

Furukawa Metal (Thailand) Public Company Limited

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



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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Furukawa Metal (Thailand) Public Company Limited

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

Scope of Review

I conducted my review in accordance with 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
10 August 2020

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

		30 June	31 December	1 January
Assets	Note	2020	2019	2019
		(Unaudited)	(Restated)	(Restated)
<i>(in thousand Baht)</i>				
Current assets				
Cash and cash equivalents		111,518	14,690	7,823
Trade accounts receivable	5, 9	1,242,410	1,592,598	1,631,007
Other receivables	5	22,666	31,110	65,435
Inventories		932,836	684,650	792,202
Total current assets		2,309,430	2,323,048	2,496,467
Non-current assets				
Property, plant and equipment		377,258	385,677	429,144
Right-of-use assets	3	10,050	11,681	5,482
Intangible assets		7,040	7,532	6,593
Deferred tax assets	3	34,542	27,658	21,789
Other non-current assets		2,441	2,441	2,374
Total non-current assets		431,331	434,989	465,382
Total assets		2,740,761	2,758,037	2,961,849

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

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

		30 June	31 December	1 January
Liabilities and equity	<i>Note</i>	2020	2019	2019
		(Unaudited)	(Restated)	(Restated)
		<i>(in thousand Baht)</i>		
<i>Current liabilities</i>				
Short-term borrowings from financial institution	6	720,000	100,000	-
Trade accounts payable	5, 9	229,058	437,677	649,337
Other payables	5	73,262	32,053	44,476
Current portion of lease liabilities	3	4,402	4,334	5,143
Short-term borrowings from related party	5, 6	-	405,778	564,405
Income tax payable		5,014	13,580	20,126
Derivative liabilities	9	37,069	-	-
Other current liabilities		10,820	13,809	10,769
Total current liabilities		1,079,625	1,007,231	1,294,256
<i>Non-current liabilities</i>				
Lease liabilities	3	6,328	7,882	1,690
Provisions for employee benefits		134,818	137,614	107,453
Total non-current liabilities		141,146	145,496	109,143
Total liabilities		1,220,771	1,152,727	1,403,399

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

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

	30 June	31 December	1 January
	2020	2019	2019
	(Unaudited)	(Restated)	(Restated)
	<i>(in thousand Baht)</i>		
Liabilities and equity			
<i>Equity</i>			
Share capital			
Authorised share capital	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>
Issued and paid-up share capital	480,000	480,000	480,000
Share premium :			
Share premium on ordinary shares	507,500	507,500	507,500
Retained earnings			
Appropriated			
Legal reserve	48,000	48,000	48,000
Unappropriated	488,281	569,810	522,950
Other components of equity			
Loss on cash flow hedges	<u>(3,791)</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,519,990</u>	<u>1,605,310</u>	<u>1,558,450</u>
Total liabilities and equity	<u>2,740,761</u>	<u>2,758,037</u>	<u>2,961,849</u>

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

Furukawa Metal (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		2020	2019 (Restated)
<i>(in thousand Baht)</i>			
Revenues			
Revenue from sale of goods	5, 7	799,567	1,591,263
Net gain on foreign exchange		13,241	399
Other income		398	808
Total revenues		813,206	1,592,470
Expenses			
Cost of sale of goods	3, 5	739,262	1,487,179
Distribution costs	3	19,707	37,204
Administrative expenses	3, 5	25,589	31,973
Loss on copper hedging and service fee	5	27,183	9,803
Total expenses		811,741	1,566,159
Profit from operating activities		1,465	26,311
Finance costs	3, 5	(2,085)	(3,197)
Hedging loss for hedge of group of items with off-setting risk positions		(54,669)	-
Profit (loss) before income tax expense		(55,289)	23,114
Tax income (expense)	3	11,093	(4,616)
Profit (loss) for the period		(44,196)	18,498
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on cash flow hedges		(23,236)	-
Income tax relating to items that will be reclassified		4,648	-
Other comprehensive expense for the period, net of tax		(18,588)	-
Total comprehensive income (expense) for the period		(62,784)	18,498
Basic earnings (loss) per share (in Baht)		(0.92)	0.39

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

Furukawa Metal (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Six-month period ended	
		2020	2019 (Restated)
		30 June	
		(in thousand Baht)	
Revenues			
Revenue from sale of goods	5, 7	2,336,039	3,356,112
Other income		2,133	3,213
Total revenues		2,338,172	3,359,325
Expenses			
Cost of sale of goods	3, 5	2,146,106	3,111,839
Distribution costs	3	50,454	73,526
Administrative expenses	3, 5	56,485	62,165
Net loss on foreign exchange		3,162	3,605
Loss on copper hedging and service fee	5	50,387	14,284
Total expenses		2,306,594	3,265,419
Profit from operating activities		31,578	93,906
Finance costs	3, 5	(3,699)	(6,066)
Hedging loss for hedge of group of items with off-setting risk positions		(37,090)	-
Profit (loss) before income tax expense		(9,211)	87,840
Tax income (expense)	3	1,874	(17,566)
Profit (loss) for the period		(7,337)	70,274
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on cash flow hedges		3,017	-
Income tax relating to items that will be reclassified		(603)	-
Other comprehensive income for the period, net of tax		2,414	-
Total comprehensive income (expense) for the period		(4,923)	70,274
Basic earnings (loss) per share (in Baht)		(0.15)	1.46

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

Furukawa Metal (Thailand) 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
Note			Legal reserve	Unappropriated	Gain (loss) on cash flow hedges	
	<i>(in thousand Baht)</i>					
Six-month period ended 30 June 2019						
Balance at 1 January 2019 - as reported	480,000	507,500	48,000	524,031	-	1,559,531
Impact of changes in accounting policies						
- adoption of TFRS 16	3	-	-	(1,081)	-	(1,081)
Balance at 1 January 2019 - restated	480,000	507,500	48,000	522,950	-	1,558,450
Transaction with owners, recorded directly in equity						
Dividends to owners of the Company	8	-	-	(78,000)	-	(78,000)
Total transaction with owners, recorded directly in equity		-	-	(78,000)	-	(78,000)
Comprehensive income for the period						
Profit		-	-	70,274	-	70,274
Total comprehensive income for the period		-	-	70,274	-	70,274
Balance at 30 June 2019	480,000	507,500	48,000	515,224	-	1,550,724

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

Furukawa Metal (Thailand) 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
Note			Legal reserve	Unappropriated	Gain (loss) on cash flow hedges	
	<i>(in thousand Baht)</i>					
Six-month period ended 30 June 2020						
Balance at 31 December 2019 - as reported	480,000	507,500	48,000	570,238	-	1,605,738
Impact of changes in accounting policies						
- adoption of TFRS 16	3	-	-	(428)	-	(428)
Balance at 31 December 2019 - as restated	480,000	507,500	48,000	569,810	-	1,605,310
Impact of changes in accounting policies						
- adoption of TFRS - Financial instruments standards	3	-	-	3,808	(6,205)	(2,397)
Balance at 1 January 2020 - as restated	480,000	507,500	48,000	573,618	(6,205)	1,602,913
Transaction with owners, recorded directly in equity						
Dividends to owners of the Company	8	-	-	(78,000)	-	(78,000)
Total transaction with owners, recorded directly in equity		-	-	(78,000)	-	(78,000)
Comprehensive income for the period						
Loss		-	-	(7,337)	-	(7,337)
Other comprehensive income		-	-	-	2,414	2,414
Total comprehensive expense for the period		-	-	(7,337)	2,414	(4,923)
Balance at 30 June 2020	480,000	507,500	48,000	488,281	(3,791)	1,519,990

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Six-month period ended	
	30 June	
	2020	2019
		(Restated)
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit (loss) for the period	(7,337)	70,274
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>		
Tax expense (income)	(1,874)	17,566
Finance costs	3,699	6,066
Depreciation and amortisation	35,359	36,732
Provision for employee benefits	5,755	38,187
Unrealised gain on foreign exchange	(2,199)	(5,347)
Unrealised loss on derivatives	37,090	-
Gain on disposal of equipment	-	(229)
	<u>70,493</u>	<u>163,249</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	347,808	(250,564)
Other receivables	8,444	37,132
Inventories	(248,186)	202,681
Trade accounts payable	(204,040)	(172,666)
Other payables	40,846	40,397
Other current liabilities	(5,715)	(4,605)
Net cash generated from operating	<u>9,650</u>	<u>15,624</u>
Employee benefit paid	(8,551)	(8,637)
Income tax paid	<u>(13,580)</u>	<u>(20,124)</u>
Net cash flows used in operating activities	<u>(12,481)</u>	<u>(13,137)</u>

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Six-month period ended	
	30 June	
	2020	2019
		(Restated)
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(23,213)	(18,802)
Cash payments to purchase of intangible assets	(158)	(395)
Cash receipts from sale of equipment	-	229
Net cash flows used in investing activities	(23,371)	(18,968)
<i>Cash flows from financing activities</i>		
Interest paid	(4,116)	(5,657)
Dividend paid	(75,274)	(75,523)
Proceeds from borrowings from financial institution	4,460,000	900,000
Repayments of borrowings from financial institution	(3,840,000)	(600,000)
Proceeds from borrowings from related party	1,314,686	2,423,996
Repayments of borrowings from related party	(1,720,464)	(2,524,459)
Payment of lease liabilities	(2,152)	(3,586)
Net cash flows from financing activities	132,680	114,771
Net increase in cash and cash equivalents	96,828	82,666
Cash and cash equivalents at beginning of the period	14,690	7,823
Cash and cash equivalents at ending of the period	111,518	90,489
<i>Non-cash transaction</i>		
Payable for fixed assets purchased	3,743	1,467

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

Furukawa Metal (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

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Furukawa Metal (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

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

The interim financial statements issued for Thai 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 10 August 2020.

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.

On 1 June 2020, the Company's shares of 20,280,280 (42.25% of all paid-up ordinary and issue shares) were acquired by CTJ Holdings2, Ltd., a Japanese Company, from Furukawa Electric Co., Ltd. who was formerly the major shareholder. As a result, the new immediate and ultimate controlling party of the Company has changed to CTJ Holdings2, Ltd.

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 Company has initially applied TFRS - Financial instruments standards and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Company has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Company 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) Use of judgements, estimates and accounting policies

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 2019, except for the new significant judgement and key sources of estimation uncertainty related to the application of new TFRS and COVID-19 outbreak as described in note 4.

Furukawa Metal (Thailand) Public Company Limited
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For the three-month and six-month periods ended 30 June 2020 (Unaudited)

3 Changes in accounting policies

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

	Note	Retained earnings (in thousand Baht)	Other components of equity
At 1 January 2019 - as reported		524,031	-
<i>Increase (decrease) due to:</i>			
Adoption of TFRS 16	B	(1,351)	-
Related tax	B	270	-
At 1 January 2019 - restated		522,950	-
At 31 December 2019 - as reported		570,238	-
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Hedge accounting	A(2)	4,760	(7,756)
Adoption of TFRS 16	B	(535)	-
Related tax	A, B	(845)	1,551
At 1 January 2020 - restated		573,618	(6,205)

A. TFRS - Financial instruments standards

The Company has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other component of equity on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019.

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 and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). 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. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, derivatives are measured at FVTPL. Previously, the Company recognised the derivatives when they were exercised.

Furukawa Metal (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

The following table shows measurement categories under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Company's financial assets and financial liabilities as at 1 January 2020.

Classification under previous standards at 31 December 2019	Classification under TFRS 9 at 1 January 2020			
Carrying amounts	Fair value - applied hedge accounting	Fair value through profit or loss <i>(in thousand Baht)</i>	Fair value through other comprehensive income	Amortised cost - net
Other financial liabilities - derivative liabilities	-	2,996	-	-
Total other financial liabilities	-	2,996	-	-

(2) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while previous 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.

The Company has elected to adopt the new general hedge accounting model in TFRS 9. This requires the Company to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Cash flow hedges

The Company uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency sales and purchases. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve in equity.

The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedge expected future cash flow affects profit or loss.

Previously, the Company used derivatives to hedge currency exchange rate risk which was recognised when derivatives were exercised. The Company applied the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at the date of initial application.

Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Furukawa Metal (Thailand) Public Company Limited
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The impact from adoption of hedge accounting on the financial statements is as follows:

Statement of financial position

(in thousand Baht)

At 1 January 2020

Increase in deferred tax assets	599
Increase in derivative liabilities	(2,996)
Increase in retained earnings	(3,808)
Decrease in other component of equity	6,205

B. TFRS 16 Leases

From 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (transaction price). At the commencement date, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

The impact from adoption of TFRS 16 on the financial statements is as follows:

Statement of financial position	As previous reported	Adjustments (in thousand Baht)	As restated
At 1 January 2019			
Right-of-use assets	-	5,482	5,482
Deferred tax assets	21,519	270	21,789
Current portion of lease liabilities	-	(5,143)	(5,143)
Lease liabilities	-	(1,690)	(1,690)
Unappropriated retained earnings	(524,031)	1,081	(522,950)
At 31 December 2019			
Right-of-use assets	-	11,681	11,681
Deferred tax assets	27,551	107	27,658
Current portion of lease liabilities	-	(4,334)	(4,334)
Lease liabilities	-	(7,882)	(7,882)
Unappropriated retained earnings	(570,238)	428	(569,810)

Furukawa Metal (Thailand) Public Company Limited
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<i>Statements of comprehensive income</i>	As previous reported	Adjustments <i>(in thousand Baht)</i>	As restated
<i>Three-month period ended 30 June 2019</i>			
Cost of sales of goods	1,487,514	(335)	1,487,179
Distribution cost	37,281	(77)	37,204
Administrative expenses	32,157	(184)	31,973
Finance costs	3,123	74	3,197
Tax expense	4,512	104	4,616
Profit for the period	18,080	418	18,498
Basic earnings per share <i>(in Baht)</i>	0.38	0.01	0.39
<i>Six-month period ended 30 June 2019</i>			
Cost of sales of goods	3,112,254	(415)	3,111,839
Distribution cost	73,568	(42)	73,526
Administrative expenses	62,346	(181)	62,165
Finance costs	5,909	157	6,066
Tax expense	17,470	96	17,566
Profit for the period	69,889	385	70,274
Basic earnings per share <i>(in Baht)</i>	1.46	-	1.46

<i>Statements of cash flows</i>	As previous reported	Adjustments <i>(in thousand Baht)</i>	As restated
<i>For the six-month period ended 30 June 2019</i>			
Cash flows used in operating activities	(16,723)	3,586	(13,137)
Cash flows used in investing activities	(18,968)	-	(18,968)
Cash flows from financing activities	118,357	(3,586)	114,771

Right-of-use assets and lease liabilities shown above were presented as part of seamless copper tube segments.

4 Impact of COVID-19 Outbreak

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Company's staff and to manage the negative impact on the business as much as possible.

At 30 June 2020, the situation of COVID-19 outbreak is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Company 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 on impairment of trade accounts receivables under simplified approach using historical loss rate and did not take forward-looking information into account.

Furukawa Metal (Thailand) Public Company Limited
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5 Related parties

Other related parties which have material changes in relationships and that the Company had significant transactions during the period were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
CTJ Holding2, Ltd.	Japan	Parent, 42.25% shareholding from 1 June 2020
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 6.08% shareholding
Furukawa Sangyo Kaisha Co., Ltd.	Japan	A common shareholder, 1.04% shareholding
Furukawa Thai Holdings Co., Ltd.	Thailand	A common director and shareholder, 0.71% shareholding
Furukawa Electric Co., Ltd.	Japan	The entity which provides key management service to the Company, formerly the major shareholder until 31 May 2020
Daishin P&T Co., Ltd.	Japan	Subsidiary of the parent company, 100% shareholding
Okumura Metals (Thailand) Co., Ltd.	Thailand	100% indirect shareholding by the parent company
Okumura Metals (Malaysia) Sdn. Bhd.	Malaysia	100% indirect shareholding by the parent company
Tani International Trading Co., Ltd.	Thailand	A group member of the entity which provides key management service to the Company
Furukawa Sangyo Kaisha (Thailand) Ltd.	Thailand	A group member of the entity which provides key management service to the Company
Furukawa Electric Singapore Pte. Ltd.	Singapore	A group member of the entity which provides key management service to the Company
P.T. Furukawa Electric Indonesia	Indonesia	A group member of the entity which provides key management service to the Company
Furukawa Sangyo Kaisha (Malaysia) Sdn. Bhd.	Malaysia	A group member of the entity which provides key management service to the Company
Key management personnel	Thailand/ Japan	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of goods	Market price or contractually agreed price
Purchase of raw material	Market price or contractually agreed price
Technical assistance fee	Contractually agreed price
(Gain) loss on copper hedging and service fee	Contractually agreed price
Service fee and others	Contractually agreed price
Interest income or interest expense	Contractually agreed rate
Directors' remuneration	Approved by shareholders' meeting

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

Three-month period ended 30 June	2020	2019
	<i>(in thousand Baht)</i>	
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)		
Technical assistance fee	-	4,718
Loss on copper hedging and service fee	22,428	9,803
Other related parties		
Technical assistance fee	2,153	-
Loss on copper hedging and service fee	4,755	-
Revenue from sale of goods	245,231	473,004
Purchase of raw material	384,679	207,680
Service fee and others	3,321	1,779
Interest expense	-	2,606
Directors' remuneration	857	846
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	6,743	7,561
Post-employment benefits	400	400
Total key management personnel compensation	7,143	7,961

Six-month period ended 30 June	2020	2019
	<i>(in thousand Baht)</i>	
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)		
Technical assistance fee	4,807	9,934
Loss on copper hedging and service fee	45,632	14,284
Other related parties		
Technical assistance fee	2,153	-
Loss on copper hedging and service fee	4,755	-
Revenue from sale of goods	702,106	971,017
Purchase of raw material	688,217	475,741
Service fee and others	6,196	3,536
Interest expense	1,204	5,392
Directors' remuneration	1,682	1,671

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<i>Six-month period ended 30 June</i>	2020 <i>(in thousand Baht)</i>	2019
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	13,906	15,553
Post-employment benefits	801	801
Total key management personnel compensation	14,707	16,354

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

	30 June 2020 <i>(in thousand Baht)</i>	31 December 2019
Trade accounts receivable		
Other related parties	260,637	396,457
Other receivables		
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)	-	1,599
Trade accounts payable		
Other related party	15,353	139,523
Other payables		
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)	-	8,087
Other related parties	14,220	1,010
Total	14,220	9,097

	At 31 December 2019	Increase	Decrease	At 30 June 2020
Short-term borrowings				
Other related party	405,778	1,314,686	(1,720,464)	-
Total	405,778			-

(in thousand Baht)

Commitments with related party

As at 30 June 2020, the Company had outstanding future contracts with Furukawa Electric Co., Ltd., a related party, to hedge the copper cathode price of 2,940 tons, in amount of U.S. Dollars 17.3 million, equivalent to Baht 538.8 million (31 December 2019: 2,890 tons, in amount of U.S. Dollars 17.0 million, equivalent to Baht 515.8 million).

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Significant agreements with related parties

Technical Collaboration Agreement

As at 31 March 2020, the Company and Furukawa Electric Co., Ltd. agreed to terminate technical collaboration agreement dated 1 January 2020.

On 1 April 2020, the Company entered into technical collaboration agreement with Daishin P&T Co., Ltd., the related party, for a period of 1 year effective on 1 April 2020. The agreement shall be automatically extended for successive periods of one year each. Under the terms of the agreement, Daishin P&T Co., Ltd. shall provide the Company with technical collaboration and information on the manufacturing operations including an exclusive right to manufacture and sell the product in the countries as specified in the agreement. In consideration thereof, the Company is committed to pay a technical assistance fee computed from the net sales volume of seamless copper tube (Inner grooved tube) at the rate of Baht 2.25 per kilogram.

6 Short-term borrowings

	<i>Note</i>	30 June 2020	31 December 2019
<i>(in thousand Baht)</i>			
Current			
<i>Unsecured</i>			
Short-term borrowings from financial institution		720,000	100,000
Short-term borrowings from related party	5	-	405,778
Total		720,000	505,778

Short-term borrowings from financial institution

As at 30 June 2020, short-term borrowings from financial institution amounted to Baht 720 million shall be repayable at call. These borrowings bears interest at the rate of 1.10% and 1.15% per annum (31 December 2019: Baht 100 million and 1.39% per annum).

Unutilised credit facilities

As at 30 June 2020, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 2,727 million (31 December 2019: U.S. Dollars 1 million and Baht 3,347 million).

7 Segment information and disaggregation of revenue

	Three-month period ended		Six-month period ended	
	30 June 2020	2019	30 June 2020	2019
<i>(in thousand Baht)</i>				
Disaggregation of revenue				
Primary geographical markets				
Thailand	504,951	1,062,895	1,505,107	2,228,137
Malaysia	70,723	134,078	202,604	311,279
Japan	23,815	29,873	46,302	64,946
Singapore	9,501	34,031	39,908	61,467
Other countries	190,577	330,386	542,118	690,283
Total revenue	799,567	1,591,263	2,336,039	3,356,112

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	Three-month period ended		Six-month period ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Timing of revenue recognition				
At a point in time	799,567	1,591,263	2,336,039	3,356,112
Total revenue	<u>799,567</u>	<u>1,591,263</u>	<u>2,336,039</u>	<u>3,356,112</u>

8 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2020				
Annual dividend	29 April 2020	May 2020	<u>1.625</u>	<u>78,000</u>
2019				
Annual dividend	29 April 2019	May 2019	<u>1.625</u>	<u>78,000</u>

9 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 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.

	Carrying amount		Fair value			
	Fair value - applied hedge accounting	Total	Level 1 (in thousand Baht)	Level 2	Level 3	Total
At 30 June 2020						
Financial liabilities						
Forward exchange contracts	(1,624)	(1,624)	-	(1,624)	-	(1,624)
Copper future contract	(35,445)	(35,445)	-	(35,445)	-	(35,445)
Total	<u>(37,069)</u>	<u>(37,069)</u>	<u>-</u>	<u>(37,069)</u>	<u>-</u>	<u>(37,069)</u>
At 31 December 2019						
Financial assets and financial liabilities						
Forward exchange contracts	-	-	-	(11,123)	-	(11,123)
Copper future contract	-	-	-	8,127	-	8,127
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,996)</u>	<u>-</u>	<u>(2,996)</u>

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Financial instruments measured at fair value

Type	Valuation technique
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.

Impairment loss

Allowance for impairment loss for trade accounts receivable are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

As at 30 June 2020 and 31 December 2019, the Company has no allowance for impairment loss of trade accounts receivables.

<i>Trade accounts receivables</i>	Note	30 June 2020 <i>(in thousand Baht)</i>	31 December 2019
Related parties			
Within credit terms		260,407	396,457
Overdue:			
Less than 3 months		230	-
	5	<u>260,637</u>	<u>396,457</u>
Other parties			
Within credit terms		969,402	1,193,447
Overdue:			
Less than 3 months		12,371	2,694
		<u>981,773</u>	<u>1,196,141</u>
Total		<u>1,242,410</u>	<u>1,592,598</u>

10 Commitments with non-related parties

	30 June 2020	31 December 2019 <i>(in thousand Baht)</i>
Other commitments		
Purchase orders for raw materials	119,887	151,407
Bank guarantees for electricity use	13,369	13,369
Total	<u>133,256</u>	<u>164,776</u>