

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

Interim financial statements
for the three-month period ended
31 March 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 31 March 2020; the consolidated and separate income statement and statement of comprehensive income, changes in shareholders’ equity and cash flows for the three-month period ended 31 March 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
7 May 2020

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 31 March 2020

Assets	Note	Consolidated		Separate	
		financial statement		financial statement	
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		844,543	631,409	476,548	259,976
Trade and other current receivables	4,5	1,175,392	1,163,240	1,173,400	1,162,944
Inventories		2,903,783	2,844,358	2,583,282	2,535,182
Land development for sale		486,406	486,406	486,406	486,406
Total current assets		5,410,124	5,125,413	4,719,636	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		123,399	128,066	123,399	128,066
Investment property		401,957	402,123	399,745	399,911
Property, plant and equipment		5,453,464	5,322,614	4,942,815	4,844,309
Goodwill		25,350	25,350	-	-
Other intangible assets other than goodwill		111,332	118,112	110,812	117,489
Deferred tax assets		214,516	231,555	189,191	205,537
Other non-current assets		25,162	25,521	25,162	25,521
Total non-current assets		6,371,785	6,269,946	7,141,664	6,496,357
Total assets		11,781,909	11,395,359	11,861,300	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 31 March 2020

Liabilities and shareholders' equity	Note	Consolidated financial statement		Separate financial statement	
		31 March 2020 (Unaudited)	31 December 2019	31 March 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings					
from financial institutions		950,000	160,000	950,000	160,000
Trade and other current payables	4	1,426,808	1,416,853	1,492,471	1,470,998
Current portion of lease liabilities		113,149	-	103,460	-
Current income tax payable		30,148	19,622	22,221	13,630
Current provisions					
for employee benefits		42,925	166,365	42,218	165,658
Total current liabilities		2,563,030	1,762,840	2,610,370	1,810,286
Non-current liabilities					
Lease liabilities		95,803	-	70,283	-
Non-current provisions					
for employee benefits	8	597,785	586,630	510,707	501,208
Other non-current provisions		13,427	13,427	3,989	3,989
Other non-current liabilities		312	278	312	278
Total non-current liabilities		707,327	600,335	585,291	505,475
Total liabilities		3,270,357	2,363,175	3,195,661	2,315,761

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 31 March 2020

	Consolidated		Separate	
	financial statement		financial statement	
Liabilities and shareholders' equity	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
	<i>(in thousand Baht)</i>			
Shareholders' equity				
Share capital				
<i>Authorized share capital</i>				
<i>(5,962,621 thousand ordinary shares,</i>				
<i>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,</i>				
<i>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>	1,033,870	983,604	1,080,935	1,040,400
Other components of shareholders' equity	(43,857)	-	-	-
Total equity attributable to				
owners of the parent	8,511,552	8,505,143	8,665,639	8,625,104
Non-controlling interests	-	527,041	-	-
Total shareholders' equity	8,511,552	9,032,184	8,665,639	8,625,104
Total liabilities and shareholders' equity	11,781,909	11,395,359	11,861,300	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 31 March 2020 (Unaudited)

	Note	Consolidated		Separate	
		financial statement		financial statement	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Revenue from sales of goods	4	2,523,040	2,808,678	2,522,952	2,808,592
Revenue from sales of land		-	202,930	-	202,930
Cost of sales of goods	4	(1,821,986)	(2,106,355)	(1,900,361)	(2,198,589)
Cost of sales of land		-	(96,439)	-	(96,439)
Gross profit		701,054	808,814	622,591	716,494
Other income	4	73,159	51,610	73,562	48,883
Profit before expenses		774,213	860,424	696,153	765,377
Distribution costs		(436,361)	(468,371)	(396,061)	(419,765)
Administrative expenses		(177,754)	(212,355)	(156,748)	(193,189)
Total expenses		(614,115)	(680,726)	(552,809)	(612,954)
Profit from operations		160,098	179,698	143,344	152,423
Finance costs		(2,148)	(2,655)	(1,901)	(2,655)
Profit before income tax		157,950	177,043	141,443	149,768
Tax expense		(29,017)	(36,834)	(26,359)	(31,995)
Profit for the period		128,933	140,209	115,084	117,773
Profit attributable to					
Owners of the parent		124,815	129,830	115,084	117,773
Non-controlling interests		4,118	10,379	-	-
		128,933	140,209	115,084	117,773
Basic earnings per share (in Baht)					
Attributable to owners of the parent	10	0.02	0.02	0.02	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 three-month period ended 31 March 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	128,933	140,209	115,084	117,773
Other comprehensive income				
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	128,933	140,209	115,084	117,773
Total comprehensive income attributable to				
Owners of the parent	124,815	129,830	115,084	117,773
Non-controlling interests	4,118	10,379	-	-
	128,933	140,209	115,084	117,773

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 three-month period ended 31 March 2020 (Unaudited)

	Consolidated financial statement							
	Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	<i>Retained earnings</i>		Total equity attributable to owners of the parent	Non- controlling interests	Total shareholders' equity
				Appropriated Legal reserve	Unappropriated			
				<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	-	-	-	-	129,830	129,830	10,379	140,209
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	129,830	129,830	10,379	140,209
Balance at 31 March 2019	5,962,621	1,133,594	211,060	206,907	1,013,118	8,527,300	522,224	9,049,524

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 three-month period ended 31 March 2020 (Unaudited)

	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 1 January 2019	5,962,621	1,133,594	274,225	206,907	957,099	8,534,446
Comprehensive income for the period						
Profit or loss	-	-	-	-	117,773	117,773
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	117,773	117,773
Balance at 31 March 2019	5,962,621	1,133,594	274,225	206,907	1,074,872	8,652,219

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SCG Ceramics Public Company Limited and its Subsidiary

Statement of changes in shareholders' equity

For the three-month period ended 31 March 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	11	-	-	-	-	(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		-	-	-	-	115,084	115,084
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	115,084	115,084
Balance at 31 March 2020		5,962,621	1,133,594	274,225	214,264	1,080,935	8,665,639

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 three-month period ended 31 March 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	128,933	140,209	115,084	117,773
<i>Adjustments for</i>				
Tax expense	29,017	36,834	26,359	31,995
Depreciation and amortization	178,895	145,736	158,854	128,383
Reversal of impairment loss	(3,397)	(2,748)	(3,397)	(2,748)
Reversal on inventories devaluation	(8,489)	(568)	(8,489)	(568)
Employee benefit expense	11,918	12,450	10,262	10,694
Unrealized gain on foreign currency exchange	(3,706)	(3,460)	(3,902)	(3,449)
Interest income	(597)	(379)	(225)	(81)
Interest expense	2,143	2,655	1,896	2,655
Loss on sales of assets and others	46	543	457	857
Cash flows generated from operations				
before changes in operating assets and liabilities	334,763	331,272	296,899	285,511
<i>Decrease (increase) in operating assets</i>				
Trade and other current receivables	633	(20,084)	1,957	(15,899)
Inventories	(52,354)	(3,918)	(41,030)	(5,538)
Land development for sale	-	95,176	-	95,176
Other assets	4,667	9,187	4,667	9,187
Net decrease (increase) in operating assets	(47,054)	80,361	(34,406)	82,926
<i>Increase (decrease) in operating liabilities</i>				
Trade and other current payables	(36,998)	208,182	(24,913)	236,991
Provisions for employee benefits	(150,733)	(54,948)	(150,732)	(54,948)
Other liabilities	34	(4,540)	34	(4,457)
Net increase (decrease) in operating liabilities	(187,697)	148,694	(175,611)	177,586
Net cash flows generated from operations	100,012	560,327	86,882	546,023
Income tax paid	(1,452)	(4,050)	(1,423)	(4,009)
Net cash flows provided by operating activities	98,560	556,277	85,459	542,014

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 three-month period ended 31 March 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	740	667	329	280
Acquisition of property, plant and equipment	(68,558)	(73,932)	(52,780)	(62,720)
Acquisition of intangible assets	(230)	(3,928)	(230)	(3,928)
Interest received	262	-	262	-
Net cash flows used in investing activities	(67,786)	(77,193)	(627,279)	(66,368)
<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	790,000	(525,000)	790,000	(525,000)
Payments of finance lease liabilities	(31,827)	-	(30,655)	-
Net increase (decrease) in borrowings	758,173	(525,000)	759,345	(525,000)
Interest paid	(953)	(3,390)	(953)	(3,390)
Net cash flows from (used in) financing activities	182,360	(528,390)	758,392	(528,390)
Net increase (decrease) in cash and cash equivalents	213,134	(49,306)	216,572	(52,744)
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	844,543	375,127	476,548	67,113
<i>Supplementary information for cash flows</i>				
Non-cash transactions				
Account payables from purchase of assets	16,806	30,762	12,776	22,273
Dividend payables	71,552	-	71,552	-

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 period ended 31 March 2020 (Unaudited)

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SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 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 7 May 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 period ended 31 March 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 (“interim financial statements”) 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.

In addition to the above new and revised TFRSs, the Federation of Accounting Professions has issued a number of new and revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2021 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 new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(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 period ended 31 March 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 13	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 consolidated financial statements as at 31 March 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

(d) Basis of consolidation

The interim consolidated financial statements for the three-month period ended 31 March 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 period ended 31 March 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

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group did not adjust the comparative information.

This 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.

SCG Ceramics Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

(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 and contract 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, lease receivables, except for investments in equity instruments.

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 consolidate 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 period ended 31 March 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 31 March</i>				
<i>Ultimate parent</i>				
Service fee	13,158	20,700	13,007	19,547
<i>Parent</i>				
Service fee	15,962	9,695	12,621	6,983
Other income	2,563	2,964	2,563	2,964
<i>Subsidiary</i>				
Purchases	-	-	322,627	365,084
Service fee	-	-	1,352	1,073
Other income	-	-	1,219	401
<i>Other related parties</i>				
Purchases	88,956	125,674	78,904	113,719
Service fee	74,498	78,932	71,432	78,503
Sale of goods	50,416	161,550	50,416	161,550
Other income	11,763	6,912	11,763	6,911

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

Trade receivables

	Consolidated financial statement		Separate financial statement	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
Mariwasa-Siam Ceramics, Inc.	11,221	12,830	11,221	12,830
SCG Distribution Co., Ltd.	5,613	4,800	5,613	4,800
PT Kokoh Inti Arebama Tbk	4,940	309	4,940	309
Siam Global House Public Company Limited	3,738	39,375	3,738	39,375
Prime International Import - Export and Service Trading Company Limited	2,356	723	2,356	723
SCG-Sekisui Sales Co., Ltd.	2,138	576	2,138	576
Sekisui-SCG Industry Co., Ltd.	1,663	1,878	1,663	1,878
SCG Cement-Building Materials Co., Ltd.	1,457	808	1,457	808
Others	687	879	687	879
Total	33,813	62,178	33,813	62,178

Other current receivables

	Consolidated financial statement		Separate financial statement	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	25,634	21,239	25,634	21,239
<i>Parent</i>				
Cementhai Ceramic Co., Ltd.	2,702	4,682	2,222	4,682
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	3,121	2,556

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	Consolidated financial statement		Separate financial statement	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
Thai Containers Group Co., Ltd.	14,759	10,529	14,759	10,529
SCG Paper Energy Co., Ltd.	13,651	8,034	13,651	8,034
SCG Cement-Building Materials Co., Ltd.	8,888	9,463	8,888	9,463
Mariwasa-Siam Ceramics, Inc.	8,240	8,843	8,240	8,843
Thai Containers Khonkaen Co., Ltd.	2,831	4,937	2,831	4,937
The Siam Fibre-Cement Co., Ltd.	1,128	405	1,128	405
PT KIA Keramik Mas	1,049	335	1,049	335
PT Keramika Indonesia Assosiasi, Tbk.	725	419	725	419
Siam Sanitary Ware Industry Co., Ltd.	558	875	558	875
Quality Construction Products Public Company Limited	455	202	455	202
SCG Cement Co., Ltd.	308	123	308	123
The Concrete Products and Aggregate Co., Ltd.	284	152	284	152
Thai Ceramic Roof Tile Co., Ltd.	177	927	177	927
The Siam Cement (Ta Luang) Co., Ltd.	30	360	30	360
SCG Logistics Management Co., Ltd.	7	887	7	887
The Siam Sanitary Fittings Co., Ltd.	-	312	-	312
Others	1,093	633	1,093	633
Total	82,519	73,357	85,160	75,913

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Trade payables

	Consolidated financial statement		Separate financial statement	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	201,622	192,683
<i>Other related parties</i>				
SCG Logistics Management Co., Ltd.	36,657	35,770	36,418	35,482
Prime International Import - Export and Service Trading Company Limited	18,708	19,514	18,708	19,514
Thai Containers Group Co., Ltd.	17,757	14,637	12,661	9,283
The Siam Cement (Kaeng Khoi) Co., Ltd.	4,850	2,589	4,850	2,589
Noritake SCG Plaster Co., Ltd.	4,799	3,988	4,799	3,988
SCG Cement Co., Ltd.	3,200	3,189	3,200	3,189
Siam Sanitary Ware Industry Co., Ltd.	2,968	2,326	2,968	2,326
SCG Cement-Building Materials Co., Ltd.	1,221	1,662	1,221	1,662
PT KIA Serpilh Mas	-	1,496	-	1,496
PT Keramika Indonesia Assosiasi, Tbk.	-	857	-	857
Others	436	1,468	436	1,468
Total	90,596	87,496	286,883	274,537

Other current payables

	Consolidated financial statement		Separate financial statement	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	22,507	49,430	16,134	49,390
<i>Parent</i>				
Cementthai Ceramic Co., Ltd.	75,570	8,528	74,101	7,638
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	1,088	634

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	Consolidated financial statement		Separate financial statement	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
SCG Cement-Building Materials Co., Ltd.	20,235	15,038	18,139	14,042
SCG Experience Co., Ltd.	3,640	2,467	3,640	2,467
IT One Co., Ltd.	3,076	3,536	2,862	3,320
SCG Logistics Management Co., Ltd.	1,619	1,339	1,619	1,339
SCG Legal Counsel Limited	1,202	431	1,186	431
Mariwasa-Siam Ceramics, Inc.	321	2,366	321	2,366
SCG Building Materials Co., Ltd.	317	918	317	918
Siam Sanitary Ware Industry Co., Ltd.	177	325	177	325
Others	724	1,189	724	1,189
Total	129,388	85,567	120,308	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 31 March</i>				
Short-term employee benefits	8,053	7,468	8,053	7,468
Post-employment benefits	747	530	747	530
Total	8,800	7,998	8,800	7,998

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5 Trade and other current receivables

	<i>Note</i>	Consolidated financial statement		Separate financial statement	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
<i>(in thousand Baht)</i>					
Trade receivables					
Related parties	4	33,813	62,178	33,813	62,178
Other companies		998,311	978,490	998,311	978,490
Less allowance for impairment		(10,217)	(13,614)	(10,217)	(13,614)
Net		988,094	964,876	998,094	964,876
		1,021,907	1,027,054	1,021,907	1,027,054
Other current receivables					
Related parties	4	82,519	73,357	85,160	75,913
Other companies					
Prepaid expenses		33,945	31,189	31,684	28,820
Other and utility receivables		21,704	20,578	21,654	20,562
Others		15,317	11,062	12,995	10,595
		70,966	62,829	66,333	59,977
		153,485	136,186	151,493	135,890
Total		1,175,392	1,163,240	1,173,400	1,162,944

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
For the three-month period ended 31 March				
Reversal of impairment losses	3,397	2,748	3,397	2,748

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Aging analyses for trade receivables were as follows:

	Consolidated		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Trade receivables				
Related parties				
Within credit terms	33,492	59,215	33,492	59,215
Overdue:				
Less than 1 month	27	2,963	27	2,963
1 - 3 month	294	-	294	-
Total	33,813	62,178	33,813	62,178
Other companies				
Within credit terms	940,768	900,053	940,768	900,053
Overdue:				
Less than 1 month	39,775	53,427	39,775	53,427
1 - 3 months	5,839	12,946	5,839	12,946
Over 3 - 12 months	4,590	3,810	4,590	3,810
Over 12 months	7,339	8,254	7,339	8,254
	998,311	978,490	998,311	978,490
<i>Less allowance for impairment</i>	<i>(10,217)</i>	<i>(13,614)</i>	<i>(10,217)</i>	<i>(13,614)</i>
Net	988,094	964,876	988,094	964,876
Total	1,021,907	1,027,054	1,021,936	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	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
	(%)		(in thousand Baht)					
Sosuco Ceramic Co., Ltd.	100.00	53.89	800,000	800,000	1,333,935	758,919	-	-

During March 2020, the Company had 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 was increased from 53.89% to 100%.

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

	(in thousand Baht)
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
	(in thousand Baht)	
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	(31,827)	(30,655)
Other changes from non-cash movement	<u>20,038</u>	<u>24,740</u>
Balance at 31 March 2020	<u>208,952</u>	<u>173,743</u>

	Consolidated and Separate financial statement Short-term borrowings from financial institutions 2020	2019
	(in thousand Baht)	
Balance at 1 January	160,000	865,000
Changes from financing cash flows	790,000	(525,000)
Balance at 31 March	<u>950,000</u>	<u>340,000</u>

As at 31 March 2020, the Company had promissory notes with two local banks amounted to Baht 950 million (31 December 2019: Baht 160 million) with interest rate from 1.05% to 1.15% 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	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payments plan	577,070	565,632	490,223	480,273
Other long-term employee benefits	19,664	19,184	19,433	19,121
Total non-current provisions for defined benefit plans	596,734	584,816	509,656	499,394
Other employee benefits	1,051	1,814	1,051	1,814
Total	597,785	586,630	510,707	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 three-month period ended 31 March</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	9,315	8,530	8,001	7,313
Interest on obligation	2,603	3,920	2,261	3,382
	11,918	12,450	10,262	10,695
Included in other comprehensive income				
Others				
Benefits paid	-	(4,976)	-	(4,976)
Non-current provisions for defined benefit plans at 31 March	596,734	404,325	509,656	346,132

Actuarial assumptions

In the first 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 three-month period ended 31 March was as follows:

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	1 Jan - 31 Mar		1 Jan - 31 Mar		1 Jan - 31 Mar	
	2020	2019	2020	2019	2020	2019
<i>(in thousand Baht)</i>						
Information from consolidated income statement						
External revenue	2,523,040	2,808,678	-	202,930	2,523,040	3,011,608
Other income	39,433	19,708	33,726	31,902	73,159	51,610
Interest income	597	379	-	-	597	379
Finance cost	2,148	2,655	-	-	2,148	2,655
Depreciation and amortization	173,989	140,103	4,906	5,633	178,895	145,736
Profit before income tax	142,063	68,867	15,887	108,176	157,950	177,043
Tax expense	(25,868)	(14,447)	(3,149)	(22,387)	(29,017)	(36,834)
Profit for the period	<u>116,195</u>	<u>54,420</u>	<u>12,738</u>	<u>85,789</u>	<u>128,933</u>	<u>140,209</u>

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	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	10,697,219	10,328,840	598,284	580,113	11,295,503	10,908,953

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10 Basic earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March was based on the profit for the period attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the period as follows:

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
	<i>(in thousand Baht / thousand shares)</i>			
<i>For the three-month period ended 31 March</i>				
Profit for the period attributable to owners of the parent	124,815	129,830	115,084	117,773
Weighted average number of ordinary shares outstanding	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>
Basic earnings per share (in Baht)	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>

11 Dividends

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	<u>0.012</u>	<u>71,552</u>
Total			<u>0.012</u>	<u>71,552</u>

12 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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	Consolidated financial statement							
	Carrying amount				Fair value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost - net	Total	Level 1	Level 2	Level 3	Total
<i>At 31 March 2020</i>				<i>(in thousand Baht)</i>				
<i>Financial assets</i>								
Cash and cash equivalents	-	-	844,543	844,543	-	-	-	-
Trade receivables	-	-	1,021,907	1,021,907	-	-	-	-
Derivatives assets	7,383	-	-	7,383	-	7,383	-	7,383
Long-term investment in other company	-	16,605	-	16,605	-	-	16,605	16,605
Total other financial assets	7,383	16,605	1,866,450	1,890,438				
<i>Financial liabilities</i>								
Loans from financial institutions	-	-	(950,000)	(950,000)	-	-	-	-
Trade payable	-	-	(792,339)	(792,339)	-	-	-	-
Other financial liabilities								
Derivatives liabilities	(4,072)	-	-	(4,072)	-	(4,072)	-	(4,072)
Total other financial liabilities	(4,072)	-	(1,742,339)	(1,746,411)				

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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

13 Commitments and contingent liabilities

As at 31 March 2020

- (a) The Company had letters of guarantee issued by banks to government, state enterprises, private sectors and others totaling approximately Baht 26 million (*31 December 2019: Baht 26 million*).
- (b) The Group had commitments for construction building and machinery totaling approximately Baht 22 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 September 2022. Under the terms of these agreements, the Group has to pay annual rental as follows:

	Consolidated		Separate	
	financial statement		financial statement	
	31 Mar	31 Dec	31 Mar	31 Dec
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Within one year	3,334	79,379	2,923	68,393
After one year but within five years	748	65,745	581	59,940
Total	4,082	145,124	3,504	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.