

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

Interim financial statements
for the three-month and nine-month periods ended
30 September 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 September 2020; the consolidated and separate income statement and statement of comprehensive income for the three-month and nine-month periods ended 30 September 2020, the consolidated and separate statements of changes in shareholders’ equity and cash flows for the nine-month period ended 30 September 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
16 November 2020

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 30 September 2020

Assets	Note	Consolidated		Separate	
		financial statement		financial statement	
		30 September	31 December	30 September	31 December
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		643,427	631,409	420,637	259,976
Trade and other current receivables	4,5	1,260,210	1,163,240	1,256,401	1,162,944
Inventories		2,738,522	2,844,358	2,501,639	2,535,182
Land development for sale		486,406	486,406	486,406	486,406
Total current assets		5,128,565	5,125,413	4,665,083	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		114,497	128,066	114,497	128,066
Investment property		402,262	402,123	400,049	399,911
Property, plant and equipment		5,192,038	5,322,614	4,708,023	4,844,309
Goodwill		25,350	25,350	-	-
Other intangible assets		107,013	118,112	106,619	117,489
Deferred tax assets		228,783	231,555	199,555	205,537
Other non-current assets		27,743	25,521	27,743	25,521
Total non-current assets		6,114,291	6,269,946	6,907,026	6,496,357
Total assets		11,242,856	11,395,359	11,572,109	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 September 2020

	<i>Note</i>	Consolidated		Separate	
		financial statement		financial statement	
Liabilities and shareholders' equity		30 September 2020 (Unaudited)	31 December 2019	30 September 2020 (Unaudited)	31 December 2019
		<i>(in thousand Baht)</i>			
<i>Current liabilities</i>					
Short-term borrowings					
from financial institutions		-	160,000	-	160,000
Trade and other current payables	4	1,664,733	1,416,853	1,806,568	1,470,998
Current portion of lease liabilities		85,721	-	77,481	-
Corporate income tax payable		46,596	19,622	38,726	13,630
Current provisions					
for employee benefits		16,743	166,365	16,037	165,658
Total current liabilities		1,813,793	1,762,840	1,938,812	1,810,286
<i>Non-current liabilities</i>					
Lease liabilities		82,476	-	62,979	-
Non-current provisions					
for employee benefits	8	609,471	586,630	519,084	501,208
Other non-current provisions		13,046	13,427	3,694	3,989
Other non-current liabilities		358	278	358	278
Total non-current liabilities		705,351	600,335	586,115	505,475
Total liabilities		2,519,144	2,363,175	2,524,927	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 30 September 2020

Liabilities and shareholders' equity	Note	Consolidated financial statement		Separate financial statement	
		30 September 2020 (Unaudited)	31 December 2019	30 September 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>					
		1,246,030	983,604	1,462,478	1,040,400
Other components of shareholders' equity	6	(43,857)	-	-	-
Total equity attributable to owners of the parent		8,723,712	8,505,143	9,047,182	8,625,104
Non-controlling interests		-	527,041	-	-
Total shareholders' equity		8,723,712	9,032,184	9,047,182	8,625,104
Total liabilities and shareholders' equity		11,242,856	11,395,359	11,572,109	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 September 2020 (Unaudited)

		Consolidated financial statement		Separate financial statement	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Revenue from sales of goods	4	2,640,130	2,727,591	2,640,095	2,727,312
Revenue from sales of land		-	-	-	-
Cost of sales of goods	4	(1,839,172)	(2,020,640)	(1,928,139)	(2,094,533)
Cost of sales of land		-	-	-	-
Gross profit		800,958	706,951	711,956	632,779
Other income	4	50,913	63,627	251,750	64,020
Profit before expenses		851,871	770,578	963,706	696,799
Distribution costs		(440,420)	(459,110)	(400,493)	(420,194)
Administrative expenses		(196,982)	(205,804)	(179,900)	(187,323)
Total expenses		(637,402)	(664,914)	(580,393)	(607,517)
Profit from operations		214,469	105,664	383,313	89,282
Finance costs		(1,351)	(444)	(1,156)	(444)
Profit before income tax		213,118	105,220	382,157	88,838
Tax expense		(42,357)	(11,333)	(36,732)	(8,555)
Profit for the period		170,761	93,887	345,425	80,283
Profit attributable to					
Owners of the parent		170,761	87,318	345,425	80,283
Non-controlling interests		-	6,569	-	-
		170,761	93,887	345,425	80,283
Basic earnings per share (in Baht)					
Attributable to owners of the parent		0.03	0.01	0.06	0.01

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 September 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	170,761	93,887	345,425	80,283
Other comprehensive income				
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	170,761	93,887	345,425	80,283
Total comprehensive income attributable to				
Owners of the parent	170,761	87,318	345,425	80,283
Non-controlling interests	-	6,569	-	-
	170,761	93,887	345,425	80,283

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

SCG Ceramics Public Company Limited and its Subsidiary

Income statement

For the nine-month period ended 30 September 2020 (Unaudited)

		Consolidated		Separate	
		financial statement		financial statement	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Revenue from sales of goods	4	7,532,288	8,326,451	7,532,040	8,325,858
Revenue from sales of land		-	202,930	-	202,930
Cost of sales of goods	4	(5,448,379)	(6,142,009)	(5,679,622)	(6,380,137)
Cost of sales of land		-	(96,439)	-	(96,439)
Gross profit		2,083,909	2,290,933	1,852,418	2,052,212
Other income	4	166,987	166,544	368,247	163,949
Profit before expenses		2,250,896	2,457,477	2,220,665	2,216,161
Distribution costs		(1,268,672)	(1,418,234)	(1,150,957)	(1,282,470)
Administrative expenses		(555,834)	(724,450)	(497,348)	(647,537)
Total expenses		(1,824,506)	(2,142,684)	(1,648,305)	(1,930,007)
Profit from operations		426,390	314,793	572,360	286,154
Finance costs		(6,488)	(4,993)	(5,820)	(4,993)
Profit before income tax		419,902	309,800	566,540	281,161
Tax expense		(78,809)	(59,760)	(69,913)	(55,769)
Profit for the period		341,093	250,040	496,627	225,392
Profit attributable to					
Owners of the parent		336,975	238,345	496,627	225,392
Non-controlling interests		4,118	11,695	-	-
		341,093	250,040	496,627	225,392
Basic earnings per share (in Baht)					
Attributable to owners of the parent		0.06	0.04	0.08	0.04

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 nine-month period ended 30 September 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	341,093	250,040	496,627	225,392
Other comprehensive income				
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	341,093	250,040	496,627	225,392
Total comprehensive income attributable to				
Owners of the parent	336,975	238,345	496,627	225,392
Non-controlling interests	4,118	11,695	-	-
	341,093	250,040	496,627	225,392

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 nine-month period ended 30 September 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	-	-	-	-	238,345	238,345	11,695	250,040
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	238,345	238,345	11,695	250,040
Balance at 30 September 2019	5,962,621	1,133,594	211,060	206,907	1,121,633	8,635,815	523,540	9,159,355

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 nine-month period ended 30 September 2020 (Unaudited)

Consolidated financial statement

	Note	<i>Other components of shareholders' equity</i>									
		Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	<i>Retained earnings</i>		Changes in other components from shareholders	Total other components of shareholders' equity	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 31 December 2019 - as reported		5,962,621	1,133,594	211,060	214,264	983,604	-	-	8,505,143	527,041	9,032,184
Impact of changes in accounting policies	3	-	-	-	-	(2,997)	-	-	(2,997)	-	(2,997)
Balance at 1 January 2020		5,962,621	1,133,594	211,060	214,264	980,607	-	-	8,502,146	527,041	9,029,187
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)	-	(71,552)
<i>Total contributions by and distributions to owners of the parent</i>		-	-	-	-	(71,552)	-	-	(71,552)	-	(71,552)
<i>Changes in ownership interests in subsidiary</i>											
Changes that do not result in a loss of control	6	-	-	-	-	-	(43,857)	(43,857)	(43,857)	(531,159)	(575,016)
<i>Total changes in ownership interests in subsidiary</i>		-	-	-	-	-	(43,857)	(43,857)	(43,857)	(531,159)	(575,016)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	-	(71,552)	(43,857)	(43,857)	(115,409)	(531,159)	(646,568)
Comprehensive income for the period											
Profit or loss		-	-	-	-	336,975	-	-	336,975	4,118	341,093
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	336,975	-	-	336,975	4,118	341,093
Balance at 30 September 2020		5,962,621	1,133,594	211,060	214,264	1,246,030	(43,857)	(43,857)	8,723,712	-	8,723,712

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 nine-month period ended 30 September 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	<i>Retained earnings</i>		
				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	-	-	-	-	225,392	225,392
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	225,392	225,392
Balance at 30 September 2019	5,962,621	1,133,594	274,225	206,907	1,182,491	8,759,838

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 nine-month period ended 30 September 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		-	-	-	-	496,627	496,627
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	496,627	496,627
Balance at 30 September 2020		5,962,621	1,133,594	274,225	214,264	1,462,478	9,047,182

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 nine-month period ended 30 September 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	341,093	250,040	496,627	225,392
<i>Adjustments for</i>				
Tax expense	78,809	59,760	69,913	55,769
Depreciation and amortization	525,920	442,035	465,216	390,492
Loss (reversal) on impairment of trade receivables	(6,240)	1,054	(6,240)	1,054
Loss on inventories devaluation	3,925	15,155	3,925	15,155
Employee mutual separation plan expenses	26,688	-	26,688	-
Employee benefit expense	35,752	176,955	30,787	154,207
Unrealized loss (gain) on foreign currency exchange	55	(1,333)	(3)	(1,324)
Dividend income	-	-	(200,000)	-
Interest income	(1,907)	(1,235)	(926)	(281)
Interest expense	6,486	4,524	5,817	4,524
Loss on impairment of assets	25,443	16,040	25,443	16,040
Loss on sales of assets	1,314	1,099	1,871	1,570
Cash flows generated from operations				
before changes in operating assets and liabilities	1,037,338	964,094	919,118	862,598
<i>Decrease (increase) in operating assets</i>				
Trade and other current receivables	(82,958)	76,860	(79,713)	74,244
Inventories	101,255	(33,471)	28,963	(57,425)
Land development for sale	-	95,176	-	95,176
Other assets	13,567	22,039	13,566	22,039
Net decrease (increase) in operating assets	31,864	160,604	(37,184)	134,034
<i>Increase (decrease) in operating liabilities</i>				
Trade and other current payables	256,393	58,477	340,634	74,963
Provisions for employee benefits	(218,789)	(60,093)	(218,789)	(60,093)
Other liabilities	(301)	(4,858)	(215)	(4,673)
Net increase (decrease) in operating liabilities	37,303	(6,474)	121,630	10,197
Net cash flows generated from operations	1,106,505	1,118,224	1,003,564	1,006,829
Income tax paid	(49,096)	(100,188)	(38,868)	(91,045)
Net cash flows provided by operating activities	1,057,409	1,018,036	964,696	915,784

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 nine-month period ended 30 September 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	3,491	2,714	2,934	2,244
Acquisition of property, plant and equipment	(149,255)	(274,340)	(115,669)	(206,835)
Acquisition of intangible assets	(8,242)	(10,710)	(8,242)	(10,692)
Dividends received	-	-	200,000	-
Interest received	1,474	826	760	208
Net cash flows used in investing activities	(152,532)	(281,510)	(495,077)	(215,075)
<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)	-	-	-
Payments of borrowings				
Short-term borrowings from financial institutions	(160,000)	(720,000)	(160,000)	(720,000)
Payments of lease liabilities	(79,156)	-	(70,782)	-
Net decrease in borrowings	(239,156)	(720,000)	(230,782)	(720,000)
Dividends paid				
Dividends paid	(71,552)	-	(71,552)	-
Total dividends paid	(71,552)	-	(71,552)	-
Interest paid	(7,291)	(6,335)	(6,624)	(6,335)
Net cash flows used in financing activities	(892,859)	(726,335)	(308,958)	(726,335)
Net increase (decrease) in cash and cash equivalents	12,018	10,191	160,661	(25,626)
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	643,427	434,624	420,637	94,231
<i>Supplementary information for cash flows</i>				
Non-cash transactions				
Account payables from purchase of assets	27,110	27,201	23,717	21,762

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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 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 16 November 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 Ceramics 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 nine-month periods ended 30 September 2020 (Unaudited)

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are presented in the same format as the annual financial statements and 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 Group 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.

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

- | | |
|------------------|---|
| Note 5, 6 and 11 | 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. |

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The COVID-19 outbreak resulted in estimation uncertainty. The Group elected to apply accounting guidance on temporary relief measures for additional accounting options in response to impact from the COVID-19 outbreak for transactions related to interim financial statements as at 30 September 2020 as follow:

(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, 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 nine-month periods ended 30 September 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 subsidiary included in the interim consolidated financial statements have been eliminated.

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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 or fair value to other comprehensive income, 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 which was presented in property, plant and equipment in consolidated statements of financial position 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 which was presented in property, plant and equipment in separate statements of financial position 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 annum.

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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 nine-month periods ended 30 September are summarized 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 September</i>				
<i>Ultimate parent</i>				
Service fee	21,492	15,620	20,756	15,341
<i>Parent</i>				
Service fee	9,831	10,257	9,514	8,497
Other income	2,541	2,977	2,541	2,977
<i>Subsidiary</i>				
Purchases	-	-	340,643	333,076
Service fee	-	-	2,236	901
Dividend income	-	-	200,000	-
Other income	-	-	1,022	1,731
<i>Other related parties</i>				
Purchases	192,768	106,982	182,266	97,346
Service fee	98,310	85,265	89,959	84,036
Sale of goods	102,661	159,575	102,661	159,575
Other income	12,697	16,676	12,697	16,676

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	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>For the nine-month period ended 30 September</i>				
<i>Ultimate parent</i>				
Service fee	48,805	48,955	47,821	48,094
Sale of goods	403	-	403	-
<i>Parent</i>				
Service fee	35,102	31,065	31,119	24,858
Other income	7,804	8,848	7,804	8,848
<i>Subsidiary</i>				
Purchases	-	-	986,110	1,058,039
Service fee	-	-	4,712	2,882
Dividend income	-	-	200,000	-
Other income	-	-	3,085	2,926
<i>Other related parties</i>				
Purchases	351,585	343,256	325,527	311,755
Service fee	239,796	244,945	224,975	240,690
Sale of goods	241,833	509,777	241,833	509,777
Other income	34,656	39,372	34,656	39,372

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

Trade receivables

	Consolidated financial statement		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
Siam Global House Public Company Limited	27,511	39,375	27,511	39,375
Mariwasa-Siam Ceramics, Inc.	23,783	12,830	23,783	12,830
SCG Distribution Co., Ltd.	16,809	4,800	16,809	4,800
PT Kokoh Inti Arebama Tbk.	2,050	309	2,050	309
SCG-Sekisui Sales Co., Ltd.	1,786	576	1,786	576
Sekisui-SCG Industry Co., Ltd.	645	1,878	645	1,878
Others	838	2,410	838	2,410
Total	73,422	62,178	73,422	62,178

Other current receivables

	Consolidated financial statement		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	23,193	21,239	23,193	21,239
<i>Parent</i>				
Cementhai Ceramics Co., Ltd.	3,213	4,682	3,213	4,682
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	2,246	2,556
<i>Other related parties</i>				
Mariwasa-Siam Ceramics, Inc.	8,350	8,843	8,350	8,843
SCG Cement-Building Materials Co., Ltd.	3,944	9,463	3,944	9,463
Nawaplastic Industries Co., Ltd.	3,058	-	3,058	-
SCG Paper Energy Co., Ltd.	2,234	8,034	2,234	8,034
Myanmar CBM Services Co., Ltd.	1,941	-	1,941	-
PT KIA Keramik Mas	1,222	335	1,222	335
Thai Containers Group Co., Ltd.	257	10,529	257	10,529
Thai Containers Khonkaen Co., Ltd.	-	4,937	-	4,937
Others	3,424	5,295	3,424	5,295
Total	50,836	73,357	53,082	75,913

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Trade payables

	Consolidated financial statement		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	310,328	192,683
<i>Other related parties</i>				
SCG Logistics Management Co., Ltd.	69,033	35,770	66,699	35,482
SCG International Hong Kong Limited	42,564	790	42,564	790
Prime International Import - Export and Service Trading Company Limited	22,686	19,514	22,686	19,514
SCG International Middle East DMCC	21,145	-	21,145	-
Thai Containers Group Co., Ltd.	17,345	14,637	11,119	9,283
Noritake SCG Plaster Co., Ltd.	5,588	3,988	5,588	3,988
Siam Sanitary Ware Industry Co., Ltd.	2,921	2,326	2,921	2,326
SCG Cement Co., Ltd.	2,568	3,189	2,568	3,189
The Siam Cement (Kaeng Khoi) Co., Ltd.	2,478	2,589	2,478	2,589
Others	2,721	4,693	2,721	4,693
Total	<u>189,049</u>	<u>87,496</u>	<u>490,817</u>	<u>274,537</u>

Other current payables

	Consolidated financial statement		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	38,170	49,430	35,029	49,390
<i>Parent</i>				
Cementthai Ceramics Co., Ltd.	10,888	8,528	10,774	7,638
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	2,393	634

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	Consolidated financial statement		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
SCG Cement-Building Materials Co., Ltd.	12,530	15,038	11,921	14,042
Myanmar CBM Services Co., Ltd.	8,489	-	8,489	-
SCG Experience Co., Ltd.	4,818	2,467	4,818	2,467
IT One Co., Ltd.	2,916	3,536	2,915	3,320
SCG Logistics Management Co., Ltd.	2,202	1,339	2,202	1,339
Mariwasa-Siam Ceramics, Inc.	163	2,366	163	2,366
Others	1,999	2,863	1,928	2,863
Total	82,175	85,567	80,632	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 September</i>				
Short-term employee benefits	7,655	8,254	7,655	8,254
Post-employment benefits	755	652	755	652
Total	8,410	8,906	8,410	8,906
<i>For the nine-month period ended 30 September</i>				
Short-term employee benefits	23,751	23,770	23,751	23,770
Post-employment benefits	2,256	3,702	2,256	3,702
Total	26,007	27,472	26,007	27,472

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5 Trade and other current receivables

	<i>Note</i>	Consolidated financial statement		Separate financial statement	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
<i>(in thousand Baht)</i>					
<i>Trade receivables</i>					
Related parties	4	73,422	62,178	73,422	62,178
Other companies		1,053,926	978,490	1,053,926	978,490
Less allowance for impairment		(128)	(13,614)	(128)	(13,614)
Net		1,053,798	964,876	1,053,798	964,876
		1,127,220	1,027,054	1,127,220	1,027,054
<i>Other current receivables</i>					
Related parties	4	50,836	73,357	53,082	75,913
Other companies					
Prepaid expenses		32,798	31,189	27,265	28,820
Other and utility receivables		39,134	20,578	39,092	20,562
Others		10,222	11,062	9,742	10,595
		82,154	62,829	76,099	59,977
		132,990	136,186	129,181	135,890
Total		1,260,210	1,163,240	1,256,401	1,162,944

	Consolidated financial statement		Separate financial statement	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
<i>For the three-month period ended 30 September</i>				
Impairment losses	-	(5,918)	-	(5,918)
Reversal of impairment losses	45	3,758	45	3,758
<i>For the nine-month period ended 30 September</i>				
Impairment losses	-	(7,608)	-	(7,608)
Reversal of impairment losses	6,240	6,541	6,240	6,541

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Aging analyses for trade receivables were as follows:

	Consolidated financial statement		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Trade receivables				
Related parties				
Within credit terms	73,047	59,215	73,047	59,215
Overdue:				
Less than 1 month	256	2,963	256	2,963
1 - 3 month	119	-	119	-
Total	73,422	62,178	73,422	62,178
Other companies				
Within credit terms	1,019,970	900,053	1,019,970	900,053
Overdue:				
Less than 1 month	31,020	53,427	31,020	53,427
1 - 3 months	2,536	12,946	2,536	12,946
Over 3 - 12 months	179	3,810	179	3,810
Over 12 months	221	8,254	221	8,254
	1,053,926	978,490	1,053,926	978,490
<i>Less allowance for impairment</i>	(128)	(13,614)	(128)	(13,614)
Net	1,053,798	964,876	1,053,798	964,876
Total	1,127,220	1,027,054	1,127,220	1,027,054

The normal credit term granted by the Group is 30 - 120 days.

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6 Investment in subsidiary

	Ownership interest		Paid-up capital		Cost method		Dividend income	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	30 Sep 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>	200,000	-

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 summarized the effect of the change in the Group’s ownership.

	<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 other components of shareholders’ equity	<u>(43,857)</u>

At the Board of Directors’ Meeting of Sosuco Ceramic Co., Ltd. held on 14 September 2020, the directors approved to pay the 2020 interim dividend at the rate of Baht 25,000 per share to the shareholders entitled to receive dividends totaling approximately Baht 200 million and payment was made on 25 September 2020.

7 Changes in liabilities arising from financing activities

	Consolidated financial statement Lease liabilities	Separate financial statement Lease liabilities
	<i>(in thousand Baht)</i>	
At 31 December 2019	-	-
Impact of changes in accounting policies	220,741	179,658
At 1 January 2020	<u>220,741</u>	<u>179,658</u>
Changes from financing cash flows	(79,156)	(70,782)
Other non-cash movement	26,612	31,584
At 30 September 2020	<u>168,197</u>	<u>140,460</u>
	Consolidated and Separate financial statement Short-term borrowings from financial institutions	
	2020	2019
	<i>(in thousand Baht)</i>	
At 1 January	160,000	865,000
Changes from financing cash flows	(160,000)	(720,000)
At 30 September	<u>-</u>	<u>145,000</u>

As at 30 September 2020, the Company had no promissory notes with local banks (31 December 2019: Baht 160 million interest rate 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 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payments plan	588,706	565,632	498,549	480,273
Other long-term employee benefits	19,804	19,184	19,574	19,121
Total non-current provisions for defined benefit plans	608,510	584,816	518,123	499,394
Other employee benefits	961	1,814	961	1,814
Total	609,471	586,630	519,084	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 nine-month period ended 30 September</i>				
Non-current provisions for defined benefit plans at 1 January	584,816	396,851	499,394	340,413
Included in profit or loss				
Current service costs	27,945	25,588	24,003	21,939
Interest on obligation	7,807	11,761	6,784	10,144
Past service cost from the amended severance pay of the Labor Law	-	124,083	-	106,602
	35,752	161,432	30,787	138,685
Others				
Benefits paid	(12,058)	(6,890)	(12,058)	(6,890)
Non-current provisions for defined benefit plans at 30 September	608,510	551,393	518,123	472,208

Actuarial assumptions

At 30 September 2020, there is no significant change in actuarial assumptions regarding the financial statements from the year 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 nine-month period ended 30 September was as follows:

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019
<i>Information from consolidated income statement</i>						
External revenue	7,532,288	8,326,451	-	202,930	7,532,288	8,529,381
Other income	56,052	54,809	109,028	110,500	165,080	165,309
Interest income	1,907	1,235	-	-	1,907	1,235
Finance cost	6,488	4,993	-	-	6,488	4,993
Depreciation and amortization	511,650	425,104	14,270	16,931	525,920	442,035
Profit before income tax	368,733	171,686	51,169	138,114	419,902	309,800
Tax expense	(71,968)	(29,206)	(6,841)	(30,554)	(78,809)	(59,760)
Profit for the period	<u>296,765</u>	<u>142,480</u>	<u>44,328</u>	<u>107,560</u>	<u>341,093</u>	<u>250,040</u>

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
<i>Information from consolidated statement of financial position</i>						
Land development for sale	-	-	486,406	486,406	486,406	486,406
Segment assets	10,181,792	10,328,840	574,658	580,113	10,756,450	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 March 2020	17 April 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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	Consolidated financial statement				Fair value			
	Carrying amount			Total (in thousand Baht)	Level 1	Level 2	Level 3	Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost					
<i>At 30 September 2020</i>								
Financial assets								
Cash and cash equivalents	-	-	643,427	643,427				
Trade receivables	-	-	1,127,220	1,127,220				
Derivatives assets	2,932	-	-	2,932	-	2,932	-	2,932
Long-term investment in other company	-	16,605	-	16,605	-	-	16,605	16,605
Total financial assets	2,932	16,605	1,770,647	1,790,184				
Financial liabilities								
Trade payables	-	-	978,065	978,065				
Lease liabilities	-	-	168,197	168,197				
Derivatives liabilities	1,050	-	-	1,050	-	1,050	-	1,050
Total financial liabilities	1,050	-	1,146,262	1,147,312				

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	Separate financial statement				Fair value			Total
	Carrying amount		Amortized cost	Total (in thousand Baht)	Level 1	Level 2	Level 3	
	Fair value through profit or loss	Fair value through other comprehensive income						
<i>At 30 September 2020</i>								
Financial assets								
Cash and cash equivalents	-	-	420,637	420,637				
Trade receivables	-	-	1,127,220	1,127,220				
Derivatives assets	2,932	-	-	2,932	-	2,932	-	2,932
Long-term investment in other company	-	16,605	-	16,605	-	-	16,605	16,605
Total financial assets	2,932	16,605	1,547,857	1,567,394				
Financial liabilities								
Trade payables	-	-	1,180,920	1,180,920				
Lease liabilities	-	-	140,460	140,460				
Derivatives liabilities	1,050	-	-	1,050	-	1,050	-	1,050
Total financial liabilities	1,050	-	1,321,380	1,322,430				

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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 September 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 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 May 2023. Under the terms of these agreements, the Group has to pay annual rental as follows:

	Consolidated		Separate	
	financial statement		financial statement	
	30 Sep	31 Dec	30 Sep	31 Dec
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Within one year	1,774	79,379	1,537	68,393
After one year but within five years	836	65,745	759	59,940
Total	2,610	145,124	2,296	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.

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13 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 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 revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.