

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 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 7 November 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, Udomsorasayuth Road, Tambol Bangkrasan, Amphur Bang pa-in, Ayutthaya, 13160, Thailand.

The parent and ultimate parent companies during the financial period were SCG Cement-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 September 2023 and 31 December 2022 were as follows:

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

3 Related parties

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

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	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Distribution costs	-	1	-	1
Service fees and others	4,704	4,089	4,607	3,864
Parent company (*)				
Distribution costs	48	-	46	-
Service fees and others	1,820	-	1,463	-

(*) 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	
	three-month periods		three-month periods	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Shareholder of the company				
Sales of goods	4,109	8,754	4,109	8,754
Other income	82	17	82	17
Subsidiary				
Purchase	-	-	30,987	11,209
Service income	-	-	2,310	2,355
Trademark income	-	-	2,741	2,219
Other income	-	-	58	15
Other related parties				
Sales of goods	483,020	363,131	382,638	284,443
Purchase	151,944	123,462	123,078	102,702
Purchase equipment	-	8,225	-	-
Distribution costs	64	104	64	102
Service fees and others	801	3,411	667	2,796
Other income	3,091	1,303	1,878	425
Interest income	2,829	923	998	201
	Consolidated financial statements		Separate financial statements	
	nine-month periods		nine-month periods	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Sales of goods	-	8	-	8
Distribution costs	2	2	2	2
Service fees and others	15,745	12,485	14,500	11,796
Parent company (*)				
Distribution costs	144	-	139	-
Service fees and others	5,342	-	4,211	-
Shareholder of the company				
Sales of goods	21,303	22,443	21,303	22,443
Other income	172	206	172	206
Subsidiary				
Sale of goods	-	-	-	319
Purchase	-	-	80,569	30,296
Service income	-	-	7,110	7,073
Trademark income	-	-	7,657	5,378
Other income	-	-	107	28
Dividend income	-	-	10,030	21,240

(*) 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	
	nine-month periods		nine-month periods	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Other related parties				
Sales of goods	1,302,529	940,462	1,025,990	745,640
Purchase	403,306	315,660	328,237	265,035
Purchase equipment	4,402	8,793	2,340	568
Distribution costs	152	443	152	438
Service fees and others	2,060	10,656	1,679	8,834
Other income	9,339	4,186	5,863	1,891
Interest income	6,157	2,867	2,255	661

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

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Investment in short-term debt instruments</i>				
Other related parties	790,000	730,000	310,000	300,000
<i>Trade receivables</i>				
Shareholder of the company	4,394	9,658	4,394	9,658
Other related parties	111,716	83,837	86,484	68,255
Total	116,110	93,495	90,878	77,913
<i>Other current receivables</i>				
Ultimate parent company	609	569	511	477
Subsidiary	-	-	991	1,051
Other related parties	20	-	20	-
Total	629	569	1,522	1,528
<i>Other non-current assets</i>				
Ultimate parent company	2,659	2,845	2,230	2,386
<i>Trade payables</i>				
Subsidiary	-	-	9,823	819
Other related parties	39,334	19,722	29,545	16,985
Total	39,334	19,722	39,368	17,804
<i>Other current payables</i>				
Ultimate parent company	2,937	4,332	2,478	4,197
Parent company (*)	427	694	307	503
Other related parties	2,733	10,654	1,614	4,060
Total	6,097	15,680	4,399	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>			
For the three-month period ended 30 September				
Short-term employee benefits	6,116	6,139	6,116	6,139
Post-employment benefits	606	568	606	568
Total	6,722	6,707	6,722	6,707
For the nine-month period ended 30 September				
Short-term employee benefits	19,263	19,612	19,263	19,612
Post-employment benefits	1,817	1,705	1,817	1,705
Total	21,080	21,317	21,080	21,317

4 Trade receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2023	31 December 2022	30 September 2023	31 December 2022
		<i>(in thousand Baht)</i>			
Trade receivables					
Related parties					
Within credit terms		115,756	93,442	90,524	77,860
Overdue:					
Less than 1 month		330	53	330	53
1- 3 months		24	-	24	-
Total	3	116,110	93,495	90,878	77,913
Other companies					
Within credit terms		212,116	141,542	205,581	138,009
Overdue:					
Less than 1 month		1,888	1,652	1,888	1,555
1- 3 months		-	51	-	51
Total		214,004	143,245	207,469	139,615
<i>Less allowance for expected credit loss</i>		-	-	-	-
Net		214,004	143,245	207,469	139,615
Total		330,114	236,740	298,347	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 September 2023 and 31 December 2022, 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 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	30 September 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>Year 2023</i>				
Annual dividend 2022	24 March 2023	21 April 2023	0.75	300,000
<i>Year 2022</i>				
Annual dividend 2021	25 March 2022	22 April 2022	0.31	124,000

8 Commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	10,810	9,960	2,250	1,400
(b) Unused letters of credit	11,470	18,915	11,470	14,986
(c) Commitments				
- Construction, installation of machinery equipment, and others	27,639	52,277	25,205	41,996
- Expenses of dam's construction for the propose of flood protection	5,831	6,807	5,831	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.