

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents and change in status of subsidiary
6	Trade receivables
7	Other current receivables
8	Inventories
9	Investments in subsidiary
10	Investment property
11	Property, plant and equipment
12	Leases
13	Deferred tax assets (Deferred tax liabilities)
14	Trade payables
15	Other current payables
16	Non-current provisions for employee benefits
17	Share premium
18	Legal reserve
19	Business segment information
20	Distribution costs
21	Administrative expenses
22	Employee benefit expenses
23	Income tax
24	Dividends
25	Financial instruments
26	Commitments
27	Capital management
28	Event after the reporting period
29	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

Quality Construction Products Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2023

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 8 February 2024.

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 immediate and ultimate parent companies 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 (“SCGD”) (formerly SCG Building Materials Company Limited) (The parent of Quality Construction Products Public Company Limited (“Q-CON”)) transferred all of its shareholding by SCGD, representing 61.01% of the authorized share capital to SCG Cement-Building Materials Company Limited (“SCG CBM”) which both SCGD 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 (%)	
			2023	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

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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 estimate costs to complete and the estimated costs necessary to make 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.

(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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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

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

Other 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.

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

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

4 Related parties

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

Name of entities	Country of incorporation/ nationality	Nature of relationships
The Siam Cement Public Company Limited	Thailand	The ultimate parent of the group.
SCG Cement-Building Materials Co., Ltd.	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 Decor Public Company Limited (Formerly SCG Building Materials Company Limited)	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors. (The parent company, 61.01% shareholding until 31 October 2022.)
Land and Houses Public Company Limited	Thailand	The shareholder, 21.16% shareholding, and there are some common directors
The Siam Fibre-Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
CPAC Construction Solution 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.
The Siam Cement (Thung Song) 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.
Silasanon 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.
SCG Distribution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SCG Roofing Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SCG Landscape Company Limited.	Thailand	A subsidiary of The Siam Cement Public Company Limited

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

Name of entities	Country of incorporation/ nationality	Nature of relationships
SCG International Corporation 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 Legal Counsel Limited	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
SUSUNN Smart Solution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
Nexter Digital and Solution Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited and there are some common directors.
SCG Living and Housing Solution Co., Ltd.	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
SCG Experience Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
PT SCG International Indonesia	Indonesia	A subsidiary of The Siam Cement Public Company Limited
SCGJWD Logistics Public Company Limited (<i>Formerly SCG Logistic Management Co., Ltd</i>)	Thailand	An associate of The Siam Cement Public Company Limited and there are some common directors.
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:

Transactions	Pricing policies
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 2023

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

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Sales of goods	-	8	-	8
Distribution costs	27	3	27	3
Administration expenses	20,385	15,492	18,994	14,704
Parent company (*)				
Distribution costs	192	-	185	-
Administration expenses	7,079	1,267	5,575	911
Shareholder of the Company				
Sales of goods	26,885	31,069	26,885	31,069
Other income	290	128	290	128
Subsidiary				
Sales of goods	-	-	59	319
Purchase	-	-	122,406	34,248
Service income	-	-	9,444	9,248
Trademark income	-	-	10,322	7,789
Other income	-	-	118	41
Dividend income	-	-	142,780	74,340
Other related parties				
Sales of goods	1,726,022	1,327,792	1,360,407	1,052,090
Purchase	551,225	430,166	441,390	359,515
Purchases of property, plant and equipment	4,402	8,793	2,340	568
Distribution costs	451	853	451	847
Administrative expenses	2,739	12,348	2,232	10,265
Other income	13,642	3,816	8,931	1,630
Interest income	10,622	3,984	4,225	1,019

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

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
<i>Investments in short-term debt instruments</i>					
Other related party	5	710,000	730,000	280,000	300,000

(*) SCG Decor Public Company Limited (“SCGD”) 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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
<i>(in thousand Baht)</i>					
<i>Trade receivables</i>					
Shareholder of the Company		6,370	9,658	6,370	9,658
Subsidiary		-	-	68	-
Other related parties		78,536	83,837	61,211	68,255
Total	6	84,906	93,495	67,649	77,913
<i>Other current receivables</i>					
Ultimate parent company		609	569	511	477
Subsidiary		-	-	1,125	1,051
Other related parties		433	-	433	-
Total		1,042	569	2,069	1,528
<i>Other non-current assets</i>					
Ultimate parent company		2,517	2,845	2,111	2,386
<i>Trade payables</i>					
Subsidiary		-	-	7,455	819
Other related parties		21,732	19,722	18,645	16,985
Total	14	21,732	19,722	26,100	17,804
<i>Other current payables</i>					
Ultimate parent company		2,829	4,332	2,605	4,197
Parent company (*)		427	694	307	503
Other related parties		5,933	10,654	3,278	4,060
Total	15	9,189	15,680	6,190	8,760
<i>Lease liabilities</i>					
<i>Current and non-current portion</i>					
Other related parties		1,263	1,469	1,263	1,469
The Board of Directors and key management personnel compensation					
		Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
<i>(in thousand Baht)</i>					
For the year ended 31 December					
Short-term employee benefits		27,963	29,109	27,963	29,109
Post-employment benefits		2,423	2,273	2,423	2,273
Total		30,386	31,382	30,386	31,382

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.

(*) SCG Decor Public Company Limited ("SCGD") 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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Cash and cash equivalents					
Cash on hand		100	108	70	78
Cash at banks - current accounts		22,525	33,599	13,961	25,080
Cash at banks - savings accounts		881,162	366,389	808,427	299,667
Total		<u>903,787</u>	<u>400,096</u>	<u>822,458</u>	<u>324,825</u>
Investments in short-term debt instruments					
Fixed deposit with financial institution	4	<u>710,000</u>	<u>730,000</u>	<u>280,000</u>	<u>300,000</u>

6 Trade receivables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		84,855	93,442	67,598	77,860
Overdue:					
Less than 1 month		51	53	51	53
Total	4	<u>84,906</u>	<u>93,495</u>	<u>67,649</u>	<u>77,913</u>
Other companies					
Within credit terms		189,294	141,542	181,476	138,009
Overdue:					
Less than 1 month		2,031	1,652	1,950	1,555
1 - 3 months		87	51	54	51
Total		<u>191,412</u>	<u>143,245</u>	<u>183,480</u>	<u>139,615</u>
Less allowance for expected credit loss		-	-	-	-
Net		<u>191,412</u>	<u>143,245</u>	<u>183,480</u>	<u>139,615</u>
Total		<u>276,318</u>	<u>236,740</u>	<u>251,129</u>	<u>217,528</u>

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

As at 31 December 2023, the outstanding overdue amounts of above trade receivables have credit guarantees amounting to Baht 42.1 million (2022: Baht 48.4 million).

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

7 Other current receivables

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Related parties	4	1,042	569	2,069	1,528
Other parties					
Refundable tax		2,337	3,041	1,618	2,570
Prepaid expenses		3,335	2,423	2,825	2,034
Accrued interests		3,880	2,358	1,914	573
Others		5,645	783	5,228	395
Total		16,239	9,174	13,654	7,100

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Finished goods	39,315	37,575	32,850	32,205
Goods in progress	1,776	3,381	1,776	3,381
Raw materials	68,027	56,682	54,201	48,913
Spare parts, supplies and others	80,384	81,917	68,677	71,260
Raw material in transit	13,377	20,507	13,377	12,536
Total	202,879	200,062	170,881	168,295
Less allowance for decline in value	(1,496)	(754)	(1,275)	(612)
Net	201,383	199,308	169,606	167,683
Cost of inventories recognized as an expense in cost of sales	2,066,311	1,747,047	1,750,556	1,451,121
Cost of inventories recognized as an expense in administrative expenses	742	3,141	664	3,238
Changes in inventories of finished goods and goods in process	(135)	13,447	960	5,743
Raw materials and supplies used	1,182,100	952,528	933,617	772,384

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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:

	Separate financial statements							
	Total direct/indirect holding		Paid-up capital		Cost method		Dividend income	
	2023	2022	2023	2022	2023	2022	2023	2022
	(%)				<i>(in thousand Baht)</i>			
Q-Con Eastern Co., Ltd.	100	100	590,000	590,000	590,000	590,000	142,780	74,340
Total					<u>590,000</u>	<u>590,000</u>	<u>142,780</u>	<u>74,340</u>

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

10 Investment property

	Consolidated and Separate financial statements		
	Land	Buildings under construction <i>(in thousand Baht)</i>	Total
<i>Cost</i>			
At 31 December 2022 and 2023	51,333	118,995	170,328
<i>Accumulated impairment losses</i>			
At 1 January 2022	-	11,258	11,258
Additions	-	1,878	1,878
At 31 December 2022	-	13,136	13,136
Additions	-	2,658	2,658
At 31 December 2023	-	15,794	15,794
<i>Net book value</i>			
At 31 December 2022	51,333	105,859	157,192
At 31 December 2023	51,333	103,201	154,534

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.

The Group determined fair value of investment properties at open market values on an existing use basis. As at 31 December 2023, the fair value was Baht 165.6 million (2022: Baht 165.9 million). 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 2023, the Group recognized impairment losses on investment property in Lamphun province totalled Baht 2.7 million (2022: Baht 1.9 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 2023

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>						
Cost							
At 1 January 2022	273,026	891,621	2,587,680	19,420	98,734	99,561	3,970,042
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)
At 31 December 2022	273,026	914,678	2,638,525	19,509	116,587	43,411	4,005,736
Additions	2,061	294	31,683	6,333	6,065	54,649	101,085
Transfers in (out)	-	11,802	5,836	-	5,022	(22,660)	-
Disposals/written off	(725)	(268)	(28,300)	(7,662)	(2,558)	-	(39,513)
At 31 December 2023	274,362	926,506	2,647,744	18,180	125,116	75,400	4,067,308
Accumulated depreciation and accumulated impairment losses							
At 1 January 2022	256	687,341	2,307,083	10,380	69,390	-	3,074,450
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)
At 31 December 2022	512	728,726	2,344,370	8,935	75,976	-	3,158,519
Depreciation charge for the year	328	41,353	66,984	4,796	10,004	-	123,465
Disposals/written off	(725)	(268)	(28,239)	(7,048)	(2,477)	-	(38,757)
Reversal of impairment losses	-	-	(224)	-	-	-	(224)
At 31 December 2023	115	769,811	2,382,891	6,683	83,503	-	3,243,003

Quality Construction Products Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2023

	Consolidated financial statements						Total
	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	
<i>Net book value</i>							
At 31 December 2022							
Owned assets	272,301	185,952	268,345	80	37,077	43,411	807,166
Right-of-use assets	213	-	25,810	10,494	3,534	-	40,051
	<u>272,514</u>	<u>185,952</u>	<u>294,155</u>	<u>10,574</u>	<u>40,611</u>	<u>43,411</u>	<u>847,217</u>
At 31 December 2023							
Owned assets	272,301	156,695	229,468	-	36,590	75,400	770,454
Right-of-use assets	1,946	-	35,385	11,497	5,023	-	53,851
	<u>274,247</u>	<u>156,695</u>	<u>264,853</u>	<u>11,497</u>	<u>41,613</u>	<u>75,400</u>	<u>824,305</u>

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

	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>		
Cost								
At 1 January 2022	213,026	714,808	2,077,240	19,025	84,626	85,822	3,194,547	
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)	
At 31 December 2022	213,026	733,462	2,116,514	18,898	102,425	25,666	3,209,991	
Additions	2,061	194	23,910	6,333	4,792	50,617	87,907	
Transfers in (out)	-	12,472	3,406	-	4,352	(20,230)	-	
Disposals/written off	(725)	(268)	(24,421)	(7,662)	(2,486)	-	(35,562)	
At 31 December 2023	214,362	745,860	2,119,409	17,569	109,083	56,053	3,262,336	
Accumulated depreciation and accumulated impairment losses								
At 1 January 2022	256	546,111	1,806,569	10,046	56,718	-	2,419,700	
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)	
At 31 December 2022	512	578,338	1,842,688	8,859	64,020	-	2,494,417	
Depreciation charge for the year	328	32,229	61,346	4,674	9,113	-	107,690	
Disposals/written off	(725)	(269)	(24,359)	(7,048)	(2,404)	-	(34,805)	
Reversal of impairment losses	-	-	(224)	-	-	-	(224)	
At 31 December 2023	115	610,298	1,879,451	6,485	70,729	-	2,567,078	

Quality Construction Products Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2023

	Separate financial statements						
	Land and land improvements	Buildings and building improvements	Plant, machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	<i>(in thousand Baht)</i>						
<i>Net book value</i>							
At 31 December 2022							
Owned assets	212,301	155,124	254,287	80	35,201	25,666	682,659
Right-of-use assets	213	-	19,539	9,959	3,204	-	32,915
	212,514	155,124	273,826	10,039	38,405	25,666	715,574
At 31 December 2023							
Owned assets	212,301	135,562	213,235	-	33,954	56,053	651,105
Right-of-use assets	1,946	-	26,723	11,084	4,400	-	44,153
	214,247	135,562	239,958	11,084	38,354	56,053	695,258

In 2023, the right-of-use assets of the Group has increased amounting to Baht 37.28 million and Baht 30.97 million in consolidated and separate financial statements, respectively (2022: Baht 23.5 million and Baht 17.6 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 2023

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>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Amounts recognized in profit or loss				
Depreciation of right-of-use assets				
- Land and land improvements	328	256	328	256
- Machine and equipment	16,566	16,797	13,067	13,623
- Vehicles and equipment	4,716	5,513	4,593	5,373
- Furniture, fixtures and office equipment	1,389	1,404	1,264	1,192
Interest on lease liabilities	1,408	1,028	1,173	849
Expenses relating to short-term leases	629	511	595	268
Expenses relating to leases of low-value assets	2,283	2,095	1,977	1,835

13 Deferred tax assets (Deferred tax liabilities)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Deferred tax assets	33,730	22,255	29,736	20,451
Deferred tax liabilities	(10,770)	-	(8,831)	-
Total	22,960	22,255	20,905	20,451

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

	Consolidated financial statements			
	At	<u>Credited (charged) to</u>		At
1 January 2022	profit or loss	other	comprehensive income	31 December 2022
	<i>(Note 23)</i>			
	<i>(in thousand Baht)</i>			
Deferred tax assets				
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)	-	-
Total	25,534	(3,001)	(278)	22,255

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

Consolidated financial statements

	At 1 January 2023	Credited (charged) to		At 31 December 2023
		profit or loss	other comprehensive income	
		(Note 23)		
		(in thousand Baht)		
Deferred tax assets				
Inventories	149	150	-	299
Investment	175	-	-	175
Investment property	2,628	531	-	3,159
Property, plant and equipment	1,877	(135)	-	1,742
Provisions	2,310	(825)	-	1,485
Provisions for employee benefits	15,116	761	75	15,952
Lease liabilities	-	10,918	-	10,918
Total	22,255	11,400	75	33,730
Deferred tax liabilities				
Right-of-use assets	-	(10,770)	-	(10,770)
Net	22,255	630	75	22,960

Separate financial statements

	At 1 January 2022	Credited (charged) to		At 31 December 2022
		profit or loss	other comprehensive income	
		(Note 23)		
		(in thousand Baht)		
Deferred tax assets				
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
Total	19,824	820	(193)	20,451

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

	At 1 January 2023	Separate financial statements Credited (charged) to		At 31 December 2023
		profit or loss	other comprehensive income	
		(Note 23) (in thousand Baht)		
Deferred tax assets				
Inventories	122	133	-	255
Investment	88	-	-	88
Investment property	2,628	532	-	3,160
Property, plant and equipment	1,877	(135)	-	1,742
Provisions	1,893	(840)	-	1,053
Provisions for employee benefits	13,843	642	(7)	14,478
Lease liabilities	-	8,960	-	8,960
Total	20,451	9,292	(7)	29,736
Deferred tax liabilities				
Right-of-use assets	-	(8,831)	-	(8,831)
Net	20,451	461	(7)	20,905

14 Trade payables

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
		(in thousand Baht)			
Related parties	4	21,732	19,722	26,100	17,804
Other parties		93,170	114,091	71,849	85,105
Total		114,902	133,813	97,949	102,909

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

15 Other current payables

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Related parties	4	9,189	15,680	6,190	8,760
Other parties					
Accrued expenses		31,706	34,937	29,887	33,637
Freight payables		16,054	16,383	13,758	14,568
Advance received from sales		2,324	14,682	548	10,996
Revenue department payables		17,901	12,536	15,456	10,730
Account payables from purchases of assets		2,767	4,400	1,448	2,499
Accrued sales promotion expenses		5,239	8,350	3,079	6,266
Wages payable		5,317	5,055	4,464	4,324
Rental payables		2,794	3,009	2,116	2,328
Others		31,313	26,098	25,670	22,402
Total		124,604	141,130	102,616	116,510

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

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payment plan	74,183	70,435	67,538	64,628
Other long-term employee benefits	1,706	2,097	1,469	1,830
Total	75,889	72,532	69,007	66,458

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Non-current provisions for defined benefit plans at 1 January	72,532	74,176	66,458	67,528
<i>Included in profit or loss</i>				
Current service costs	4,385	4,836	3,940	4,312
Interest on obligation	2,074	1,516	1,885	1,365
Actuarial gains	(19)	(5,150)	(40)	(4,443)
	6,440	1,202	5,785	1,234
<i>Included in other comprehensive income</i>				
Actuarial losses (gains)	374	(1,389)	(33)	(967)
<i>Other</i>				
Benefits paid	(3,457)	(1,457)	(3,203)	(1,337)
Non-current provisions for defined benefit plans at 31 December	75,889	72,532	69,007	66,458

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>For the years ended 31 December</i>				
Demographic assumptions	(28)	3,933	(26)	3,530
Financial assumptions	(1,411)	(7,944)	(1,403)	(7,063)
Experience adjustment	1,813	2,622	1,396	2,566
Total	374	(1,389)	(33)	(967)

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period

	Consolidated and Separated financial statements	
	2023	2022
	(%)	
Discount rate*	3.32 - 3.58	2.87 - 3.30
Salary increase rate	2.05 - 4.45	2.25 - 4.50
Employee turnover rate**	2.50 - 16.00	2.50 - 18.00
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 2023, the weighted-average duration for payment of long-term employee benefits was approximately 14.45 - 17.49 years. (2022: 14.69 - 17.79 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.

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

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	Increase (decrease) (in thousand Baht)			
Discount rate				
0.5% increase	(3,765)	(3,687)	(3,343)	(3,315)
0.5% decrease	4,095	4,008	3,630	3,598
Salary increase rate				
1.0% increase	8,351	7,987	7,397	7,151
1.0% decrease	(7,207)	(6,905)	(6,403)	(6,201)
Employee turnover rate				
10.0% increase	(2,074)	(1,984)	(1,842)	(1,780)
10.0% decrease	2,162	2,066	1,918	1,853

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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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 1,723.0 million (2022: Baht 1,318.2 million) of the Group’s total revenues.

20 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	52,391	43,794	50,534	42,200
Transportation expenses	9,828	7,832	9,576	7,667
Advertising and sales promotion expenses	8,899	7,831	8,298	6,900
Others	11,157	9,669	11,047	9,570
Total	82,275	69,126	79,455	66,337

21 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	73,839	69,069	71,082	66,459
Professional fees	17,595	20,292	14,599	17,584
Information technology expenses	11,960	12,940	9,802	10,682
Depreciation and amortization expenses	3,901	3,913	3,365	3,377
Directors’ remuneration	3,020	3,060	3,020	3,060
Impairment losses and written off assets	2,610	1,818	2,610	1,799
Others	13,324	5,715	12,848	6,240
Total	126,249	116,807	117,326	109,201

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

22 Employee benefit expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Salaries and wages	223,305	220,655	196,008	194,988
Welfares and others	118,615	74,911	106,132	66,932
Contribution to defined contribution plans	10,345	10,024	9,525	9,268
Contribution to defined benefit plans	6,440	1,202	5,785	1,234
Directors' remuneration	3,020	3,060	3,020	3,060
Total	361,725	309,852	320,470	275,482

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.

23 Income tax

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
<i>Income tax recognized in profit or loss</i>					
Current tax					
Current tax		192,433	74,369	153,754	61,976
Under provided in prior years		13	312	13	312
		192,446	74,681	153,767	62,288
Deferred tax					
Movement in temporary differences	13	(630)	3,001	(461)	(820)
Total		191,816	77,682	153,306	61,468
<i>Income tax recognized in other comprehensive income</i>					
Actuarial gain (losses)	13	(75)	278	7	193

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

Reconciliation of effective tax rate

	Consolidated financial statements			
	2023		2022	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		956,928		385,511
Income tax using the Thai corporation tax rate	20	191,386	20	77,102
Expenses deductible at a greater amount		(200)		(407)
Expenses not deductible for tax purposes and others		1,247		1,870
Tax losses decrease		-		(4,196)
Current tax		192,433		74,369
Under provided in prior years		13		312
Movement in temporary differences		(630)		3,001
Income tax expense	20	191,816	20	77,682

	Separate financial statements			
	2023		2022	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		906,392		377,783
Income tax using the Thai corporation tax rate	20	181,278	20	75,557
Income not subject to tax		(28,556)		(14,868)
Expenses deductible at a greater amount		(200)		(355)
Expenses not deductible for tax purposes and others		1,232		1,642
Current tax		153,754		61,976
Under provided in prior years		13		312
Movement in temporary differences		(461)		(820)
Income tax expense	17	153,306	16	61,468

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 2023</i>				
Annual dividend 2022	24 March 2023	21 April 2023	0.75	300
<i>Year 2022</i>				
Annual dividend 2021	25 March 2022	22 April 2022	0.31	124

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

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 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.

(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.

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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:

Consolidated financial statements

	Effective interest rates (% p.a.)	1 year or less	More than 1 year	Total
		<i>(in thousand Baht)</i>		
At 31 December 2022				
Non-derivative financial liabilities				
Leases liabilities	1.21 - 3.26	18,009	23,822	41,831
Less deferred interest		<u>(768)</u>	<u>(814)</u>	<u>(1,582)</u>
Net		<u>17,241</u>	<u>23,008</u>	<u>40,249</u>
At 31 December 2023				
Non-derivative financial liabilities				
Leases liabilities	2.08 - 3.26	20,707	36,518	57,225
Less deferred interest		<u>(1,264)</u>	<u>(1,370)</u>	<u>(2,634)</u>
Net		<u>19,443</u>	<u>35,148</u>	<u>54,591</u>

Separate financial statements

	Effective interest rates (% p.a.)	1 year or less	More than 1 year	Total
		<i>(in thousand Baht)</i>		
At 31 December 2022				
Non-derivative financial liabilities				
Leases liabilities	1.21 - 3.26	14,704	19,716	34,420
Less deferred interest		<u>(637)</u>	<u>(698)</u>	<u>(1,335)</u>
Net		<u>14,067</u>	<u>19,018</u>	<u>33,085</u>
At 31 December 2023				
Non-derivative financial liabilities				
Leases liabilities	2.08 - 3.26	16,866	30,062	46,928
Less deferred interest		<u>(1,035)</u>	<u>(1,093)</u>	<u>(2,128)</u>
Net		<u>15,831</u>	<u>28,969</u>	<u>44,800</u>

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

(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:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
At 31 December 2022		
EUR		
Trade payables	29,653	19,003
Other payables	1,253	1,253
YEN		
Trade payables	4,047	4,047
Net statement of financial position exposure	<u>34,953</u>	<u>24,303</u>
At 31 December 2023		
EUR		
Trade payables	14,968	11,159
Other payables	193	193
YEN		
Trade payables	2,122	2,122
Dollar		
Trade payables	1,801	1,801
Net statement of financial position exposure	<u>19,084</u>	<u>15,275</u>

Quality Construction Products Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2023

26 Commitments

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
(a) Bank guarantees issued by banks to state enterprises	11,357	9,960	2,250	1,400
(b) Unused letters of credit	10,398	18,915	10,398	14,986
(c) Commitments				
- Construction, installation of machinery equipment, and others	26,918	52,277	25,189	41,996
- Expenses of dam's construction for the propose of flood protection	5,505	6,807	5,505	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.				

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 8 February 2024, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2023 at the rate of Baht 1 per share, amounting to Baht 400 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 22 March 2024.

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 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.