

**SCG Ceramics Public Company Limited
and its Subsidiary**

Interim financial statements
for the three-month and six-month periods ended
30 June 2020
and
Independent auditor's report
on review of interim financial information

Independent auditor’s report on review of interim financial information

To the Board of Directors of SCG Ceramics Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of SCG Ceramics Public Company Limited and its subsidiary (the“Group”) and SCG Ceramics Public Company Limited (the“Company”) as at 30 June 2020; the consolidated and separate income statement and statement of comprehensive income for the three-month and six-month periods ended 30 June 2020, the consolidated and separate statements of changes in shareholders’ equity and cash flows for the six-month period ended 30 June 2020 and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standards on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Vairoj Jindamaneepitak)
Certified Public Accountant
Registration No. 3565

KPMG Phoomchai Audit Ltd.
Bangkok
4 August 2020

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 30 June 2020

Assets	Note	Consolidated		Separate	
		financial statement		financial statement	
		30 June	31 December	30 June	31 December
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		571,664	631,409	324,652	259,976
Trade and other current receivables	4,5	1,394,348	1,163,240	1,394,435	1,162,944
Inventories		2,597,691	2,844,358	2,362,292	2,535,182
Land development for sale		486,406	486,406	486,406	486,406
Total current assets		5,050,109	5,125,413	4,567,785	4,444,508
Non-current assets					
Long-term investment in other company		16,605	16,605	16,605	16,605
Investment in subsidiary	6	-	-	1,333,935	758,919
Other non-current receivables		117,998	128,066	117,998	128,066
Investment property		401,791	402,123	399,579	399,911
Property, plant and equipment		5,325,781	5,322,614	4,829,300	4,844,309
Goodwill		25,350	25,350	-	-
Other intangible assets		111,697	118,112	111,247	117,489
Deferred tax assets		219,415	231,555	192,459	205,537
Other non-current assets		24,877	25,521	24,877	25,521
Total non-current assets		6,243,514	6,269,946	7,026,000	6,496,357
Total assets		11,293,623	11,395,359	11,593,785	10,940,865

The accompanying notes are an integral part of these interim financial statements.

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 30 June 2020

Liabilities and shareholders' equity	Note	Consolidated financial statement		Separate financial statement	
		30 June 2020 (Unaudited)	31 December 2019	30 June 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings					
from financial institutions		500,000	160,000	500,000	160,000
Trade and other current payables	4	1,362,800	1,416,853	1,654,608	1,470,998
Current portion of lease liabilities		98,994	-	90,145	-
Current income tax payable		30,003	19,622	19,844	13,630
Current provisions					
for employee benefits		55,941	166,365	55,235	165,658
Total current liabilities		2,047,738	1,762,840	2,319,832	1,810,286
Non-current liabilities					
Lease liabilities		81,912	-	59,345	-
Non-current provisions					
for employee benefits	8	597,641	586,630	508,909	501,208
Other non-current provisions		13,133	13,427	3,694	3,989
Other non-current liabilities		248	278	248	278
Total non-current liabilities		692,934	600,335	572,196	505,475
Total liabilities		2,740,672	2,363,175	2,892,028	2,315,761

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SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 30 June 2020

Liabilities and shareholders' equity	Note	Consolidated financial statement		Separate financial statement	
		30 June 2020 (Unaudited)	31 December 2019	30 June 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Shareholders' equity					
Share capital					
<i>Authorized share capital</i>					
<i>(5,962,621 thousand ordinary shares par value at Baht 1 per share)</i>					
		5,962,621	5,962,621	5,962,621	5,962,621
<i>Issued and paid share capital</i>					
<i>(5,962,621 thousand ordinary shares par value at Baht 1 per share)</i>					
		5,962,621	5,962,621	5,962,621	5,962,621
Share premium on ordinary shares		1,133,594	1,133,594	1,133,594	1,133,594
Surplus on business combinations under common control		211,060	211,060	274,225	274,225
Retained earnings					
<i>Appropriated</i>					
Legal reserve		214,264	214,264	214,264	214,264
<i>Unappropriated</i>		1,075,269	983,604	1,117,053	1,040,400
Other components of shareholders' equity	6	(43,857)	-	-	-
Total equity attributable to owners of the parent		8,552,951	8,505,143	8,701,757	8,625,104
Non-controlling interests		-	527,041	-	-
Total shareholders' equity		8,552,951	9,032,184	8,701,757	8,625,104
Total liabilities and shareholders' equity		11,293,623	11,395,359	11,593,785	10,940,865

The accompanying notes are an integral part of these interim financial statements.

SCG Ceramics Public Company Limited and its Subsidiary

Income statement

For the three-month period ended 30 June 2020 (Unaudited)

	Note	Consolidated financial statement		Separate financial statement	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue from sales of goods	4	2,369,118	2,790,182	2,368,993	2,789,954
Revenue from sales of land		-	-	-	-
Cost of sales of goods	4	(1,787,221)	(2,015,014)	(1,851,122)	(2,087,015)
Cost of sales of land		-	-	-	-
Gross profit		581,897	775,168	517,871	702,939
Other income	4	53,203	51,307	53,223	51,046
Profit before expenses		635,100	826,475	571,094	753,985
Distribution costs		(391,891)	(490,753)	(354,403)	(442,511)
Administrative expenses		(191,386)	(306,291)	(170,988)	(267,025)
Total expenses		(583,277)	(797,044)	(525,391)	(709,536)
Profit from operations		51,823	29,431	45,703	44,449
Finance costs		(2,989)	(1,894)	(2,763)	(1,894)
Profit before income tax		48,834	27,537	42,940	42,555
Tax expense		(7,435)	(11,593)	(6,822)	(15,219)
Profit for the period		41,399	15,944	36,118	27,336
Profit attributable to					
Owners of the parent		41,399	21,197	36,118	27,336
Non-controlling interests		-	(5,253)	-	-
		41,399	15,944	36,118	27,336
Basic earnings per share (in Baht)					
Attributable to owners of the parent		0.01	0.00	0.01	0.00

The accompanying notes are an integral part of these interim financial statements.

SCG Ceramics Public Company Limited and its Subsidiary

Statement of comprehensive income

For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Profit for the period	41,399	15,944	36,118	27,336
Other comprehensive income				
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	41,399	15,944	36,118	27,336
Total comprehensive income attributable to				
Owners of the parent	41,399	21,197	36,118	27,336
Non-controlling interests	-	(5,253)	-	-
	41,399	15,944	36,118	27,336

The accompanying notes are an integral part of these interim financial statements.

SCG Ceramics Public Company Limited and its Subsidiary

Income statement

For the six-month period ended 30 June 2020 (Unaudited)

	Note	Consolidated		Separate	
		financial statement		financial statement	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Revenue from sales of goods	4	4,892,158	5,598,860	4,891,945	5,598,546
Revenue from sales of land		-	202,930	-	202,930
Cost of sales of goods	4	(3,609,207)	(4,121,369)	(3,751,483)	(4,285,604)
Cost of sales of land		-	(96,439)	-	(96,439)
Gross profit		1,282,951	1,583,982	1,140,462	1,419,433
Other income	4	126,362	102,917	126,785	99,929
Profit before expenses		1,409,313	1,686,899	1,267,247	1,519,362
Distribution costs		(828,252)	(959,124)	(750,464)	(862,276)
Administrative expenses		(369,140)	(518,646)	(327,736)	(460,214)
Total expenses		(1,197,392)	(1,477,770)	(1,078,200)	(1,322,490)
Profit from operations		211,921	209,129	189,047	196,872
Finance costs		(5,137)	(4,549)	(4,664)	(4,549)
Profit before income tax		206,784	204,580	184,383	192,323
Tax expense		(36,452)	(48,427)	(33,181)	(47,214)
Profit for the period		170,332	156,153	151,202	145,109
Profit attributable to					
Owners of the parent		166,214	151,027	151,202	145,109
Non-controlling interests		4,118	5,126	-	-
		170,332	156,153	151,202	145,109
Basic earnings per share (in Baht)					
Attributable to owners of the parent		0.03	0.03	0.03	0.02

The accompanying notes are an integral part of these interim financial statements.

SCG Ceramics Public Company Limited and its Subsidiary

Statement of comprehensive income

For the six-month period ended 30 June 2020 (Unaudited)

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Profit for the period	170,332	156,153	151,202	145,109
Other comprehensive income				
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	170,332	156,153	151,202	145,109
Total comprehensive income attributable to				
Owners of the parent	166,214	151,027	151,202	145,109
Non-controlling interests	4,118	5,126	-	-
	170,332	156,153	151,202	145,109

The accompanying notes are an integral part of these interim financial statements.

SCG Ceramics Public Company Limited and its Subsidiary

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2020 (Unaudited)

	Consolidated financial statement							
	Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	Retained earnings		Total equity attributable to owners of the parent	Non- controlling interests	Total shareholders' equity
				Appropriated	Unappropriated			
				Legal reserve				
<i>(in thousand Baht)</i>								
Balance at 1 January 2019	5,962,621	1,133,594	211,060	206,907	883,288	8,397,470	511,845	8,909,315
Comprehensive income for the period								
Profit or loss	-	-	-	-	151,027	151,027	5,126	156,153
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	151,027	151,027	5,126	156,153
Balance at 30 June 2019	5,962,621	1,133,594	211,060	206,907	1,034,315	8,548,497	516,971	9,065,468

The accompanying notes are an integral part of these interim financial statements

SCG Ceramics Public Company Limited and its Subsidiary

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2020 (Unaudited)

	Note	Separate financial statement				Total shareholders' equity	
		Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	Retained earnings		
					Appropriated Legal reserve		Unappropriated
<i>(in thousand Baht)</i>							
Balance at 31 December 2019 - as reported		5,962,621	1,133,594	274,225	214,264	1,040,400	8,625,104
Impact of changes in accounting policies	3	-	-	-	-	(2,997)	(2,997)
Balance at 1 January 2020		5,962,621	1,133,594	274,225	214,264	1,037,403	8,622,107
Transactions with owners, recorded directly in shareholders' equity							
<i>Contributions by and distributions to owners of the parent</i>							
Dividends	10	-	-	-	-	(71,552)	(71,552)
<i>Total contributions by and distributions to owners of the parent</i>		-	-	-	-	(71,552)	(71,552)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	-	(71,552)	(71,552)
Comprehensive income for the period							
Profit or loss		-	-	-	-	151,202	151,202
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	151,202	151,202
Balance at 30 June 2020		5,962,621	1,133,594	274,225	214,264	1,117,053	8,701,757

The accompanying notes are an integral part of these interim financial statements

SCG Ceramics Public Company Limited and its Subsidiary

Statement of cash flows

For the six-month period ended 30 June 2020 (Unaudited)

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	170,332	156,153	151,202	145,109
<i>Adjustments for</i>				
Tax expense	36,452	48,427	33,181	47,214
Depreciation and amortization	354,422	293,565	313,981	259,122
Reversal of impairment loss	(11,774)	(2,779)	(11,774)	(2,779)
Reversal on inventories devaluation	(10,288)	(2,779)	(10,288)	(2,779)
Employee mutual separation plan expenses	26,688	-	26,688	-
Employee benefit expense	24,287	162,591	20,977	141,599
Unrealized loss on foreign currency exchange	2,976	2,276	3,011	2,509
Interest income	(1,387)	(829)	(673)	(211)
Interest expense	5,131	3,876	4,659	3,876
Loss on sales of assets and others	760	3,880	1,232	4,259
Cash flows generated from operations				
before changes in operating assets and liabilities	597,599	664,381	532,196	597,919
<i>Decrease (increase) in operating assets</i>				
Trade and other current receivables	(233,027)	(62,728)	(233,687)	(64,537)
Inventories	256,593	(148,021)	183,093	(165,346)
Land development for sale	-	95,176	-	95,176
Other assets	10,064	17,249	10,064	17,249
Net decrease (increase) in operating assets	33,630	(98,324)	(40,530)	(117,458)
<i>Increase (decrease) in operating liabilities</i>				
Trade and other current payables	(25,662)	147,418	210,496	165,093
Provisions for employee benefits	(179,103)	(56,144)	(179,103)	(56,144)
Other liabilities	(324)	(4,674)	(324)	(4,489)
Net increase (decrease) in operating liabilities	(205,089)	86,600	31,069	104,460
Net cash flows generated from operations	426,140	652,657	522,735	584,921
Income tax paid	(13,964)	(17,168)	(13,922)	(13,645)
Net cash flows provided by operating activities	412,176	635,489	508,813	571,276

The accompanying notes are an integral part of these interim financial statements

SCG Ceramics Public Company Limited and its Subsidiary

Statement of cash flows

For the six-month period ended 30 June 2020 (Unaudited)

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Acquisition of non-controlling interests	-	-	(574,860)	-
Proceeds from sales of property, plant and equipment	827	1,751	353	1,372
Acquisition of property, plant and equipment	(102,310)	(173,014)	(79,303)	(140,180)
Acquisition of intangible assets	(5,681)	(9,916)	(5,681)	(9,898)
Interest received	1,471	826	757	208
Net cash flows used in investing activities	(105,693)	(180,353)	(658,734)	(148,498)
<i>Cash flows from financing activities</i>				
Payments of changes in ownership interests in subsidiaries that do not result in a loss of control	(574,860)	-	-	-
Proceeds from (payments of) borrowings				
Short-term borrowings from financial institutions	340,000	(495,000)	340,000	(495,000)
Payments of finance lease liabilities	(56,958)	-	(50,993)	-
Net increase (decrease) in borrowings	283,042	(495,000)	289,007	(495,000)
Dividends paid				
Dividends paid	(71,552)	-	(71,552)	-
Total Dividends paid	(71,552)	-	(71,552)	-
Interest paid	(2,858)	(5,142)	(2,858)	(5,143)
Net cash flows from (used in) financing activities	(366,228)	(500,142)	214,597	(500,143)
Net increase (decrease) in cash and cash equivalents	(59,745)	(45,006)	64,676	(77,365)
Cash and cash equivalents at beginning of the period	631,409	424,433	259,976	119,857
Cash and cash equivalents at end of the period	571,664	379,427	324,652	42,492
<i>Supplementary information for cash flows</i>				
Non-cash transactions				
Account payables from purchase of assets	28,102	48,486	23,562	35,943

The accompanying notes are an integral part of these interim financial statements

SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

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SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

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 4 August 2020.

1 General information

SCG Ceramics Public Company Limited, (the "Company"), is incorporated in Thailand and has its registered offices at:

- | | |
|-------------|---|
| Head office | - 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand |
| Factory | - 61 Moo 1 Nong Khae Industrial Estate, Tambon Kokyae, Amphur Nongkhae, Saraburi 18230, Thailand |
| | - 33/1 Moo 2, Suvannasorn road, Tambon Kokyae, Amphur Nongkhae, Saraburi 18230, Thailand |
| | - 40 Moo 2, Rim Klong Rapeepat road, Tambon Nong Pling, Amphur Nongkhae, Saraburi 18140, Thailand |
| | - 33/2 Moo 2, Rim Klong Rapeepat road, Tambon Nong Pling, Amphur Nongkhae, Saraburi 18140, Thailand |

The Company and its subsidiary (the "Group") principal activities are engaged in manufacturing and sales of ceramic floor tiles and wall tiles and industrial estate development.

The immediate and ultimate parent companies were Cementhai Ceramic Co., Ltd. and The Siam Cement Public Company Limited, respectively. Both were incorporated in Thailand.

SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its 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 do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2019 except that the Group has adopted all the new and revised TFRSs that are effective for annual periods beginning on or after 1 January 2020. The Group has initially applied TFRS - Financial instruments standards and TFRS 16 *Leases* and disclosed the impact of changes in accounting policies in note 3.

(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 unless otherwise stated.

(c) Use of estimates and judgments

The preparation of interim financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The significant assumptions in applying the Group’s accounting policies and the key sources of estimation were the same as those that applied to the financial statements for the year ended 31 December 2019, except for the judgments and the new key sources of estimation related to the application of new TFRSs and accounting guidance: temporary relief measures for additional accounting options in response to impact from the situation of COVID-19 outbreak.

SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

The significant assumptions and the key sources of estimation included in the following notes:

Note 5 and 6	Measurement of the recoverable amounts of each asset and cash-generating units;
Note 8	Measurement of non-current provisions for defined benefit plans: - key actuarial assumptions; and
Note 12	Recognition and measurement of provisions and contingent liabilities.

According to the situation of COVID-19 outbreak, it is resulted in estimation uncertainty. The Group elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 outbreak for the transaction related to interim financial statements as at 30 June 2020 on the following:

(a) Impairment of assets

The Group considered impairment of trade accounts receivables under simplified approach using historical loss rate for expected credit loss and did not take forward-looking information about the uncertain situation of COVID-19 into account.

(b) Fair value measurement

The Group elected to measure investment in non-marketable long-term investment in other company at using fair values at 1 January 2020.

(c) Lease modifications

The Company elected to exclude a contractual rental concession as a result of the COVID-19 situation as a lease modification by gradually deducted lease liabilities in proportion to the reduced rental, reversed depreciation of right-of-use assets and interest on lease liabilities in proportion to the reduced rental, and recognized the differences to profit or loss.

(d) Basis of consolidation

The interim consolidated financial statements for the three-month and six-month periods ended 30 June 2020 include the accounts of SCG Ceramics Public Company Limited and its subsidiary. Subsidiary included in the interim consolidated financial statements is Sosuco Ceramic Co., Ltd.

All significant intercompany transactions with subsidiaries included in the interim financial statements have been eliminated.

SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact-of-changes in accounting policies are as follows:

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives are measured at FVTPL. It replaces accounting policies of the Group on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The classification - Financial assets under TFRS 9 has no material effect on trade receivables. However, the Group recognized derivatives as FVTPL. At the initial date of the first time adoption, the Group adjusted the cumulative effects to retained earnings on 1 January 2020 decreased Baht 3 million in consolidated financial statement and separate financial statement with no restatement of comparative information. In addition, the Group has long-term investments in other company recognized at cost less any impairment losses, the Group classified them as FVOCI under TFRS 9 which has no material effect on the financial statements of the Group.

(2) Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the financial statements of the Group.

(3) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The Group classified other financial liabilities which are not held for trading or derivative measured at amortized cost. The adoption of TFRS 9 has no material effect on the financial statements of the Group.

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(4) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while former TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. At the initial date of the first time adoption, the Group has no effect on this matter.

(5) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model of financial assets whereas previously the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI.

The Group made an assessment of the impairment of financial assets under TFRS 9. This adoption has no material effect on the consolidated financial statements of the Group.

(b) TFRS 16 Lease

Previously, the Group, as a lessee, recognized payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. When TFRS 16 is effective from 1 January 2020, it introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items

The Group applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach, by recognizing cumulative impact of right-of-use assets and lease liabilities with no restatement of comparative information. The Group elected to use some practical expedients as stated by TFRS16.

The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognized the increase in right-of-use assets amounting to Baht 229 million while the prepaid rental expenses decrease amounting to Baht 9 million and affect to increase in lease liabilities amounting to Baht 220 million in consolidated financial statement and recognized the increase in right-of-use assets amounting to Baht 189 million while the prepaid rental expenses decrease amounting to Baht 9 million and affect to increase in lease liabilities amounting to Baht 180 million in separate financial statement. The nature of expenses related to those leases will change as the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate and used of exemption for short-term lease and low-value items lease assets, combined with finance lease liabilities.; therefore, the Group has recognized lease liabilities as at 1 January 2020 amounted to Baht 220 million and Baht 180 million in consolidated financial statement and separate financial statement. Incremental borrowing rates were 1.83% to 3.13% per year.

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4 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, or vice versa.

During the period, there is no significant change in related parties from the financial statement for the year ended 31 December 2019.

Significant transactions with related parties for the three-month and six-month periods ended 30 June were as follows:

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>For the three-month period ended 30 June</i>				
<i>Ultimate parent</i>				
Service fee	14,155	12,635	14,058	13,206
Sale of goods	403	-	403	-
<i>Parent</i>				
Service fee	9,309	11,113	8,984	9,379
Other income	2,700	2,907	2,700	2,907
<i>Subsidiary</i>				
Purchases	-	-	322,840	359,879
Service fee	-	-	1,124	907
Other income	-	-	844	793
<i>Other related parties</i>				
Purchases	69,861	110,600	64,357	100,690
Service fee	66,988	80,748	63,584	78,152
Sale of goods	88,756	188,652	88,756	188,652
Other income	10,196	15,784	10,196	15,784

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	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>For the six-month period ended 30 June</i>				
<i>Ultimate parent</i>				
Service fee	27,313	33,335	27,065	32,753
Sale of goods	403	-	403	-
<i>Parent</i>				
Service fee	25,271	20,808	21,605	16,362
Other income	5,263	5,871	5,263	5,871
<i>Subsidiary</i>				
Purchases	-	-	645,467	724,963
Service fee	-	-	2,476	1,980
Other income	-	-	2,063	1,194
<i>Other related parties</i>				
Purchases	158,817	236,274	143,261	214,409
Service fee	141,486	159,680	135,016	156,654
Sale of goods	139,172	350,202	139,172	350,202
Other income	21,959	22,696	21,959	22,695

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Balances as at 30 June 2020 and 31 December 2019 with related parties were as follows:

Trade receivables

	Consolidated financial statement		Separate financial statement	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	431	-	431	-
<i>Other related parties</i>				
Mariwasa-Siam Ceramics, Inc.	23,488	12,830	23,488	12,830
Siam Global House Public Company Limited	21,185	39,375	21,185	39,375
PT Kokoh Inti Arebama Tbk	12,640	309	12,640	309
SCG Distribution Co., Ltd.	5,583	4,800	5,583	4,800
SCG Cement-Building Materials Co., Ltd.	3,267	808	3,267	808
SCG-Sekisui Sales Co., Ltd.	3,107	576	3,107	576
Sekisui-SCG Industry Co., Ltd.	146	1,878	146	1,878
Prime International Import - Export and Service Trading Company Limited	-	723	-	723
SCG International USA Inc.	578	-	578	-
Others	719	879	719	879
Total	71,144	62,178	71,144	62,178

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Other current receivables

	Consolidated financial statement		Separate financial statement	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	22,605	21,239	22,605	21,239
<i>Parent</i>				
Cementthai Ceramic Co., Ltd.	3,177	4,682	3,177	4,682
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	6,080	2,556
<i>Other related parties</i>				
SCG Paper Energy Co., Ltd.	26,084	8,034	26,084	8,034
Thai Containers Group Co., Ltd.	17,833	10,529	17,833	10,529
Mariwasa-Siam Ceramics, Inc.	7,784	8,843	7,784	8,843
SCG Cement-Building Materials Co., Ltd.	3,746	9,463	3,746	9,463
PT KIA Keramik Mas	1,458	335	1,458	335
Siam Sanitary Ware Industry Co., Ltd.	619	875	619	875
PT Keramika Indonesia Assosiasi, Tbk.	601	419	601	419
The Siam Fibre-Cement Co., Ltd.	574	405	574	405
SCG Roofing Co., Ltd.	496	949	496	949
SCG Logistics Management Co., Ltd.	105	887	105	887
Thai Containers Khonkaen Co., Ltd.	-	4,937	-	4,937
Others	1,913	1,760	1,913	1,760
Total	86,995	73,357	93,075	75,913

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Trade payables

	Consolidated financial statement		Separate financial statement	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	410,317	192,683
<i>Other related parties</i>				
SCG Logistics Management Co., Ltd.	31,026	35,770	30,272	35,482
Prime International Import - Export and Service Trading Company Limited	16,103	19,514	16,004	19,514
Thai Containers Group Co., Ltd.	12,366	14,637	9,460	9,283
Noritake SCG Plaster Co., Ltd.	5,747	3,988	5,747	3,988
Siam Sanitary Ware Industry Co., Ltd.	4,266	2,326	4,266	2,326
SCG International Hong Kong Limited	3,084	790	3,084	790
The Siam Cement (Kaeng Khoi) Co., Ltd.	2,764	2,589	2,764	2,589
SCG Cement Co., Ltd.	1,749	3,189	1,749	3,189
SCG Cement-Building Materials Co., Ltd.	1,615	1,662	1,615	1,662
PT KIA Serpilh Mas	-	1,496	-	1,496
PT Keramika Indonesia Assosiasi, Tbk.	-	857	-	857
Others	1,334	678	1,334	678
Total	80,054	87,496	486,612	274,537

Other current payables

	Consolidated financial statement		Separate financial statement	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	29,138	49,430	26,952	49,390
<i>Parent</i>				
Cementthai Ceramic Co., Ltd.	9,648	8,528	9,505	7,638
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	1,509	634

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	Consolidated financial statement		Separate financial statement	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
SCG Cement-Building Materials Co., Ltd.	28,990	15,038	27,555	14,042
SCG Experience Co., Ltd.	6,842	2,467	6,842	2,467
IT One Co., Ltd.	3,505	3,536	3,218	3,320
SCG Logistics Management Co., Ltd.	2,821	1,339	2,821	1,339
SCG Building Materials Co., Ltd.	1,737	918	1,737	918
Mariwasa-Siam Ceramics, Inc.	1,041	2,366	1,041	2,366
SCG Legal Counsel Limited	637	431	636	431
Others	1,176	1,514	1,106	1,514
Total	85,535	85,567	82,922	84,059

The Board of Directors and key management compensation

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>For the three-month period ended 30 June</i>				
Short-term employee benefits	8,043	8,049	8,043	8,049
Post-employment benefits	754	2,520	754	2,520
Total	8,797	10,569	8,797	10,569
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	16,096	15,517	16,096	15,517
Post-employment benefits	1,501	3,050	1,501	3,050
Total	17,597	18,567	17,597	18,567

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5 Trade and other current receivables

	Note	Consolidated financial statement		Separate financial statement	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
<i>(in thousand Baht)</i>					
Trade receivables					
Related parties	4	71,144	62,178	71,144	62,178
Other companies		1,161,232	978,490	1,161,232	978,490
Less allowance for impairment		(1,836)	(13,614)	(1,836)	(13,614)
Net		1,159,396	964,876	1,159,396	964,876
		1,230,540	1,027,054	1,230,540	1,027,054
Other current receivables					
Related parties	4	86,995	73,357	93,075	75,913
Other companies					
Prepaid expenses		35,956	31,189	30,307	28,820
Other and utility receivables		27,243	20,578	27,242	20,562
Others		13,614	11,062	13,271	10,595
		76,813	62,829	70,820	59,977
		163,808	136,186	163,895	135,890
Total		1,394,348	1,163,240	1,394,435	1,162,944

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
For the three-month period ended 30 June				
Reversal of impairment losses	8,381	34	8,381	34
For the six-month period ended 30 June				
Reversal of impairment losses	11,778	2,782	11,778	2,782

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Aging analyses for trade receivables were as follows:

	Consolidated		Separate	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Trade receivables				
Related parties				
Within credit terms	67,729	59,215	67,729	59,215
Overdue:				
Less than 1 month	3,231	2,963	3,231	2,963
1 - 3 month	184	-	184	-
Total	71,144	62,178	71,144	62,178
Other companies				
Within credit terms	1,115,233	900,053	1,115,233	900,053
Overdue:				
Less than 1 month	40,208	53,427	40,208	53,427
1 - 3 months	428	12,946	428	12,946
Over 3 - 12 months	3,565	3,810	3,565	3,810
Over 12 months	1,798	8,254	1,798	8,254
	1,161,232	978,490	1,161,232	978,490
<i>Less allowance for impairment</i>	<i>(1,836)</i>	<i>(13,614)</i>	<i>(1,836)</i>	<i>(13,614)</i>
Net	1,159,396	964,876	1,159,396	964,876
Total	1,230,540	1,027,054	1,230,540	1,027,054

The normal credit terms granted by the Group range from 30 days to 120 days

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6 Investment in subsidiary

	Ownership interest		Paid-up capital		Cost method		Dividend income	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 2020	30 Jun 2019
	(%)				<i>(in thousand Baht)</i>			
Sosuco Ceramic Co., Ltd.	100.00	53.89	800,000	800,000	<u>1,333,935</u>	<u>758,919</u>	-	-

In March 2020, the Company purchased additional ordinary shares of Sosuco Ceramic Co., Ltd. (“SSC”), totaling 3,686 shares or representing 46.11%, amounting to Baht 575 million. As a result, the Company’s ownership increased from 53.89% to 100%.

The following summarises the effect of the change in the Group’s ownership interests in SSC:

	<i>(in thousand Baht)</i>
Carrying amount of non-controlling interests acquired	531,159
Less consideration paid to non-controlling interests	<u>(575,016)</u>
Decrease in equity attributable to owners of the Group from additional investments in subsidiary	<u>(43,857)</u>

7 Changes in liabilities arising from financing activities

	Consolidated financial statement Lease liabilities	Separate financial statement Lease liabilities
	<i>(in thousand Baht)</i>	
Balance at 31 December 2019	-	-
The effect of changes to significant accounting policies	220,741	179,658
Balance at 1 January 2020	<u>220,741</u>	<u>179,658</u>
Changes from financing cash flows	(56,958)	(50,993)
Other changes from non-cash movement	17,123	20,825
Balance at 30 June 2020	<u>180,906</u>	<u>149,490</u>

	Consolidated and Separate financial statement Short-term borrowings from financial institutions	
	2020	2019
	<i>(in thousand Baht)</i>	
Balance at 1 January	160,000	865,000
Changes from financing cash flows	340,000	(495,000)
Balance at 30 June	<u>500,000</u>	<u>370,000</u>

As at 30 June 2020, the Company had promissory notes with two local banks amounted to Baht 500 million (31 December 2019: Baht 160 million) with interest rate from 0.86% to 1.08% per annum (31 December 2019: from 1.37% to 1.45% per annum).

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8 Non-current provisions for employee benefits

The Group operates defined benefit plans 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 statements of financial position

	Consolidated financial statement		Separate financial statement	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payments plan	577,102	565,632	488,600	480,273
Other long-term employee benefits	19,490	19,184	19,260	19,121
Total non-current provisions for defined benefit plans	596,592	584,816	507,860	499,394
Other employee benefits	1,049	1,814	1,049	1,814
Total	597,641	586,630	508,909	501,208

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

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>For the six-month period ended 30 June</i>				
Non-current provisions for defined at 1 January	584,816	396,851	499,394	340,413
Included in profit or loss				
Current service costs	18,630	17,059	16,002	14,626
Interest on obligation	5,204	7,841	4,522	6,763
Past service cost from the amended severance pay of the Labor Law	-	124,083	-	106,602
	23,834	148,983	20,524	127,991
Others				
Benefits paid	(12,058)	(4,976)	(12,058)	(4,976)
Non-current provisions for defined benefit plans at 30 June	596,592	540,858	507,860	463,428

Actuarial assumptions

In the second quarter of 2020, there is no significant change in actuarial assumptions regarding the financial statements from the year ended 31 December 2019.

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9 Business segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group comprises the following main business segments:

- Manufacturing and sales of ceramic tiles business
- Industrial estate development and real estate business

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information relating to business segments for the six-month period ended 30 June was as follows:

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun	
	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>					
Information from consolidated income statement						
External revenue	4,892,158	5,598,860	-	202,930	4,892,158	5,801,790
Other income	50,932	30,911	75,430	72,006	126,362	102,917
Interest income	1,387	829	-	-	1,387	829
Finance cost	5,137	4,549	-	-	5,137	4,549
Depreciation and amortization	344,823	282,292	9,599	11,273	354,422	293,565
Profit before income tax	170,760	81,165	36,024	123,415	206,784	204,580
Tax expense	(29,275)	(21,174)	(7,177)	(27,253)	(36,452)	(48,427)
Profit for the period	<u>141,485</u>	<u>59,991</u>	<u>28,847</u>	<u>96,162</u>	<u>170,332</u>	<u>156,153</u>

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec
	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>					
Information from consolidated statement of financial position						
Land development for sale	-	-	486,406	486,406	486,406	486,406
Segment assets	10,225,791	10,328,840	581,426	580,113	10,807,217	10,908,953

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10 Dividends

On 19 March 2020, the meeting of the Board of Directors passed a resolution to postpone the 2020 Annual General Meeting of Shareholders of the Company which scheduled on 27 March 2020 to 29 June 2020 due to the situation of the COVID-19 outbreak, and approved the interim dividend payment from the Company's profit as of 31 December 2019 instead of the annual dividend payment which was planned to propose to this Annual General Meeting of Shareholders of the Company for their consideration. Therefore, the Board of Directors will not approve the payment for annual dividend of 2019 again.

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

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
<i>2020</i>				
Interim dividend 2019	19 Mar 2020	17 Apr 2020	0.012	71,552
Total			0.012	71,552

11 Financial instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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	Separate financial statement				Fair value			
	Carrying amount		Fair value		Level 1	Level 2	Level 3	Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost - net	Total				
<i>At 30 June 2020</i>								
				<i>(in thousand Baht)</i>				
<i>Financial assets</i>								
Cash and cash equivalents	-	-	324,652	324,652				
Trade receivables	-	-	1,230,540	1,230,540				
Derivatives assets	3,329	-	-	3,329	-	3,329	-	3,329
Long-term investment in other company	-	16,605	-	16,605	-	-	16,605	16,605
Total other financial assets	3,329	16,605	1,555,192	1,575,126				
<i>Financial liabilities</i>								
Loans from financial institutions	-	-	(500,000)	(500,000)				
Trade payable	-	-	(1,070,267)	(1,070,267)				
Other financial liabilities								
Derivatives liabilities	(5,554)	-	-	(5,554)	-	(5,554)	-	(5,554)
Total other financial liabilities	(5,554)	-	(1,570,267)	(1,575,821)				

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Financial instruments measured at fair value

These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Group's investments are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within 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.

The Group determined Level 2 fair values for forward exchange contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts.

The Group determined Level 3 fair values for long-term investment in other company which is not actively traded in market. The fair value of the investment was then determined using a valuation technique that used significantly unobservable input such as the latest reporting net assets adjusted by relevant factors because the shares were not listed on Stock Exchange, and there were no recent observable arm's length transactions in the shares

12 Commitments and contingent liabilities

As at 30 June 2020

- (a) The Company had letters of guarantee issued by banks to government, state enterprises, private sectors and others totaling approximately Baht 17 million (*31 December 2019: Baht 26 million*).
- (b) The Group had commitments for construction building and machinery totaling approximately Baht 31 million (*31 December 2019: Baht 24 million*).
- (c) The Group had entered into various building and car lease agreements. The periods of these agreements are 3 years expiring in various dates up to May 2023. Under the terms of these agreements, the Group has to pay annual rental as follows:

	Consolidated		Separate	
	financial statement		financial statement	
	30 Jun	31 Dec	30 Jun	31 Dec
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Within one year	2,620	79,379	2,296	68,393
After one year but within five years	1,049	65,745	927	59,940
Total	3,669	145,124	3,223	128,333

- (d) The Company has entered into a purchase agreement with a local company to purchase electricity and heat energy with a price which is calculated under the conditions as indicated in the agreement. This agreement shall be in effect for the period of fifteen (15) years commencing on June 2012.