

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

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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 10 May 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, Udomsorasayuth Road, Tambol Bangkrasan, Amphur Bang pa-in, Ayutthaya, 13160, Thailand.

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

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

Details of the Company’s subsidiary as at 31 March 2022 and 31 December 2021 were as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			31 March 2022	31 December 2021
<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 focus on new activities, events and circumstances to avoid repetition of information previously reported in annual consolidated and separate financial statements. Accordingly, these interim financial statements should be read in conjunction with the consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2021.

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In preparing these interim financial statements, judgements and estimates are made by management in applying the Group's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those described in the consolidated and separate financial statements for the year ended 31 December 2021 unless otherwise stated.

(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.

3 Related parties

Related parties which have no material changes in relationships with the Group during the three-month period ended 31 March 2022.

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

	Consolidated financial statements		Separate financial statements	
	three-month periods		three-month periods	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Sales of goods	8	-	8	-
Distribution costs	1	-	1	-
Service fee and others	4,316	3,047	4,081	2,838
Shareholder of the company				
Sales of goods	6,751	6,026	6,751	6,026
Other income	118	158	118	158
Subsidiary				
Sales of goods	-	-	110	91
Purchase	-	-	8,864	3,263
Service income	-	-	2,355	2,790
Trademark income	-	-	1,436	1,551
Other income	-	-	3	3
Other related parties				
Sales of goods	278,813	280,796	229,196	226,811
Purchase	95,003	95,765	81,744	78,626
Distribution costs	91	256	89	254
Service fee and others	4,158	3,340	3,544	2,827
Other income	1,488	2,758	817	1,909
Interest income	1,057	1,361	285	340

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Balances as at 31 March 2022 and 31 December 2021 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>			
<i>Investment in short-term debt instruments</i>				
Other related parties	470,000	560,000	50,000	140,000
<i>Trade receivables</i>				
Shareholder of the company	8,114	4,247	8,114	4,247
Other related parties	61,030	60,034	50,860	50,251
Total	69,144	64,281	58,974	54,498
<i>Other current receivables</i>				
Ultimate parent company	569	569	477	477
Subsidiary	-	-	669	463
Other related parties	-	13	-	13
Total	569	582	1,146	953
<i>Other non-current assets</i>				
Ultimate parent company	3,271	3,413	2,744	2,863
<i>Trade payables</i>				
Subsidiary	-	-	8,109	133
Other related parties	21,618	11,243	19,172	10,074
Total	21,618	11,243	27,281	10,207
<i>Other current payables</i>				
Ultimate parent company	1,379	1,459	1,371	1,418
Other related parties	6,175	6,628	5,590	6,301
Total	7,554	8,087	6,961	7,719
<i>Accrued dividends</i>				
Parent company	75,658	-	75,658	-
Shareholder of the company	26,235	-	26,235	-
Other related parties	1	-	1	-
Total	101,894	-	101,894	-

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The Board of Directors and key management compensation

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>For the three-month period ended 31 March</i>				
Short-term employee benefits	7,391	5,964	7,391	5,964
Post-employment benefits	568	546	568	546
Total	7,959	6,510	7,959	6,510

4 Trade receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
		<i>(in thousand Baht)</i>			
<i>Trade receivables</i>					
Related parties	3	69,144	64,281	58,974	54,498
Other companies		110,593	97,819	109,457	96,069
Total		179,737	162,100	168,431	150,567
Less allowance for expected credit loss		-	-	-	-
Net		179,737	162,100	168,431	150,567

		Consolidated financial statements		Separate financial statements	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
		<i>(in thousand Baht)</i>			
<i>Trade receivables</i>					
Related parties					
Within credit terms		69,144	63,939	58,974	54,186
Overdue:					
Less than 1 month		-	312	-	312
Total		69,144	64,281	58,974	54,498
Other companies					
Within credit terms		110,176	97,372	109,040	95,622
Overdue:					
Less than 1 month		417	447	417	447
Total		110,593	97,819	109,457	96,069
Less allowance for expected credit loss		-	-	-	-
Net		110,593	97,819	109,457	96,069
Total		179,737	162,100	168,431	150,567

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

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5 Investments in subsidiary

Investments in subsidiary as at 31 March 2022 and 31 December 2021, and dividend from those investment for the three-month period ended 31 March was as follows:

Separate financial statements

	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	31 March 2022	31 December 2021 (%)	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 March 2021
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	-	-
Total					590,000	590,000	-	-

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6 Business segment information

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

7 Dividends

The dividends paid by the Company to shareholders were as follows:

	Approval date	Payment schedule	Separate financial statements	
			Dividend rate per share (Baht)	Amount (in thousand Baht)
<i>2022</i>				
Annual dividend 2021	25 March 2022	22 April 2022	0.31	124,000
<i>2021</i>				
Annual dividend 2020	29 March 2021	22 April 2021	0.46	184,000

8 Commitments

	Consolidated financial statements		Separate financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	9,941	9,941	1,400	1,400
(b) Unused letters of credit	6,016	8,165	6,016	5,745
(c) Commitments				
- Construction, installation of machinery equipment, and others	27,292	27,309	24,206	24,168
- Expenses of dam's construction for the propose of flood protection	7,784	8,109	7,784	8,109
(d) The Company entered into long-term agreements with several local companies to purchase steam for 10 years and 15 years from the date of transaction occurs. The prices in agreements are agreed based on market price.				