

# **Fine Metal Technologies Public Company Limited**

Condensed interim financial statements  
for the three-month period ended  
31 March 2022  
and  
Independent auditor's review report



KPMG Phoomchai Audit Ltd.  
50<sup>th</sup> Floor, Empire Tower  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000  
Fax +66 2677 2222  
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด  
ชั้น 50 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000  
แฟกซ์ +66 2677 2222  
เว็บไซต์ home.kpmg/th

## Independent Auditor's Report on Review of Interim Financial Information

### To the Board of Directors of Fine Metal Technologies Public Company Limited

I have reviewed the accompanying statement of financial position of Fine Metal Technologies Public Company Limited as at 31 March 2022; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2022; 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 Thai Standard 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".

(Songchai Wongpiriyaporn)  
Certified Public Accountant  
Registration No. 10996

KPMG Phoomchai Audit Ltd.  
Bangkok  
29 April 2022

# Fine Metal Technologies Public Company Limited

## Statement of financial position

<b>Assets</b>	<i>Note</i>	31 March 2022 (Unaudited)	31 December 2021
<i>(in thousand Baht)</i>			
<b>Current assets</b>			
Cash and cash equivalents		74,584	104,012
Trade receivables	3, 4	1,631,185	1,606,493
Other receivables		72,450	60,920
Inventories		1,489,955	1,128,288
Other current financial assets	7	<u>35,261</u>	<u>16,691</u>
<b>Total current assets</b>		<b><u>3,303,435</u></b>	<b><u>2,916,404</u></b>
<b>Non-current assets</b>			
Property, plant and equipment		376,878	374,030
Right-of-use assets		5,079	6,208
Intangible assets		11,844	12,002
Deferred tax assets		29,115	27,634
Other non-current assets		<u>2,442</u>	<u>2,443</u>
<b>Total non-current assets</b>		<b><u>425,358</u></b>	<b><u>422,317</u></b>
<b>Total assets</b>		<b><u>3,728,793</u></b>	<b><u>3,338,721</u></b>

The accompanying notes form an integral part of the interim financial statements.

# Fine Metal Technologies Public Company Limited

## Statement of financial position

		31 March 2022 (Unaudited)	31 December 2021
<b>Liabilities and equity</b>	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>			
Short-term borrowings from financial institutions	5	780,000	888,000
Trade payables		907,639	476,357
Other payables	3	52,640	47,885
Current portion of lease liabilities		3,135	3,941
Income tax payable		40,271	30,642
Other current financial liabilities	7	46,568	18,310
Other current liabilities		11,926	16,971
<b>Total current liabilities</b>		<b>1,842,179</b>	<b>1,482,106</b>
<b>Non-current liabilities</b>			
Lease liabilities		2,298	2,732
Provision for employee benefits		133,771	135,946
<b>Total non-current liabilities</b>		<b>136,069</b>	<b>138,678</b>
<b>Total liabilities</b>		<b>1,978,248</b>	<b>1,620,784</b>

The accompanying notes form an integral part of the interim financial statements.

# Fine Metal Technologies Public Company Limited

## Statement of financial position

	31 March 2022 (Unaudited)	31 December 2021
<b>Liabilities and equity</b>		
<i>Equity</i>		
Share capital		
Authorised share capital <i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>	<u>480,000</u>	<u>480,000</u>
Issued and paid-up share capital <i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>	480,000	480,000
Share premium :		
Share premium on ordinary shares	507,500	507,500
Retained earnings		
Appropriated		
Legal reserve	48,000	48,000
Unappropriated	714,617	680,820
Other components of equity		
Gain on cash flow hedges	<u>428</u>	<u>1,617</u>
<b>Total equity</b>	<u><b>1,750,545</b></u>	<u><b>1,717,937</b></u>
<b>Total liabilities and equity</b>	<u><b>3,728,793</b></u>	<u><b>3,338,721</b></u>

The accompanying notes form an integral part of the interim financial statements.

## Fine Metal Technologies Public Company Limited

### Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		31 March	
		2022	2021
		<i>(in thousand Baht)</i>	
<b>Revenues</b>			
Revenue from sale of goods	6	2,064,033	1,740,295
Gain on copper hedging and service fee		8,712	69,548
Net gain on foreign exchange		3,686	3,836
Other income		726	211
<b>Total revenues</b>		<b>2,077,157</b>	<b>1,813,890</b>
<b>Expenses</b>			
Cost of sale of goods		1,962,389	1,665,912
Distribution costs		34,477	32,979
Administrative expenses		25,662	29,161
<b>Total expenses</b>		<b>2,022,528</b>	<b>1,728,052</b>
<b>Profit from operating activities</b>		<b>54,629</b>	<b>85,838</b>
Finance costs		(4,179)	(2,282)
Hedging gain (loss) for hedge of group of items with off-setting risk positions		(8,202)	22,119
<b>Profit before income tax expense</b>		<b>42,248</b>	<b>105,675</b>
Tax expense		(8,451)	(21,128)
<b>Profit for the period</b>		<b>33,797</b>	<b>84,547</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain (loss) on cash flow hedges		(1,486)	9,097
Income tax relating to items that will be reclassified subsequently to profit or loss		297	(1,820)
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,189)</b>	<b>7,277</b>
<b>Total comprehensive income for the period</b>		<b>32,608</b>	<b>91,824</b>
<b>Basic earnings per share (in Baht)</b>		<b>0.70</b>	<b>1.76</b>

The accompanying notes form an integral part of the interim financial statements.

## Fine Metal Technologies Public Company Limited

### Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total equity
			Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>						
<b>Three-month period ended 31 March 2021</b>						
Balance at 1 January 2021	480,000	507,500	48,000	542,686	(6,086)	1,572,100
<b>Comprehensive income for the period</b>						
Profit	-	-	-	84,547	-	84,547
Other comprehensive income	-	-	-	-	7,277	7,277
Total comprehensive income for the period	-	-	-	84,547	7,277	91,824
Balance at 31 March 2021	480,000	507,500	48,000	627,233	1,191	1,663,924
<b>Three-month period ended 31 March 2022</b>						
Balance at 1 January 2022	480,000	507,500	48,000	680,820	1,617	1,717,937
<b>Comprehensive income for the period</b>						
Profit	-	-	-	33,797	-	33,797
Other comprehensive income	-	-	-	-	(1,189)	(1,189)
Total comprehensive income for the period	-	-	-	33,797	(1,189)	32,608
Balance at 31 March 2022	480,000	507,500	48,000	714,617	428	1,750,545

The accompanying notes form an integral part of the interim financial statements.

# Fine Metal Technologies Public Company Limited

## Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2022	2021
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	33,797	84,547
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	8,451	21,128
Finance costs	4,179	2,282
Depreciation and amortisation	17,261	17,784
Provision for employee benefits	2,885	3,362
Unrealised gain on foreign exchange	(54)	(4,635)
Unrealised (gain) loss on derivatives	8,202	(22,119)
	<u>74,721</u>	<u>102,349</u>
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(26,620)	(385,732)
Other receivables	(11,530)	(3,298)
Inventories	(361,667)	(67,803)
Trade payables	433,264	211,250
Other payables	17,470	32,064
Other current liabilities	(5,045)	(5,661)
Net cash generated from (used in) operating	<u>120,593</u>	<u>(116,831)</u>
Employee benefit paid	(5,060)	(4,675)
Income tax paid	<u>(4)</u>	<u>-</u>
<b>Net cash from (used in) operating activities</b>	<u><b>115,529</b></u>	<u><b>(121,506)</b></u>

The accompanying notes form an integral part of the interim financial statements.



# Fine Metal Technologies Public Company Limited

## Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2022	2021
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(30,806)	(7,402)
Cash payments to purchase of intangible assets	<u>(554)</u>	<u>(1,529)</u>
<b>Net cash used in investing activities</b>	<b><u>(31,360)</u></b>	<b><u>(8,931)</u></b>
<i>Cash flows from financing activities</i>		
Interest paid	(4,326)	(1,415)
Proceeds from borrowings from financial institutions	685,000	750,000
Repayments of borrowings from financial institutions	(793,000)	(610,000)
Payment of lease liabilities	<u>(1,271)</u>	<u>(1,479)</u>
<b>Net cash from (used in) financing activities</b>	<b><u>(113,597)</u></b>	<b><u>137,106</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(29,428)</b>	<b>6,669</b>
Cash and cash equivalents at beginning of period	<u>104,012</u>	<u>92,009</u>
<b>Cash and cash equivalents at ending of period</b>	<b><u>74,584</u></b>	<b><u>98,678</u></b>
<i>Non-cash transaction</i>		
Payable for fixed assets purchased	4,573	2,833

The accompanying notes form an integral part of the interim financial statements.

**Fine Metal Technologies Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2022 (Unaudited)**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade receivables
5	Short-term borrowings from financial institutions
6	Segment information and disaggregation of revenue
7	Financial instruments
8	Commitments with non-related parties
9	Event after reporting period

**Fine Metal Technologies Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2022 (Unaudited)**

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 29 April 2022.

**1 General information**

The principal activity of the Company is the manufacturing and distributing of seamless copper tube, which is an important component for air-conditioner and refrigerator equipment.

The immediate and ultimate parent company during the financial period was CTJ Holdings<sup>2</sup>, Ltd. (42.25% shareholding), a company incorporated in Japan.

**2 Basis of preparation of the interim financial statements**

The condensed interim financial statements are presented in the same format as the annual financial statements together with 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 focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2021.

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2021.

**3 Related parties**

Significant transactions for the three-month period ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	2022	2021
	<i>(in thousand Baht)</i>	
<b>Other related parties</b>		
Revenue from sale of goods	460,560	366,467
Technical assistance fee	3,044	4,055
Service fee and others	1,583	1,389
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefits	7,970	8,730
Post-employment benefits	203	401
<b>Total key management personnel compensation</b>	<b>8,173</b>	<b>9,131</b>

**Fine Metal Technologies Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2022 (Unaudited)**

<i>Balances with related parties as at</i>	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<b>Trade receivables</b>		
Other related parties	<u>459,364</u>	<u>402,240</u>
<b>Other payables</b>		
Other related parties	<u>4,135</u>	<u>7,044</u>

**4 Trade receivables**

	Note	31 March 2022	31 December 2021
		<i>(in thousand Baht)</i>	
<b>Related parties</b>			
Within credit terms		<u>459,364</u>	<u>402,240</u>
	3	<u>459,364</u>	<u>402,240</u>
<b>Other parties</b>			
Within credit terms		1,171,228	1,202,827
Overdue:			
Less than 90 days		<u>593</u>	<u>1,426</u>
		<u>1,171,821</u>	<u>1,204,253</u>
<b>Total</b>		<u>1,631,185</u>	<u>1,606,493</u>

As at 31 March 2022 and 31 December 2021, the Company has no allowance for impairment loss of trade receivables.

*Accounts receivable supplier agreement*

For the three-month period ended 31 March 2022, the Company has assigned its right over collection from account receivable amounted of Baht 358.53 million (*31 December 2021: Baht 1,128.48 million*) to a financial institution according to the accounts receivable supplier agreement. The Company has already received from the financial institution amounted of Baht 356.60 million (*31 December 2021: Baht 1,125.23 million*). In this regards, the financial institution shall not have any rights of recourse against the Company.

**Fine Metal Technologies Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2022 (Unaudited)**

**5 Short-term borrowings from financial institutions**

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<b><i>Current</i></b>		
<b><i>Unsecured</i></b>		
Short-term borrowings from financial institutions	<u>780,000</u>	<u>888,000</u>

***Short-term borrowings from financial institutions***

As at 31 March 2022, short-term borrowings from financial institutions amounted to Baht 780 million shall be repayable at call. These loans bears interest at the rate of 1.08% - 1.31% per annum (31 December 2021: 1.08% per annum).

***Unutilised credit facilities***

As at 31 March 2022, the Company had unutilised credit facilities totalling U.S. Dollars 6 million and Baht 1,597 million (31 December 2021: U.S. Dollars 1 million and Baht 1,679 million).

**6 Segment information and disaggregation of revenue**

<b><i>Three-month period ended 31 March</i></b>	2022	2021
	<i>(in thousand Baht)</i>	
<b><i>Disaggregation of revenue</i></b>		
<b>Primary geographical markets</b>		
Thailand	1,264,313	1,028,521
Malaysia	279,706	178,037
Japan	81,231	69,181
Other countries	438,783	464,556
<b>Total revenue</b>	<u><b>2,064,033</b></u>	<u><b>1,740,295</b></u>

Timing of revenue recognition of the company comes from sales entirely which are recognised at a point in time.

**Fine Metal Technologies Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2022 (Unaudited)**

**7 Financial instruments**

*Carrying amount 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, but does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			Total
	Hedging instruments	Financial instruments measured at FVTPL	Total	Level 1 <i>(in thousand Baht)</i>	Level 2	Level 3	
<b>At 31 March 2022</b>							
<b>Financial assets</b>							
Forward exchange contract used for hedging	1,485	568	2,053	-	2,053	-	2,053
Copper future contract used for hedging	33,208	-	33,208	-	33,208	-	33,208
<b>Total financial assets</b>	<b>34,693</b>	<b>568</b>	<b>35,261</b>				
<b>Financial liabilities</b>							
Forward exchange contract used for hedging	(2,749)	(3,481)	(6,230)	-	(6,230)	-	(6,230)
Copper future contract used for hedging	(40,338)	-	(40,338)	-	(40,338)	-	(40,338)
<b>Total financial liabilities</b>	<b>(43,087)</b>	<b>(3,481)</b>	<b>(46,568)</b>				
<b>At 31 December 2021</b>							
<b>Financial assets</b>							
Forward exchange contract used for hedging	3,593	798	4,391	-	4,391	-	4,391
Copper future contract used for hedging	12,300	-	12,300	-	12,300	-	12,300
<b>Total financial assets</b>	<b>15,893</b>	<b>798</b>	<b>16,691</b>				
<b>Financial liabilities</b>							
Forward exchange contract used for hedging	(1,904)	(1,543)	(3,447)	-	(3,447)	-	(3,447)
Copper future contract used for hedging	(14,863)	-	(14,863)	-	(14,863)	-	(14,863)
<b>Total financial liabilities</b>	<b>(16,767)</b>	<b>(1,543)</b>	<b>(18,310)</b>				

**Fine Metal Technologies Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2022 (Unaudited)**

The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position:

<b>Type</b>	<b>Valuation technique</b>
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Copper future contract	<i>Market comparison technique:</i> The fair value is determined using broker quoted. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments.

**8 Commitments with non-related parties**

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<b><i>Other commitments</i></b>		
Short-term lease and low-value assets commitments	627	54
Bank guarantees for electricity use	13,369	13,369
<b>Total</b>	<u>13,996</u>	<u>13,423</u>

***Significant agreement with non-related parties***

**Hedge Agreement**

The Company entered into a master hedging agreement with non-related party, Toyota Tsusho Metals Ltd. and Triland Metals Ltd. (“the broker”), to hedge against the price fluctuation for the sale of copper product made by the Company to its customers in Thailand. Under the terms of agreement, the broker shall provide hedge service to the Company by entering into hedge contracts with the London Metal Exchange in accordance with the terms and condition stated in each hedge application requested by the Company. In consideration thereof, the Company is committed to pay a hedge service fee at the rate specified in agreement. In addition, the difference between the hedge price and the market price shall be payable by the Company or the broker, as the case maybe, at the end of each hedge period or specified in the agreement. This agreement is effective on the agreement date and shall be terminated by either party giving notice in writing to the other party.

**9 Events after the reporting period**

At the annual general meeting of the shareholders of the Company held on 29 April 2022, the shareholders approved the appropriation of dividend of Baht 2.625 per share, amounting to Baht 126 million. The dividend will be paid to the shareholders during 2022.