

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2022 (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 11 November 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, Udomsornayuth 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.

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 shares in 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 of autoclaved aerated concrete blocks, reinforced wall panels, floor panels, and lintels for construction uses.

Details of the Company’s subsidiary as at 30 September 2022 and 31 December 2021 was as follows:

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

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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 nine-month periods ended 30 September 2022.

Significant transactions with related parties for the three-month and nine-month periods ended 30 September are summarized as follows:

	Consolidated financial statements		Separate financial statements	
	three-month periods		three-month periods	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Distribution costs	1	1	1	1
Service fees and others	4,089	2,912	3,864	2,702
Shareholder of the company				
Sales of goods	8,754	981	8,754	981
Other income	17	16	17	16
Subsidiary				
Sales of goods	-	-	-	126
Purchase	-	-	11,209	3
Service income	-	-	2,355	1,485
Trademark income	-	-	2,219	1,260
Other income	-	-	15	1

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	Consolidated financial statements		Separate financial statements	
	three-month periods		three-month periods	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Other related parties				
Sales of goods	363,131	220,736	284,443	173,925
Purchase	123,462	71,052	102,702	59,673
Purchase equipment	8,225	-	-	-
Distribution costs	104	262	102	261
Service fees and others	3,411	3,229	2,796	2,708
Other income	1,303	1,412	425	824
Interest income	923	950	201	229
Ultimate parent company				
Sales of goods	8	-	8	-
Distribution costs	2	1	2	1
Service fees and others	12,485	8,955	11,796	8,330
Shareholder of the company				
Sales of goods	22,443	10,894	22,443	10,894
Other income	206	256	206	256
Subsidiary				
Sale of goods	-	-	319	217
Purchase	-	-	30,296	3,323
Service income	-	-	7,073	7,065
Trademark income	-	-	5,378	4,107
Other income	-	-	28	2
Dividend income	-	-	21,240	4,720
Other related parties				
Sales of goods	940,462	747,007	745,640	598,965
Purchase	315,660	243,954	265,035	203,714
Purchase equipment	8,793	-	568	-
Distribution costs	443	649	438	645
Service fees and others	10,656	9,942	8,834	8,397
Other income	4,186	3,489	1,891	1,601
Interest income	2,867	3,429	661	832

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

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>			
<i>Investment in short-term debt instruments</i>				
Other related parties	620,000	560,000	170,000	140,000

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	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>			
<i>Trade receivables</i>				
Shareholder of the company	9,746	4,247	9,746	4,247
Other related parties	84,307	60,034	66,042	50,251
Total	94,053	64,281	75,788	54,498
<i>Other current receivables</i>				
Ultimate parent company	569	569	477	477
Subsidiary	-	-	1,108	463
Other related parties	101	13	101	13
Total	670	582	1,686	953
<i>Other non-current assets</i>				
Ultimate parent company	2,987	3,413	2,505	2,863
<i>Trade payables</i>				
Subsidiary	-	-	3,213	133
Other related parties	29,053	11,243	24,999	10,074
Total	29,053	11,243	28,212	10,207
<i>Other current payables</i>				
Ultimate parent company	4,655	1,459	4,277	1,418
Other related parties	14,836	6,628	1,630	6,301
Total	19,491	8,087	5,907	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 September</i>				
Short-term employee benefits	6,139	6,837	6,139	6,837
Post-employment benefits	568	724	568	724
Total	6,707	7,561	6,707	7,561
<i>For the nine-month period ended 30 September</i>				
Short-term employee benefits	19,612	19,253	19,612	19,253
Post-employment benefits	1,705	1,941	1,705	1,941
Total	21,317	21,194	21,317	21,194

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4 Trade receivables

	Consolidated		Separate	
	financial statements		financial statements	
<i>Note</i>	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>			
Trade receivables				
Related parties				
Within credit terms	92,287	63,969	74,022	54,186
Overdue:				
Less than 1 month	1,427	312	1,427	312
1 - 3 month	339	-	339	-
Total	94,053	64,281	75,788	54,498
Other companies				
Within credit terms	154,846	97,372	152,535	95,622
Overdue:				
Less than 1 month	1,181	447	1,181	447
Total	156,027	97,819	153,716	96,069
<i>Less allowance for expected credit loss</i>	-	-	-	-
Net	156,027	97,819	229,504	96,069
Total	250,080	162,100	229,504	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 30 September 2022 and 31 December 2021, and dividend from those investment for the nine-month period ended 30 September was as follows:

	Separate financial statements							
	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	30 September 2021
	(<i>%</i>)				(<i>in thousand Baht</i>)			
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:

	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	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	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	10,856	9,941	1,400	1,400
(b) Unused letters of credit	12,636	8,165	9,209	5,745
(c) Commitments				
- Construction, installation of machinery equipment, and others	16,654	27,309	6,217	24,168
- Expenses of dam's construction for the propose of flood protection	7,133	8,109	7,133	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.				

9 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Federation of Accounting Professions has issued and 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 interim financial statements because they are not yet effective. The Group has assessed the potential initial impact on the financial statements of these issued and revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.