

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 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 8 August 2022.

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 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 30 June 2022 and 31 December 2021 was as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			30 June 2022	31 December 2021
Direct subsidiary				
Q-Con Eastern Co., Ltd.	Manufacturer and distributor autoclaved aerated concrete, block, reinforced wall panels, floor panels and lintels for construction uses.	Thailand	100	100

2 Basis of preparation of the 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 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.

In preparing these interim financial statements, judgments 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 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 and six-month periods ended 30 June 2022.

Significant transactions with related parties for the three-month and six-month periods ended 30 June 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				
Service fees and others	4,079	2,995	3,851	2,791
Shareholder of the company				
Sales of goods	6,938	3,888	6,938	3,888
Other income	71	82	71	82
Subsidiary				
Sales of goods	-	-	209	-
Purchase	-	-	10,224	57
Service income	-	-	2,355	2,790
Trademark income	-	-	1,816	1,297
Other income	-	-	10	-
Other related parties				
Sales of goods	298,518	245,474	232,006	198,229
Purchase	97,195	77,137	80,590	65,416
Purchase equipment	568	-	568	-
Distribution costs	248	799	247	1,248
Service fees and others	3,087	3,373	2,494	2,862
Other income	1,396	-	649	-
Interest income	888	1,118	175	264

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	Consolidated financial statements		Separate financial statements	
	six-month periods		six-month periods	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Sales of goods	8	-	8	-
Distribution costs	1	-	1	-
Service fees and others	8,396	6,042	7,933	5,629
Shareholder of the company				
Sales of goods	13,689	9,913	13,689	9,913
Other income	189	240	189	240
Subsidiary				
Sale of goods	-	-	319	91
Purchase	-	-	19,087	3,320
Service income	-	-	4,710	5,580
Trademark income	-	-	3,252	2,847
Other income	-	-	14	1
Dividend income	-	-	21,240	4,720
Other related parties				
Sales of goods	577,331	526,271	461,201	425,040
Purchase	192,198	172,902	162,333	144,042
Purchase equipment	568	-	568	-
Distribution costs	339	387	336	384
Service fees and others	7,245	6,713	6,038	5,689
Other income	2,883	2,077	1,466	777
Interest income	1,944	2,479	460	603

Balances as at 30 June 2022 and 31 December 2021 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>			
<i>Investment in short-term debt instruments</i>				
Other related parties	540,000	560,000	110,000	140,000
<i>Trade receivables</i>				
Shareholder of the company	8,248	4,247	8,248	4,247
Other related parties	74,583	60,034	57,012	50,251
Total	82,831	64,281	65,260	54,498

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>			
<i>Other current receivables</i>				
Ultimate parent company	569	569	477	477
Subsidiary	-	-	942	463
Other related parties	-	13	-	13
Total	569	582	1,419	953
<i>Other non-current assets</i>				
Ultimate parent company	3,129	3,413	2,624	2,863
<i>Trade payables</i>				
Subsidiary	-	-	3,449	133
Other related parties	26,596	11,243	22,514	10,074
Total	26,596	11,243	25,963	10,207
<i>Other current payables</i>				
Ultimate parent company	1,378	1,459	1,372	1,418
Other related parties	3,243	6,628	2,918	6,301
Total	4,621	8,087	4,290	7,719

The Board of Director and key management personal compensation

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>For the three-month period ended 30 June</i>				
Short-term employee benefits	6,083	6,451	6,083	6,451
Post-employment benefits	568	671	568	671
Total	6,651	7,122	6,651	7,122
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	13,473	12,415	13,473	12,415
Post-employment benefits	1,137	1,218	1,137	1,218
Total	14,610	13,633	14,610	13,633

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4 Trade receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>(in thousand Baht)</i>					
Trade receivables					
Related parties	3	82,831	64,281	65,260	54,498
Other companies		129,756	97,819	128,318	96,069
Total		212,587	162,100	193,578	150,567
Less allowance for expected credit loss		-	-	-	-
Net		212,587	162,100	193,578	150,567

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>(in thousand Baht)</i>					
Trade receivables					
Related parties					
Within credit terms		82,831	63,969	65,260	54,186
Overdue:					
Less than 1 month		-	312	-	312
Total		82,831	64,281	65,260	54,498
Other companies					
Within credit terms		129,756	97,372	128,318	95,622
Overdue:					
Less than 1 month		-	447	-	447
Total		129,756	97,819	128,318	96,069
Less allowance for expected credit loss		-	-	-	-
Net		129,756	97,819	128,318	96,069
Total		212,587	162,100	193,578	150,567

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

5 Investments in subsidiary

Investments in subsidiary as at 30 June 2022 and 31 December 2021, and dividend from those investment for the six-month period ended 30 June was as follows:

	Separate financial statements							
	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	30 June 2022	31 December 2021 (%)	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	30 June 2021
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	21,240	4,720
Total					<u>590,000</u>	<u>590,000</u>	<u>21,240</u>	<u>4,720</u>

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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:

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

8 Commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 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	6,987	8,165	6,987	5,745
(c) Commitments				
- Construction, installation of machinery equipment, and others	30,606	27,309	11,197	24,168
- Expenses of dam's construction for the propose of flood protection	7,458	8,109	7,458	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.				