

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

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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 13 February 2023.

**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 Cement-Building Materials Company Limited and The Siam Cement Public Company Limited. Both are incorporated in Thailand.

On 1 November 2022, SCG Building Materials Company Limited (“SCG Mat”) (The parent of Quality Construction Products Public Company Limited (“Q-CON”)) transferred all of its shareholding by SCG Mat, representing 61.01% of the authorized share capital to SCG Cement-Building Materials Company Limited (“SCG CBM”) which both SCG Mat and SCG CBM are subsidiaries of The Siam Cement Public Company Limited (“SCC”), in which SCC directly and indirectly holds 100% of the share capital. In this regard, this transfer of shares is part of business restructuring within the SCC group, and will not cause any change of control, or have any effect on the business policy or the structure of the Board of Directors and executives of the Company in any respect.

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 (%)	
			2022	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 financial statements**

The 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 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 unless otherwise stated.

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The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**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 recognized at cost less accumulated 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 have maturities 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 the ECLs rates. 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 the end of the reporting period.

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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, or capital appreciation or 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 is 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.

*Reclassification to property, plant and equipment*

When the use of an investment properties changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(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.

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*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.

*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 building improvements	5 - 20 years
Machinery and equipment	5 - 15 years
Vehicles 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 expenditure*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

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.

*Other 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.

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Amortization expenses of intangible assets are included in cost of sales, distribution costs and administrative expenses in profit or loss.

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.

**(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 expense on a straight-line basis over the respective lease terms.

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 lease modification, 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.

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**(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 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.

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 independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss of asset 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 return for their services in the current and prior periods. The defined benefit obligation is discounted to the present value which performed annually by a qualified actuary.

Remeasurements of the net defined benefit liability, which mainly comprise actuarial gains or losses, 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 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.

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*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. Any gain or loss on remeasurement is recognized in profit or loss in the period in which they arise.

*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 cost.

**(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 and cost of sale for the estimated products to be returned.

Revenue for rendering of services is recognized as the serviced are provided.

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 programmes that the Group offers to customers, the consideration received is 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 the 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 the dividend.

*Royalty fee of trademark income*

Royalty fee income is recognized over the royalty term.

*(2) Contract assets and liabilities*

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 Company has an unconditional right to receive consideration that usually occurs when the Company issues an invoice to the customer.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are is 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 offers 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 period, 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 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 subsidiary 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 assets and liabilities 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 end of the reporting period.

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 including non-monetary assets and liabilities denominated in foreign currency transactions and measured in terms of historical cost are translated to the respective functional currencies of the Group entities at the 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 the end of the reporting period.

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 determined.

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 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).

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. Dividend income is 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. Any 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 takes action such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at the end of the reporting period 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.

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**(r) Fair value measurement**

Fair value is the price that would be received to sell 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.

When 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 joint control or the same significant influence as the Group.

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**4 Related parties**

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

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
The Siam Cement Public Company Limited	Thailand	The ultimate parent of the group.
SCG Cement-Building Materials Co., Ltd. <sup>(*)</sup>	Thailand	The parent, 61.01% shareholding, and there are some common directors.
Q-Con Eastern Co., Ltd.	Thailand	A subsidiary, 100% shareholding, and there are some common directors.
SCG Building Materials Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors. <i>(The parent company, 61.01% shareholding until 31 October 2022.)</i>
Land and Houses Public Company Limited	Thailand	The shareholder, 21.16% shareholding, and there are some common directors
SCG International Corporation Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
The Concrete Products and Aggregate Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
The Siam Cement (Ta Luang) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
The Siam Cement (Kaeng Khoi) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SCG Ceramics Public Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SUSUNN Smart Solution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SCG Distribution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
Silasanont Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.

<sup>\*)</sup> SCG Cement-Building Materials Co., Ltd. ("SCG CBM") is the parent company since 1 November 2022.

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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
L H Asset Co., Ltd.	Thailand	A subsidiary of Land and Houses Public Company Limited and there are some some 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
IT One Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Land and Houses Bank Public Company Limited	Thailand	There are some common directors.

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	At prices equivalent to sales provided to third parties
Purchase	At price equivalent to purchases
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

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

Significant transactions for the years ended 31 December with related parties are summarized follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<b>Ultimate parent company</b>				
Sales of goods	8	-	8	-
Distribution costs	3	2	3	2
Administration expenses	15,492	10,248	14,704	9,924
<b>Parent company<sup>(*)</sup></b>				
Administration expenses	1,267	-	911	-
<b>Shareholder of the Company</b>				
Sales of goods	31,069	14,513	31,069	14,513
Other income	128	327	128	327
<b>Subsidiary</b>				
Sales of goods	-	-	319	341
Purchase	-	-	34,248	3,628
Service income	-	-	9,248	9,120
Trademark income	-	-	7,789	5,303
Other income	-	-	41	7
Dividend income	-	-	74,340	4,720
<b>Other related parties</b>				
Sales of goods	1,327,792	988,483	1,052,090	794,982
Purchase	430,166	314,383	359,515	264,726
Purchases of property, plant and equipment	8,793	-	568	-
Distribution costs	853	1,214	847	1,207
Administrative expenses	12,348	13,175	10,265	11,107
Other income	3,816	4,810	1,630	2,439
Interest income	3,984	4,494	1,019	1,127

<sup>\*)</sup> SCG Cement-Building Materials Co., Ltd. ("SCG CBM") is the parent company since 1 November 2022.

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>Investments in short-term debt instruments</i>				
Other related party	<b>730,000</b>	<b>560,000</b>	<b>300,000</b>	<b>140,000</b>
<i>Trade receivables</i>				
Shareholder of the Company	9,658	4,247	9,658	4,247
Other related parties	83,837	60,034	68,255	50,251
<b>Total</b>	<b>93,495</b>	<b>64,281</b>	<b>77,913</b>	<b>54,498</b>
<i>Other current receivables</i>				
Ultimate parent company	569	569	477	477
Subsidiary	-	-	1,051	463
Other related parties	-	13	-	13
<b>Total</b>	<b>569</b>	<b>582</b>	<b>1,528</b>	<b>953</b>
<i>Other non-current assets</i>				
Ultimate parent company	<b>2,845</b>	<b>3,413</b>	<b>2,386</b>	<b>2,863</b>
<i>Trade payables</i>				
Subsidiary	-	-	819	133
Other related parties	19,722	11,243	16,985	10,074
<b>Total</b>	<b>19,722</b>	<b>11,243</b>	<b>17,804</b>	<b>10,207</b>
<i>Other current payables</i>				
Ultimate parent company	4,332	1,459	4,197	1,418
Parent company <sup>(*)</sup>	694	-	503	-
Other related parties	10,654	6,628	4,060	6,301
<b>Total</b>	<b>15,680</b>	<b>8,087</b>	<b>8,760</b>	<b>7,719</b>
<b><i>The Board of Directors and key management personnel compensation</i></b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<b><i>For the year ended 31 December</i></b>				
Short-term employee benefits	29,109	32,777	29,109	32,777
Post-employment benefits	2,273	2,727	2,273	2,727
<b>Total</b>	<b>31,382</b>	<b>35,504</b>	<b>31,382</b>	<b>35,504</b>

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.

<sup>\*)</sup> SCG Cement-Building Materials Co., Ltd. ("SCG CBM") is the parent company since 1 November 2022.

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**5 Cash, cash equivalents and investments in short-term debt instruments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<b>Cash and cash equivalents</b>				
Cash on hand	108	108	78	78
Cash at banks - current accounts	33,599	28,819	25,080	21,586
Cash at banks - savings accounts	366,389	228,395	299,667	176,588
<b>Total</b>	<b><u>400,096</u></b>	<b><u>257,322</u></b>	<b><u>324,825</u></b>	<b><u>198,252</u></b>
<b>Investments in short-term debt instruments</b>				
Fixed deposit with financial institution	<b><u>730,000</u></b>	<b><u>560,000</u></b>	<b><u>300,000</u></b>	<b><u>140,000</u></b>

**6 Trade receivables**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2022	2021	2022	2021
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Within credit terms		93,442	63,969	77,860	54,186
Overdue:					
Less than 1 month		53	312	53	312
<b>Total</b>	<b>4</b>	<b><u>93,495</u></b>	<b><u>64,281</u></b>	<b><u>77,913</u></b>	<b><u>54,498</u></b>
<b>Other companies</b>					
Within credit terms		141,542	97,372	138,009	95,622
Overdue:					
Less than 1 month		1,652	447	1,555	447
1 - 3 months		51	-	51	-
<b>Total</b>		<b><u>143,245</u></b>	<b><u>97,819</u></b>	<b><u>139,615</u></b>	<b><u>96,069</u></b>
<i>Less allowance for expected credit loss</i>		-	-	-	-
<b>Net</b>		<b><u>143,245</u></b>	<b><u>97,819</u></b>	<b><u>139,615</u></b>	<b><u>96,069</u></b>
<b>Total</b>		<b><u>236,740</u></b>	<b><u>162,100</u></b>	<b><u>217,528</u></b>	<b><u>150,567</u></b>

The normal credit term granted by the Group is 15 - 60 days.

As at 31 December 2022, the outstanding overdue amounts of above trade receivables have credit guarantees amounting to Baht 48.4 million (2021: Baht 49.5 million).

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**7 Other current receivables**

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
			<i>(in thousand Baht)</i>		
Related parties	4	569	582	1,528	953
<b>Other parties</b>					
Refundable tax		3,041	1,828	2,570	1,504
Prepaid expenses		2,423	3,180	2,034	2,713
Accrued interests		2,358	2,642	573	660
Receivable from assets sold		-	4,280	-	4,280
Others		783	605	395	482
<b>Total</b>		<b>9,174</b>	<b>13,117</b>	<b>7,100</b>	<b>10,592</b>

**8 Inventories**

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
			<i>(in thousand Baht)</i>	
Finished goods	37,575	51,864	32,205	38,790
Goods in progress	3,381	2,539	3,381	2,539
Raw materials	56,682	56,020	48,913	46,763
Spare parts, supplies and others	81,917	80,297	71,260	69,155
Raw material in transit	20,507	2,402	12,536	-
<b>Total</b>	<b>200,062</b>	<b>193,122</b>	<b>168,295</b>	<b>157,247</b>
Less allowance for decline in value	(754)	(903)	(612)	(665)
<b>Net</b>	<b>199,308</b>	<b>192,219</b>	<b>167,683</b>	<b>156,582</b>
Cost of inventories recognized as an expense in cost of sales	1,747,047	1,309,002	1,451,121	1,072,315
Reversal of write-down	-	(2)	-	-
Cost of inventories recognized as an expense in administrative expenses	3,141	134	3,238	138
Changes in inventories of finished goods and goods in process	13,447	(8,876)	5,743	(7,823)
Raw materials and supplies used	952,528	698,247	772,384	575,224

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**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:

	<b>Separate financial statements</b>							
	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	2022	2021	2022	2021	2022	2021	2022	2021
	( <i>%</i> )				<i>(in thousand Baht)</i>			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	74,340	4,720
<b>Total</b>					<b><u>590,000</u></b>	<b><u>590,000</u></b>	<b><u>74,340</u></b>	<b><u>4,720</u></b>

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**10 Investment property**

	<b>Consolidated and Separate financial statements</b>		
	Land	Buildings under construction <i>(in thousand Baht)</i>	Total
<b>Cost</b>			
<b>At 31 December 2021 and 31 December 2022</b>	<b>51,333</b>	<b>118,995</b>	<b>170,328</b>
<b>Accumulated impairment losses</b>			
At 1 January 2021	-	9,609	9,609
Additions	-	1,649	1,649
<b>At 31 December 2021</b>	<b>-</b>	<b>11,258</b>	<b>11,258</b>
Additions	-	1,878	1,878
<b>At 31 December 2022</b>	<b>-</b>	<b>13,136</b>	<b>13,136</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>51,333</b>	<b>107,737</b>	<b>159,070</b>
<b>At 31 December 2022</b>	<b>51,333</b>	<b>105,859</b>	<b>157,192</b>

The Group determined fair value of investment properties as at 31 December 2022 at open market values on an existing use basis. The fair value was Baht 165.9 million (2021: Baht 167.7 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 investment property in Lamphun province.

An independent professional valuer appraised the fair value of property were determined at Market Data Approach and plant were determined at Cost Approach. The fair value measurement has been categorized as a Level 3 fair value.

For the year 2022, the Group recognized impairment losses on investment property in Lamphun province totalled Baht 1.9 million (2021: Baht 1.6 million) in the consolidated and separate income statements.

# Quality Construction Products Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 December 2022

### 11 Property, plant and equipment

	Consolidated financial statements						Total
	Land and land improvements	Buildings and building improvements	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	
	<i>(in thousand Baht)</i>						
<b>Cost</b>							
At 1 January 2021	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)
<b>At 31 December 2021</b>	<b>273,026</b>	<b>891,621</b>	<b>2,587,680</b>	<b>19,420</b>	<b>98,734</b>	<b>99,561</b>	<b>3,970,042</b>
Additions	-	2,639	21,504	8,508	6,880	36,480	76,011
Transfers in (out)	-	20,536	58,973	-	13,121	(92,630)	-
Disposals/written off	-	(118)	(29,632)	(8,419)	(2,148)	-	(40,317)
<b>At 31 December 2022</b>	<b>273,026</b>	<b>914,678</b>	<b>2,638,525</b>	<b>19,509</b>	<b>116,587</b>	<b>43,411</b>	<b>4,005,736</b>
<b>Accumulated depreciation and accumulated impairment losses</b>							
At 1 January 2021	-	671,928	2,272,369	5,585	65,087	9,386	3,024,355
Depreciation charge for the year	256	40,429	83,519	5,640	7,314	-	137,158
Disposals/written off	-	(25,016)	(57,967)	(845)	(3,011)	-	(86,839)
Reversal of impairment losses	-	-	(224)	-	-	-	(224)
<b>At 31 December 2021</b>	<b>256</b>	<b>687,341</b>	<b>2,297,697</b>	<b>10,380</b>	<b>69,390</b>	<b>9,386</b>	<b>3,074,450</b>
Depreciation charge for the year	256	41,435	67,096	5,635	8,704	-	123,126
Disposals/written off	-	(50)	(29,585)	(7,080)	(2,118)	-	(38,833)
Reversal of impairment losses	-	-	(224)	-	-	-	(224)
<b>At 31 December 2022</b>	<b>512</b>	<b>728,726</b>	<b>2,334,984</b>	<b>8,935</b>	<b>75,976</b>	<b>9,386</b>	<b>3,158,519</b>

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

	<b>Consolidated financial statements</b>						
	Land and land improvements	Buildings and building improvements	Plant, machinery and equipment <i>(in thousand Baht)</i>	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<i>Net book value</i>							
<b>At 31 December 2021</b>							
Owned assets	272,301	204,280	258,930	203	27,841	90,175	853,730
Right-of-use assets	469	-	31,053	8,837	1,503	-	41,862
	<u><b>272,770</b></u>	<u><b>204,280</b></u>	<u><b>289,983</b></u>	<u><b>9,040</b></u>	<u><b>29,344</b></u>	<u><b>90,175</b></u>	<u><b>895,592</b></u>
<b>At 31 December 2022</b>							
Owned assets	272,301	185,952	277,731	80	37,077	34,025	807,166
Right-of-use assets	213	-	25,810	10,494	3,534	-	40,051
	<u><b>272,514</b></u>	<u><b>185,952</b></u>	<u><b>303,541</b></u>	<u><b>10,574</b></u>	<u><b>40,611</b></u>	<u><b>34,025</b></u>	<u><b>847,217</b></u>

# Quality Construction Products Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 December 2022

	Separate financial statements					Construction in progress	Total
	Land and land improvements	Buildings and building improvements	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment		
	<i>(in thousand Baht)</i>						
<b>Cost</b>							
At 1 January 2021	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)
<b>At 31 December 2021</b>	<b>213,026</b>	<b>714,808</b>	<b>2,077,240</b>	<b>19,025</b>	<b>84,626</b>	<b>85,822</b>	<b>3,194,547</b>
Additions	-	2,315	13,887	7,896	6,195	18,791	49,084
Transfers in (out)	-	16,457	50,276	-	12,214	(78,947)	-
Disposals/written off	-	(118)	(24,889)	(8,023)	(610)	-	(33,640)
<b>At 31 December 2022</b>	<b>213,026</b>	<b>733,462</b>	<b>2,116,514</b>	<b>18,898</b>	<b>102,425</b>	<b>25,666</b>	<b>3,209,991</b>
<b>Accumulated depreciation and accumulated impairment losses</b>							
At 1 January 2021	-	539,778	1,792,627	5,418	52,968	9,386	2,400,177
Depreciation charge for the year	256	31,349	61,308	5,473	6,375	-	104,761
Disposals/written off	-	(25,016)	(56,528)	(845)	(2,625)	-	(85,014)
Reversal of impairment losses	-	-	(224)	-	-	-	(224)
<b>At 31 December 2021</b>	<b>256</b>	<b>546,111</b>	<b>1,797,183</b>	<b>10,046</b>	<b>56,718</b>	<b>9,386</b>	<b>2,419,700</b>
Depreciation charge for the year	256	32,277	61,186	5,497	7,902	-	107,118
Disposals/written off	-	(50)	(24,843)	(6,684)	(600)	-	(32,177)
Reversal of impairment losses	-	-	(224)	-	-	-	(224)
<b>At 31 December 2022</b>	<b>512</b>	<b>578,338</b>	<b>1,833,302</b>	<b>8,859</b>	<b>64,020</b>	<b>9,386</b>	<b>2,494,417</b>

## Quality Construction Products Public Company Limited and its Subsidiary

### Notes to the financial statements

For the year ended 31 December 2022

	Land and land improvements	Buildings and building improvements	Plant, machinery and equipment <i>(in thousand Baht)</i>	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<b>Separate financial statements</b>							
<i>Net book value</i>							
<b>At 31 December 2021</b>							
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
	<b>212,770</b>	<b>168,697</b>	<b>280,057</b>	<b>8,979</b>	<b>27,908</b>	<b>76,436</b>	<b>774,847</b>
<b>At 31 December 2022</b>							
Owned assets	212,301	155,124	263,673	80	35,201	16,280	682,659
Right-of-use assets	213	-	19,539	9,959	3,204	-	32,915
	<b>212,514</b>	<b>155,124</b>	<b>283,212</b>	<b>10,039</b>	<b>38,405</b>	<b>16,280</b>	<b>715,574</b>

In 2022, the right-of-use assets of the Group has increased amounting to Baht 23.5 million and Baht 17.6 million in consolidated and separate financial statements, respectively (2021: Baht 24.0 million and Baht 21.0 million in consolidated and separate financial statements, respectively).

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**12 Leases**

The Group leases a number of machine, vehicles, office equipment and equipment for 1 - 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>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<b>Amounts recognized in profit or loss</b>				
Depreciation of right-of-use assets				
- Land and land improvements	256	256	256	256
- Machine and equipment	16,797	18,033	13,623	14,351
- Vehicles and equipment	5,513	5,516	5,373	5,349
- Furniture, fixtures and office equipment	1,404	924	1,192	715
Interest on lease liabilities	1,028	1,113	849	967
Expenses relating to short-term leases	511	191	268	155
Expenses relating to leases of low-value assets	2,095	1,821	1,835	1,623

**13 Deferred tax assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Deferred tax assets	<b>22,255</b>	<b>25,534</b>	<b>20,451</b>	<b>19,824</b>

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

	<b>Consolidated financial statements</b>			
	At 1 January 2021	Credited (charged) to		At 31 December 2021
profit or loss (Note 23)		other comprehensive income		
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>21,804</b>	<b>2,977</b>	<b>753</b>	<b>25,534</b>

**Quality Construction Products Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**Consolidated financial statements**

	At 1 January 2022	Credited (charged) to		At 31 December 2022
		profit or loss (Note 23) (in thousand Baht)	other comprehensive income	
<b>Deferred tax assets</b>				
Inventories	181	(32)	-	149
Investment	175	-	-	175
Investment property	2,252	376	-	2,628
Property, plant and equipment	1,877	-	-	1,877
Provisions	1,452	858	-	2,310
Provisions for employee benefits	15,408	(14)	(278)	15,116
Loss carry forward	4,189	(4,189)	-	-
<b>Total</b>	<b>25,534</b>	<b>(3,001)</b>	<b>(278)</b>	<b>22,255</b>

**Separate financial statements**

	At 1 January 2021	Credited (charged) to		At 31 December 2021
		profit or loss (Note 23) (in thousand Baht)	other comprehensive income	
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>18,647</b>	<b>392</b>	<b>785</b>	<b>19,824</b>

**Separate financial statements**

	At 1 January 2022	Credited (charged) to		At 31 December 2022
		profit or loss (Note 23) (in thousand Baht)	other comprehensive income	
<b>Deferred tax assets</b>				
Inventories	133	(11)	-	122
Investment	88	-	-	88
Investment property	2,252	376	-	2,628
Property, plant and equipment	1,877	-	-	1,877
Provisions	1,452	441	-	1,893
Provisions for employee benefits	14,022	14	(193)	13,843
<b>Total</b>	<b>19,824</b>	<b>820</b>	<b>(193)</b>	<b>20,451</b>

**Quality Construction Products Public Company Limited and its Subsidiary**  
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The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets are as the following items

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Deductible temporary differences				
Provisions	-	495	-	-
Unused tax losses	-	7,275	-	-
<b>Total</b>	<b>-</b>	<b>7,770</b>	<b>-</b>	<b>-</b>

**14 Trade payables**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2022	2021	2022	2021
		<i>(in thousand Baht)</i>			
Related parties	4	19,722	11,243	17,804	10,207
Other parties		114,091	47,920	85,105	38,693
<b>Total</b>		<b>133,813</b>	<b>59,163</b>	<b>102,909</b>	<b>48,900</b>

**15 Other current payables**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2022	2021	2022	2021
		<i>(in thousand Baht)</i>			
Related parties	4	15,680	8,087	8,760	7,719
<b>Other parties</b>					
Accrued expenses		34,937	29,144	33,637	27,271
Freight payables		16,383	7,056	14,568	6,101
Advance received from sales Revenue department payables		14,682	2,660	10,996	886
Account payables from purchases of assets		12,536	9,573	10,730	8,534
Accrued sales promotion expenses		4,400	7,335	2,499	7,048
Wages payable		8,350	5,473	6,266	4,978
Rental payables		5,055	3,733	4,324	3,321
Others		3,009	3,317	2,328	2,592
<b>Total</b>		<b>26,098</b>	<b>23,232</b>	<b>22,402</b>	<b>20,183</b>
<b>Total</b>		<b>141,130</b>	<b>99,610</b>	<b>116,510</b>	<b>88,633</b>

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**16 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*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payment plan	70,435	66,935	64,628	61,270
Other long-term employee benefits	2,097	7,241	1,830	6,258
<b>Non-current provisions for defined benefit plan</b>	<b>72,532</b>	<b>74,176</b>	<b>66,458</b>	<b>67,528</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	74,176	73,678	67,528	67,501
<b><i>Included in profit or loss</i></b>				
Current service costs	4,836	4,918	4,312	4,411
Interest on obligation	1,516	1,030	1,365	928
Actuarial losses (gains)	(5,150)	568	(4,443)	368
	<b>1,202</b>	<b>6,516</b>	<b>1,234</b>	<b>5,707</b>
<b><i>Included in other comprehensive income</i></b>				
Actuarial losses (gains)	(1,389)	3,767	(967)	3,927
<b><i>Other</i></b>				
Benefits paid	(1,457)	(9,785)	(1,337)	(9,607)
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>72,532</b>	<b>74,176</b>	<b>66,458</b>	<b>67,528</b>

**Quality Construction Products Public Company Limited and its Subsidiary**  
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Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<b><i>For the years ended 31 December</i></b>				
Demographic assumptions	3,933	3,876	3,530	3,470
Financial assumptions	(7,944)	(5,759)	(7,063)	(5,141)
Experience adjustment	2,622	5,650	2,566	5,598
<b>Total</b>	<b>(1,389)</b>	<b>3,767</b>	<b>(967)</b>	<b>3,927</b>

***Actuarial assumptions***

*Principal actuarial assumptions at the end of the reporting period*

	<b>Consolidated and Separated financial statements</b>	<b>Consolidated and Separated financial statements</b>
	2022	2021
	<i>(%)</i>	
Discount rate*	2.87 - 3.30	2.04 - 2.37
Salary increase rate	2.25 - 4.50	2.30 - 4.50
Employee turnover rate**	2.50 - 18.00	3.00 - 16.00
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 2022, the weighted-average duration for payment of long-term employee benefits was approximately 14.69 - 17.79 years. (2021: 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.

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**Effect on the non-current provisions for defined benefit plans at 31 December**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2022	2021	2022	2021
	Increase (decrease)			
	<i>(in thousand Baht)</i>			
Discount rate				
0.5% increase	(3,687)	(3,909)	(3,315)	(3,505)
0.5% decrease	4,008	4,275	3,598	3,828
Salary increase rate				
1.0% increase	7,987	8,282	7,151	7,395
1.0% decrease	(6,905)	(7,098)	(6,201)	(6,356)
Employee turnover rate				
10.0% increase	(1,984)	(2,476)	(1,780)	(2,216)
10.0% decrease	2,066	2,611	1,853	2,335

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.

## **17 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.

## **18 Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires 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.

## **19 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's geographical segment are 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 significant customers of the Group which are domestic only.

### ***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 1,318.2 million (2021: Baht 974.3 million) of the Group’s total revenues.

**Quality Construction Products Public Company Limited and its Subsidiary**  
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**20 Distribution costs**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	43,794	40,874	42,200	39,425
Transportation expenses	7,832	5,335	7,667	5,177
Advertising and sales promotion expenses	7,831	6,122	6,900	5,514
Others	9,669	6,797	9,570	6,686
<b>Total</b>	<b>69,126</b>	<b>59,128</b>	<b>66,337</b>	<b>56,802</b>

**21 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	69,069	71,028	66,459	67,903
Professional fees	20,292	15,947	17,584	13,031
Information technology expenses	12,940	10,822	10,682	9,270
Depreciation and amortization expenses	4,137	3,455	3,601	2,945
Directors' remuneration	3,060	2,860	3,060	2,860
Impairment losses and written off assets	1,818	2,267	1,799	2,266
Others	5,715	6,973	6,241	6,551
<b>Total</b>	<b>117,031</b>	<b>113,352</b>	<b>109,426</b>	<b>104,826</b>

**22 Employee benefit expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Salaries and wages	220,655	204,960	194,988	182,122
Welfares and others	74,911	62,398	66,932	55,811
Contribution to defined contribution plans	10,024	9,727	9,268	9,043
Contribution to defined benefit plans	1,202	6,516	1,234	5,707
Directors' remuneration	3,060	2,860	3,060	2,860
<b>Total</b>	<b>309,852</b>	<b>286,461</b>	<b>275,482</b>	<b>255,543</b>

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.

**Quality Construction Products Public Company Limited and its Subsidiary**  
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**23 Income tax**

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
<i>(in thousand Baht)</i>					
<b>Income tax recognized in profit or loss</b>					
<b>Current tax</b>					
Current tax		74,369	33,479	61,976	33,479
Under provided in prior years		312	9	312	9
		<u>74,681</u>	<u>33,488</u>	<u>62,288</u>	<u>33,488</u>
<b>Deferred tax</b>					
Movement in temporary differences	13	3,001	(2,977)	(820)	(392)
<b>Total</b>		<u>77,682</u>	<u>30,511</u>	<u>61,468</u>	<u>33,096</u>
<b>Income tax recognized in other comprehensive income</b>					
Actuarial gain (losses)	13	<u>278</u>	<u>(753)</u>	<u>193</u>	<u>(785)</u>

**Reconciliation of effective tax rate**

	Consolidated financial statements			
	2022		2021	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		385,511		174,165
Income tax using the Thai corporation tax rate	20	77,102	20	34,833
Expenses deductible at a greater amount		(407)		(179)
Expenses not deductible for tax purposes and others		1,870		2,659
Tax losses decrease		(4,196)		(3,834)
<b>Current tax</b>		<u>74,369</u>		<u>33,479</u>
Under provided in prior years		312		9
Movement in temporary differences		3,001		(2,977)
<b>Income tax expense</b>	<b>20</b>	<u>77,682</u>	<b>18</b>	<u>30,511</u>

	Separate financial statements			
	2022		2021	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		377,783		160,476
Income tax using the Thai corporation tax rate	20	75,557	20	32,095
Income not subject to tax		(14,868)		(944)
Expenses deductible at a greater amount		(355)		(179)
Expenses not deductible for tax purposes and others		1,642		2,507
<b>Current tax</b>		<u>61,976</u>		<u>33,479</u>
Under provided in prior years		312		9
Movement in temporary differences		(820)		(392)
<b>Income tax expense</b>	<b>16</b>	<u>61,468</u>	<b>21</b>	<u>33,096</u>

**Quality Construction Products Public Company Limited and its Subsidiary**  
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**24 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>Year 2022</i>				
Interim dividend 2021	25 March 2022	22 April 2022	<b>0.31</b>	<b>124</b>
<i>Year 2021</i>				
Interim dividend 2020	29 March 2021	22 April 2021	<b>0.46</b>	<b>184</b>

**25 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.

**(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) Investment in debt instruments**

The Company's credit risk is limited by investing only in high liquidity and credibility debt instruments.

**Quality Construction Products Public Company Limited and its Subsidiary**  
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(1.3) Trade 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:

	<b>Consolidated financial statements</b>			
	Effective interest rates (% p.a.)	1 year or less	More than 1 year but less than 5 years (in thousand Baht)	Total
<b>At 31 December 2021</b>				
<b>Non-derivative financial liabilities</b>				
Leases liabilities	1.38 - 2.88	20,423	23,065	43,488
Less deferred interest		(794)	(726)	(1,520)
<b>Net</b>		<b>19,629</b>	<b>22,339</b>	<b>41,968</b>
<b>At 31 December 2022</b>				
<b>Non-derivative financial liabilities</b>				
Leases liabilities	1.21 - 3.26	18,009	23,822	41,831
Less deferred interest		(768)	(814)	(1,582)
<b>Net</b>		<b>17,241</b>	<b>23,008</b>	<b>40,249</b>

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		<b>Separate financial statements</b>		
	Effective interest rates (% p.a.)	1 year or less	More than 1 year but less than 5 years (in thousand Baht)	Total
<b>At 31 December 2021</b>				
<b>Non-derivative financial liabilities</b>				
Leases liabilities	1.38 - 2.88	18,362	20,112	38,474
Less deferred interest		(691)	(604)	(1,295)
<b>Net</b>		<b><u>17,671</u></b>	<b><u>19,508</u></b>	<b><u>37,179</u></b>
<b>At 31 December 2022</b>				
<b>Non-derivative financial liabilities</b>				
Leases liabilities	1.21 - 3.26	14,704	19,716	34,420
Less deferred interest		(637)	(698)	(1,335)
<b>Net</b>		<b><u>14,067</u></b>	<b><u>19,018</u></b>	<b><u>33,085</u></b>

**(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:

*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.

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

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	(in thousand Baht)	
<b>At 31 December 2021</b>		
<b>EUR</b>		
Trade payables	4,065	1,698
Other payables	52	-
<b>Net statement of financial position exposure</b>	<b><u>4,117</u></b>	<b><u>1,698</u></b>
<b>At 31 December 2022</b>		
<b>EUR</b>		
Trade payables	29,653	19,003
Other payables	1,253	1,253
<b>YEN</b>		
Trade payables	4,047	4,047
<b>Net statement of financial position exposure</b>	<b><u>34,953</u></b>	<b><u>24,303</u></b>

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**26 Commitments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	9,960	9,941	1,400	1,400
(b) Unused letters of credit	18,915	8,165	14,986	5,745
(c) Commitments				
- Construction, installation of machinery equipment, and others	52,277	27,309	41,996	24,168
- Expenses of dam's construction for the propose of flood protection	6,807	8,109	6,807	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. In December 2022, one of the agreements is expired. The Company has decided to extend the agreement for 5 years, effective date on 1 January 2023. The prices in agreements are agreed based on market price.				

**27 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.

**28 Event after the reporting period**

At the Board of Directors' Meeting held on 13 February 2023, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2022 at the rate of Baht 0.75 per share, amounting to Baht 300 million. The dividend will be paid to shareholders during 2023. This dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 24 March 2023.

**29 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 2023 and have not been adopted in the preparation of these 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