

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 2023 (Unaudited)

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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 9 August 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, 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.

On 1 November 2022, SCG Decor Public Company Limited (“SCG Decor”) (formerly SCG Building Materials Company Limited) (The parent of Quality Construction Products Public Company Limited (“Q-CON”)) transferred all of its shareholding by SCG Decor, representing 61.01% of the authorized share capital to SCG Cement-Building Materials Company Limited (“SCG CBM”) which both SCG Decor 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 June 2023 and 31 December 2022 were as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			30 June 2023	31 December 2022
<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

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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 consolidated and separate financial statements. Accordingly, these interim financial statements should be read in conjunction with the consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2022.

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those described in the consolidated and separate financial statements for the year ended 31 December 2022 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.

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3 Related parties

Related parties which have no material changes in relationships with the Group during the six-month period ended 30 June 2023.

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	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Ultimate parent company</i>				
Distribution costs	1	-	1	-
Service fees and others	5,259	4,079	4,893	3,851
<i>Parent company (*)</i>				
Distribution costs	48	-	46	-
Service fee and others	1,798	-	1,411	-
<i>Shareholder of the company</i>				
Sales of goods	6,171	6,938	6,171	6,938
Other income	111	71	111	71
<i>Subsidiary</i>				
Sales of goods	-	-	-	209
Purchase	-	-	25,778	10,224
Service income	-	-	2,400	2,355
Trademark income	-	-	2,502	1,816
Other income	-	-	35	10
Dividend income	-	-	10,030	21,240
<i>Other related parties</i>				
Sales of goods	423,544	298,518	330,522	232,006
Purchase	123,602	97,195	100,544	80,590
Purchase equipment	4,402	568	2,340	568
Distribution costs	76	248	76	247
Service fees and others	715	3,087	580	2,494
Other income	3,447	1,396	2,074	649
Interest income	1,929	888	605	175

*) SCG Decor Public Company Limited (“SCG Decor”) (formerly SCG Building Materials Company Limited) is the parent company since 1 January 2022 - 31 October 2022 and SCG Cement-Building Materials Co., Ltd. (“SCG CBM”) is the parent company since 1 November 2022.

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	Consolidated financial statements		Separate financial statements	
	six-month periods		six-month periods	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Ultimate parent company</i>				
Sales of goods	-	8	-	8
Distribution costs	2	1	2	1
Service fees and others	11,041	8,396	9,893	7,933
<i>Parent company (*)</i>				
Distribution costs	96	-	93	-
Service fee and others	3,522	-	2,747	-
<i>Shareholder of the company</i>				
Sales of goods	17,195	13,689	17,195	13,689
Other income	90	189	90	189
<i>Subsidiary</i>				
Sale of goods	-	-	-	319
Purchase	-	-	49,582	19,087
Service income	-	-	4,800	4,710
Trademark income	-	-	4,916	3,252
Other income	-	-	50	14
Dividend income	-	-	10,030	21,240
<i>Other related parties</i>				
Sales of goods	819,508	577,331	643,351	461,201
Purchase	251,362	192,198	205,159	162,333
Purchase equipment	4,402	568	2,340	568
Distribution costs	87	339	87	336
Service fees and others	1,259	7,245	1,012	6,038
Other income	6,248	2,883	3,984	1,466
Interest income	3,328	1,944	1,257	460

*) SCG Décor Public Company Limited (“SCG Decor”) (formerly SCG Building Materials Company Limited) is the parent company since 1 January 2022 - 31 October 2022 and SCG Cement-Building Materials Co., Ltd. (“SCG CBM”) is the parent company since 1 November 2022.

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Balances as at 30 June 2023 and 31 December 2022 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>			
<i>Investment in short-term debt instruments</i>				
Other related parties	590,000	730,000	160,000	300,000
<i>Trade receivables</i>				
Shareholder of the company	6,924	9,658	6,924	9,658
Other related parties	115,187	83,837	92,958	68,255
Total	122,111	93,495	99,882	77,913
<i>Other current receivables</i>				
Ultimate parent company	569	569	477	477
Subsidiary	-	-	975	1,051
Total	569	569	1,452	1,528
<i>Other non-current assets</i>				
Ultimate parent company	2,560	2,845	2,147	2,386
<i>Trade payables</i>				
Subsidiary	-	-	9,027	819
Other related parties	30,775	19,722	25,176	16,985
Total	30,775	19,722	34,203	17,804
<i>Other current payables</i>				
Ultimate parent company	3,434	4,332	2,892	4,197
Parent company ^(*)	427	694	307	503
Subsidiary	-	-	62	-
Other related parties	6,359	10,654	3,736	4,060
Total	10,220	15,680	6,997	8,760

^{*)} SCG Decor Public Company Limited (“SCG Decor”) (formerly SCG Building Materials Company Limited) is the parent company since 1 January 2022 - 31 October 2022 and SCG Cement-Building Materials Co., Ltd. (“SCG CBM”) is the parent company since 1 November 2022.

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The Board of Directors and key management compensation

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>For the three-month period ended 30 June</i>				
Short-term employee benefits	5,984	6,083	5,984	6,083
Post-employment benefits	606	568	606	568
Total	6,590	6,651	6,590	6,651
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	13,146	13,473	13,146	13,473
Post-employment benefits	1,212	1,137	1,212	1,137
Total	14,358	14,610	14,358	14,610

4 Trade receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		<i>(in thousand Baht)</i>			
<i>Trade receivables</i>					
Related parties					
Within credit terms		122,108	93,442	99,882	77,860
Overdue:					
Less than 1 month		3	53	-	53
Total	3	122,111	93,495	99,882	77,913
Other companies					
Within credit terms		199,719	141,542	195,479	138,009
Overdue:					
Less than 1 month		1,257	1,652	1,257	1,555
1- 3 months		126	51	126	51
Total		201,102	143,245	196,862	139,615
<i>Less allowance for expected credit loss</i>		-	-	-	-
Net		201,102	143,245	196,862	139,615
Total		323,213	236,740	296,744	217,528

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

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5 Investments in subsidiary

Investments in subsidiary as at 30 June 2023 and 31 December 2022, 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 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	30 June 2022
	(%)				<i>(in thousand Baht)</i>			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	10,030	21,240
Total					590,000	590,000	10,030	21,240

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6 Business segment information

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

7 Dividends

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

	Approval date	Payment schedule	Separate financial statements	
			Dividend rate per share (Baht)	Amount (in thousand Baht)
<i>2023</i>				
Annual dividend 2022	24 March 2023	21 April 2023	<u>0.75</u>	<u>300,000</u>
<i>2022</i>				
Annual dividend 2021	25 March 2022	22 April 2022	<u>0.31</u>	<u>124,000</u>

8 Commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	9,960	9,960	1,400	1,400
(b) Unused letters of credit	7,193	18,915	7,193	14,986
(c) Commitments				
- Construction, installation of machinery equipment, and others	53,026	52,277	50,141	41,996
- Expenses of dam's construction for the propose of flood protection	6,156	6,807	6,156	6,807
(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.				

9 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 2024 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 revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.