	895,634	2,697,432	16,848	76,895	203,472	4,214,133
	Additions	-	3,742	25,696	1,469	5,767	28,184	64,858
	Transfers in (out)	-	273	6,336	-	13,657	(25,083)	(4,817)
	Transfer to investment property)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	899,553	2,613,490	17,867	93,973	79,533	3,976,717
	Additions	725	9,443	29,802	2,624	4,911	33,903	81,408
	Transfers in (out)	-	7,649	3,294	-	2,932	(13,875)	-
	Disposals/written off	-	(25,024)	(58,906)	(1,071)	(3,082)	-	(88,083)
	At 31 December 2021	273,026	891,621	2,587,680	19,420	98,734	99,561	3,970,042
Accumulated depreciation and accumulate impairment losses								
	At 1 January 2020	-	633,571	2,230,506	306	60,271	27,371	2,952,025
	Depreciation charge for the year	218	38,395	103,997	5,379	7,108	-	155,097
	Impairment losses	-	-	-	-	-	4,667	4,667
	Reversal of impairment losses	-	-	-	-	-	(13,043)	(13,043)
	Transfer impairment losses to investment property	-	-	-	-	-	(9,609)	(9,609)
	Disposals/written off	(218)	(38)	(62,134)	(100)	(2,292)	-	(64,782)
	At 31 December 2020	-	671,928	2,272,369	5,585	65,087	9,386	3,024,355
	Depreciation charge for the year	256	40,429	83,295	5,640	7,314	-	136,934
	Disposals/written off	-	(25,016)	(57,967)	(845)	(3,011)	-	(86,839)
	At 31 December 2021	256	687,341	2,297,697	10,380	69,390	9,386	3,074,450

Quality Construction Products Public Company Limited and its Subsidiary

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	Consolidated financial statements						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	<i>(in thousand Baht)</i>						
<i>Net book value</i>							
At 31 December 2020							
Owned assets	272,301	227,625	312,491	329	26,873	70,147	909,766
Right-of-use assets	-	-	28,630	11,953	2,013	-	42,596
	<u>272,301</u>	<u>227,625</u>	<u>341,121</u>	<u>12,282</u>	<u>28,886</u>	<u>70,147</u>	<u>952,362</u>
At 31 December 2021							
Owned assets	272,301	204,280	258,930	203	27,841	90,175	853,730
Right-of-use assets	469	-	31,052	8,837	1,504	-	41,862
	<u>272,770</u>	<u>204,280</u>	<u>289,982</u>	<u>9,040</u>	<u>29,345</u>	<u>90,175</u>	<u>895,592</u>

Quality Construction Products Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2021

		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
		<i>(in thousand Baht)</i>						
Cost								
At 1 January 2020		263,852	719,739	2,190,262	16,452	62,920	201,265	3,454,490
Additions		-	2,859	24,745	1,470	5,045	24,467	58,586
Transfers in (out)		-	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	722,775	2,105,205	17,472	79,642	66,602	3,203,997
Additions		725	9,408	26,208	2,624	4,746	33,095	76,806
Transfers in (out)		-	7,649	3,294	-	2,932	(13,875)	-
Disposals/written off		-	(25,024)	(57,467)	(1,071)	(2,694)	-	(86,256)
At 31 December 2021		213,026	714,808	2,077,240	19,025	84,626	85,822	3,194,547
Accumulated depreciation and accumulate impairment losses								
At 1 January 2020		-	510,435	1,788,794	306	48,710	27,371	2,375,616
Depreciation charge for the year		218	29,381	65,630	5,212	6,194	-	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		-	539,778	1,792,627	5,418	52,968	9,386	2,400,177
Depreciation charge for the year		256	31,349	61,084	5,473	6,375	-	104,537
Disposals/written off		-	(25,016)	(56,528)	(845)	(2,625)	-	(85,014)
At 31 December 2021		256	546,111	1,797,183	10,046	56,718	9,386	2,419,700

Quality Construction Products Public Company Limited and its Subsidiary

Notes to the financial statements

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	Separate financial statements					Construction in progress	Total
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment		
	<i>(in thousand Baht)</i>						
Net book value							
At 31 December 2020							
Owned assets	212,301	182,997	288,766	329	25,131	57,216	766,740
Right-of-use assets	-	-	23,812	11,725	1,543	-	37,080
	212,301	182,997	312,578	12,054	26,674	57,216	803,820
At 31 December 2021							
Owned assets	212,301	168,697	253,481	204	26,665	76,436	737,784
Right-of-use assets	469	-	26,576	8,775	1,243	-	37,063
	212,770	168,697	280,057	8,979	27,908	76,436	774,847

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In 2021, the right-of-use assets of the Group has increased amounting to Baht 24.0 and 21.0 million in consolidated and separate financial statements, respectively (2020: Baht 21.5 and 21.0 million).

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.

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Amounts recognized in profit or loss				
Depreciation of right-of-use assets:				
- Land and land improvements	256	218	256	218
- Machine and equipment	18,033	18,920	14,351	15,003
- Vehicles and equipment	5,516	5,253	5,349	5,087
- Furniture, fixtures and office equipment	924	1,309	715	1,097
Interest on lease liabilities	1,113	1,110	967	936
Expenses relating to short-term leases	191	1,123	155	1,123
Expenses relating to leases of low-value assets	1,821	1,368	1,623	1,248

14 Intangible assets

	Consolidated financial statements		
	Software licenses	Development Cost	Total
	<i>(in thousand Baht)</i>		
Cost			
At 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
Additions	54	9,490	9,544
Written off	(28)	-	(28)
Transfer in (out)	403	(403)	-
At 31 December 2021	20,946	9,490	30,436
Accumulated amortization			
At 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
Amortization for the year	1,353	-	1,353
Written off	(18)	-	(18)
At 31 December 2021	17,880	-	17,880

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	Consolidated financial statements		
	Software licenses	Development Cost	Total
	<i>(in thousand Baht)</i>		
<i>Carrying amount</i>			
At 31 December 2020	<u>3,972</u>	<u>403</u>	<u>4,375</u>
At 31 December 2021	<u>3,066</u>	<u>9,490</u>	<u>12,556</u>
	Separate financial statements		
	Software license	Development cost	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 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
Additions	54	6,284	6,338
Written off	(28)	-	(28)
Transfer in (out)	403	(403)	-
At 31 December 2021	17,237	6,284	23,521
<i>Accumulated amortization</i>			
At 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
Amortization for the year	1,060	-	1,060
Written off	(18)	-	(18)
At 31 December 2021	14,607	-	14,607
<i>Carrying amount</i>			
At 31 December 2020	<u>3,243</u>	<u>403</u>	<u>3,646</u>
At 31 December 2021	<u>2,630</u>	<u>6,284</u>	<u>8,914</u>

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15 Deferred tax assets

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Deferred tax assets	25,534	21,804	19,824	18,647

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

	Consolidated financial statements			
	At 1 January 2020	Credited (charged) to		At 31 December 2020
		profit or loss (Note 25)	other comprehensive income	
	<i>(in thousand Baht)</i>			
Deferred tax assets				
Inventories	802	(649)	-	153
Investment	175	-	-	175
Investment Property	-	1,922	-	1,922
Property, plant and equipment	5,474	(3,597)	-	1,877
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

	Consolidated financial statements			
	At 1 January 2021	Credited (charged) to		At 31 December 2021
		profit or loss (Note 25)	other comprehensive income	
	<i>(in thousand Baht)</i>			
Deferred tax assets				
Inventories	153	28	-	181
Investment	175	-	-	175
Investment Property	1,922	330	-	2,252
Property, plant and equipment	1,877	-	-	1,877
Provisions	742	710	-	1,452
Provisions for employee benefits	15,183	(528)	753	15,408
Loss carry forward	1,752	2,437	-	4,189
Total	21,804	2,977	753	25,534

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	Separate financial statements			At 31 December 2020
	At 1 January 2020	<u>Credited (charged) to</u> profit or loss (Note 25) (in thousand Baht)		
		other comprehensive income		
Deferred tax assets				
Inventories	715	(610)	-	105
Investment	88	-	-	88
Investment Property	-	1,922	-	1,922
Property, plant and equipment	5,474	(3,597)	-	1,877
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

	Separate financial statements			At 31 December 2021
	At 1 January 2021	<u>Credited (charged) to</u> profit or loss (Note 25) (in thousand Baht)		
		other comprehensive income		
Deferred tax assets				
Inventories	105	28	-	133
Investment	88	-	-	88
Investment Property	1,922	330	-	2,252
Property, plant and equipment	1,877	-	-	1,877
Provisions	742	710	-	1,452
Provisions for employee benefits	13,913	(676)	785	14,022
Total	18,647	392	785	19,824

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	
	2021	2020	2021	2020
	(in thousand Baht)			
Deductible temporary differences				
Provisions	495	535	-	-
Unused tax losses	7,275	38,757	-	-
Total	7,770	39,292	-	-

As at 31 December 2021, the Group incurred a tax loss of Bah 7.3 million (2020: 38.8 million). Management has determined that the recoverability of cumulative tax losses, which expire in 2022 (2020: expire in 2021-2022), 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 again.

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16 Trade payables

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Related parties	4	11,243	7,668	10,207	6,890
Other parties		47,920	50,665	38,693	41,310
Total		59,163	58,333	48,900	48,200

17 Other current payables

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Related parties	4	8,087	7,031	7,719	6,657
Other parties					
Accrued expenses		29,144	16,398	27,271	15,321
Freight payables		7,056	7,290	6,101	5,881
Revenue department payables		9,573	7,941	8,534	7,308
Account payables from purchases of assets		7,335	7,185	7,048	7,164
Accrued sales promotion expenses		5,473	3,428	4,978	2,894
Rental payables		3,317	3,029	2,592	2,565
Others		29,625	33,317	24,390	28,643
Total		99,610	85,619	88,633	76,433

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 and interest rate risk.

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

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payment plan	66,935	66,845	61,270	61,551
Other long-term employee benefits	7,241	6,833	6,258	5,950
Non-current provisions for defined benefit plan	74,176	73,678	67,528	67,501

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

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	73,678	61,970	67,501	56,998
Included in profit or loss				
Current service costs	4,918	4,354	4,411	3,906
Interest on obligation	1,030	1,042	928	951
Actuarial losses	568	2,607	368	2,260
	<u>6,516</u>	<u>8,003</u>	<u>5,707</u>	<u>7,117</u>
Included in other comprehensive income				
Actuarial losses	3,767	6,135	3,927	5,699
Other				
Benefits paid	(9,785)	(2,430)	(9,607)	(2,313)
Non-current provisions for defined benefit plans at 31 December	<u>74,176</u>	<u>73,678</u>	<u>67,528</u>	<u>67,501</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>For the years ended 31 December</i>				
Demographic assumptions	3,876	3,659	3,470	3,267
Financial assumptions	(5,759)	335	(5,141)	351
Experience adjustment	5,650	2,141	5,598	2,081
Total	<u>3,767</u>	<u>6,135</u>	<u>3,927</u>	<u>5,699</u>

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Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period

	Consolidated and Separated financial statements	Consolidated and Separated financial statements
	2021	2020
	(%)	
Discount rate*	2.04 - 2.37	1.38 - 1.70
Salary increase rate	2.30 - 4.50	2.00 - 6.00
Employee turnover rate**	3.00 - 16.00	3.50 - 18.00
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

As at 31 December 2021, the weighted-average duration for payment of long-term employee benefits was approximately 15.28 - 19.48 years.

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	
	2021	2020	2021	2020
	Increase (decrease)			
	<i>(in thousand Baht)</i>			
Discount rate				
0.5% increase	(3,909)	(3,828)	(3,505)	(3,423)
0.5% decrease	4,275	4,203	3,828	3,752
Salary increase rate				
1.0% increase	8,282	7,907	7,395	7,041
1.0% decrease	(7,098)	(6,739)	(6,356)	(6,018)
Employee turnover rate				
10.0% increase	(2,476)	(2,725)	(2,216)	(2,431)
10.0% decrease	2,611	2,901	2,335	2,586

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.

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19 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.

20 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 and the Civil and commercial code require that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), 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.

21 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	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Thailand	1,634,902	1,717,798	1,361,489	1,446,798
Australia	-	461	-	461
Others	-	101	-	41
Total	<u>1,634,902</u>	<u>1,718,360</u>	<u>1,361,489</u>	<u>1,447,300</u>

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 974.3 million (2020: Baht 1,108.9 million) of the Group’s total revenues.

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22 Distribution costs

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	40,845	39,639	39,396	38,263
Advertising and sales promotion expenses	6,122	8,742	5,514	8,390
Transportation expenses	5,350	7,434	5,192	7,225
Rental expenses	476	599	438	576
Others	6,335	6,756	6,262	6,656
Total	59,128	63,170	56,802	61,110

23 Administrative expenses

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	71,089	65,400	67,964	62,137
Professional fees	15,947	14,147	13,031	11,404
Information technology expenses	9,884	11,526	8,551	10,096
Depreciation and amortization expenses	3,231	3,463	2,721	2,957
Directors' remuneration	2,860	2,310	2,860	2,310
Impairment losses and written off of assets	2,480	46,978	2,478	46,846
Rental expenses	1,756	2,263	1,453	1,938
Transportation expenses	225	507	222	471
Others	5,880	11,900	5,546	10,690
Total	113,352	158,494	104,826	148,849

24 Employee benefit expenses

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Salaries and wages	204,960	195,962	182,122	173,778
Welfares and others	62,398	56,567	55,811	49,710
Contribution to defined contribution plans	9,727	8,695	9,043	8,119
Contribution to defined benefit plans	6,516	8,003	5,707	7,117
Directors' remuneration	2,860	2,310	2,860	2,310
Total	286,461	271,537	255,543	241,034

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.

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25 Income tax

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Income tax recognized in profit or loss					
Current tax					
Current tax		33,479	25,434	33,479	25,434
Under provided in prior years		9	386	9	386
		<u>33,488</u>	<u>25,820</u>	<u>33,488</u>	<u>25,820</u>
Deferred tax					
Movement in temporary differences	15	(2,977)	(550)	(392)	1,322
Total		<u>30,511</u>	<u>25,270</u>	<u>33,096</u>	<u>27,142</u>
Income tax recognized in other comprehensive income					
Actuarial losses	15	<u>(753)</u>	<u>(1,227)</u>	<u>(785)</u>	<u>(1,140)</u>

Reconciliation of effective tax rate

	Rate (%)	Consolidated financial statements	
		2021 <i>(in thousand Baht)</i>	2020 <i>(in thousand Baht)</i>
Profit before income tax expense		174,165	139,227
Income tax using the Thai corporation tax rate	20	34,833	27,855
Expenses deductible at a greater amount		(179)	(1,050)
Expenses provided prior years become tax deductible in current year		-	(1,813)
Expenses not deductible for tax purposes and others		2,659	1,509
Tax losses decrease		(3,834)	(1,067)
Current tax		<u>33,479</u>	<u>25,434</u>
Under provided in prior years		9	386
Movement in temporary differences		(2,977)	(550)
Income tax expense	18	<u>30,511</u>	<u>25,270</u>

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	Separate financial statements			
	2021		2020	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		160,476		214,804
Income tax using the Thai corporation tax rate	20	32,095	20	42,961
Income not subject to tax		(944)		(16,048)
Expenses deductible at a greater amount		(179)		(980)
Expenses provided prior years become tax deductible in current year		-		(1,775)
Expenses not deductible for tax purposes and others		2,507		1,276
Current tax		33,479		25,434
Under provided in prior years		9		386
Movement in temporary differences		(392)		1,322
Income tax expense	21	33,096	13	27,142

26 Dividends

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

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

27 Financial instruments

(a) Carrying amounts and fair values

Fair value information for financial assets and financial liabilities measured at amortized cost have carrying amount is a reasonable approximation of fair value.

(b) Financial risk management policies

Risk management framework

The Group's Finance Committee has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditures, investment, borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Group's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Group's Finance Committee monitors financial status and reports regularly to the Group's Management Committee.

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(1) Credit risk

Credit risk is the risk of Group's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

(1.1) Cash and cash equivalent

The Group's exposure to credit risk arising from cash and cash equivalents 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.

(1.2) Trade accounts receivables

The Group's 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.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before credit limit, credit term and trade terms are offered. In case of sales exceeding the limits, it must be approval by authorized person.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade receivables is disclosed in note 6.

(2) Liquidity risk

The Group oversees its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Group's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

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

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Consolidated financial statements				
	Effective interest rates (% p.a.)	1 year or less	More than 1 year but less than 5 years (in thousand Baht)	Total
At 31 December 2020				
Non-derivative financial liabilities				
Trade payables	-	58,333	-	58,333
Leases liabilities	1.81 - 2.75	20,392	22,185	42,577
		<u>78,725</u>	<u>22,185</u>	<u>100,910</u>
At 31 December 2021				
Non-derivative financial liabilities				
Trade payables	-	59,163	-	59,163
Leases liabilities	1.38 - 2.88	19,629	22,339	41,968
		<u>78,792</u>	<u>22,339</u>	<u>101,131</u>
Separate financial statements				
	<i>Effective</i> interest rates (% p.a.)	1 year or less	More than 1 year but less than 5 years (in thousand Baht)	Total
At 31 December 2020				
Non-derivative financial liabilities				
Trade payables	-	48,200	-	48,200
Leases liabilities	1.81 - 2.75	16,753	20,300	37,053
		<u>64,953</u>	<u>20,300</u>	<u>85,253</u>
At 31 December 2021				
Non-derivative financial liabilities				
Trade payables	-	48,900	-	48,900
Leases liabilities	1.38 - 2.88	17,671	19,508	37,179
		<u>66,571</u>	<u>19,508</u>	<u>86,079</u>

(3) Market risk

The Group has the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

(3.1) Foreign currency risk

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

The Group has foreign exchange risk arisen from the fluctuation of foreign exchange rate from purchases, sales, payment of machines and equipment and other receipt and payment which are denominated in foreign currencies.

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As at 31 December, the Group has significant foreign currency risk from foreign currency assets and liabilities are as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
<i>At 31 December 2020</i>		
<i>EUR</i>		
Trade payables	8,666	6,311
Net statement of financial position exposure	8,666	6,311
<i>At 31 December 2021</i>		
<i>EUR</i>		
Trade payables	4,065	1,698
Other payables	52	-
Net statement of financial position exposure	4,117	1,698

Sensitivity analysis

A reasonably possible strengthening and weakening of functional currency against foreign currencies at 31 December would have affected the measurement of the Group's operations.

28 Commitments

	Consolidated financial statements		Separate financial statements	
	31 December 2021	31 December 2020	30 December 2021	31 December 2020
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	9,941	13,841	1,400	5,300
(b) Unused letters of credit	8,165	12,623	5,745	12,623
(c) Commitments				
- Construction, installation of machinery equipment, and others	27,309	46,903	24,168	43,942
- Expenses of dam's construction for the propose of flood protection	8,109	9,548	8,109	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 second quarter 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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29 Capital management

The management of the Group has a capital management policy with the objective to maintain a strong capital base by emphasizing on planning and determining operating strategies that will ensure a sustainable business performance and cash flow management. In addition, the Group also considers to have a strong financial foundation. Therefore, the Group have considered in investing in projects that have good rate of return, maintaining appropriate working capital, as well as having a sufficient cash reserves and an appropriate investment structure to have a firm operating business in the future and maintain the confidence of shareholders, investors, creditors, and other stakeholders.

30 Event after the reporting period

At the Board of Directors' Meeting held on 10 February 2022, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2021 at the rate of Baht 0.31 per share, amounting to Baht 124 million. The dividend will be paid to shareholders during 2022. This dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 25 March 2022.

31 Thai Financial Reporting Standards (TFRSs) 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 2022 and have not been adopted in the preparation of these consolidated 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 year of initial application.