

Fine Metal Technologies Public Company Limited

Financial statements for the year ended
31 December 2021
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th 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

To the Shareholders of Fine Metal Technologies Public Company Limited

Opinion

I have audited the financial statements of Fine Metal Technologies Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Valuation of inventories	
Refer to Notes 3(e) and 7 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The main raw material of the Company's products is copper cathode. Copper cathode price was then a significant factor of the cost of inventories. As copper cathode is commodities which can be subjected to market price volatility, in the case of the fluctuation according to the market condition, this may result that the net realisable value of inventories is lower than their cost. This matter involves management's judgment and the Company had a significant inventory balance, thus, this is focus area in my audit.	My procedures included an understanding the Company's policy to estimate the net realisable value of inventories. I performed testing the calculation of the measurement of net realisable value by comparing, on a sampled basis, the cost of inventories against expected net realisable value (i.e. selling price in the latest invoice or price list less estimated cost to complete and to make the sale), and also sampling checked with relevant documents. I also considered the adequacy of disclosures in relation to inventory in accordance with TFRSs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in blue ink, appearing to read 'Songchai W.', with a stylized flourish at the end.

(Songchai Wongpiriyaporn)
Certified Public Accountant
Registration No. 10996

KPMG Phoomchai Audit Ltd.
Bangkok
22 February 2022

Fine Metal Technologies Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2021	2020
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	104,011,660	92,009,488
Trade receivables	4, 6	1,606,493,484	1,532,168,847
Other receivables	4	60,919,379	55,787,904
Inventories	7	1,128,288,143	899,258,756
Other current financial assets	19	16,691,201	87,482,718
Total current assets		<u>2,916,403,867</u>	<u>2,666,707,713</u>
<i>Non-current assets</i>			
Property, plant and equipment	8	374,030,179	355,972,974
Right-of-use assets		6,208,252	7,829,201
Intangible assets	9	12,001,815	8,426,460
Deferred tax assets	15	27,634,281	36,970,652
Other non-current assets		2,442,353	2,441,753
Total non-current assets		<u>422,316,880</u>	<u>411,641,040</u>
Total assets		<u>3,338,720,747</u>	<u>3,078,348,753</u>

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

Fine Metal Technologies Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2021	2020
		<i>(in Baht)</i>	
Current liabilities			
Short-term borrowings			
from financial institutions	10, 19	888,000,000	825,000,000
Trade payables	4, 19	476,356,679	339,734,556
Other payables	4, 19	47,884,690	29,933,016
Current portion of lease liabilities	19	3,941,320	4,286,444
Income tax payable		30,641,803	15,339,494
Other current financial liabilities	19	18,309,582	133,204,950
Other current liabilities		16,970,867	16,218,856
Total current liabilities		1,482,104,941	1,363,717,316
Non-current liabilities			
Lease liabilities	19	2,732,094	4,391,176
Provision for employee benefits	11	135,946,261	138,141,011
Total non-current liabilities		138,678,355	142,532,187
Total liabilities		1,620,783,296	1,506,249,503

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

Fine Metal Technologies Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2021	2020
		<i>(in Baht)</i>	
Equity			
Share capital			
Authorised share capital			
<i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>		<u>480,000,000</u>	<u>480,000,000</u>
Issued and paid-up share capital			
<i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>		480,000,000	480,000,000
Share premium :			
Share premium on ordinary shares		507,500,000	507,500,000
Retained earnings			
Appropriated			
Legal reserve	12	48,000,000	48,000,000
Unappropriated		680,820,215	542,685,657
Other components of equity			
Gain (loss) on cash flow hedges	12, 19	<u>1,617,236</u>	<u>(6,086,407)</u>
Total equity		<u>1,717,937,451</u>	<u>1,572,099,250</u>
Total liabilities and equity		<u>3,338,720,747</u>	<u>3,078,348,753</u>

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income

		For the year ended	
		31 December	
	<i>Note</i>	2021	2020
		<i>(in Baht)</i>	
Revenues			
Revenue from sale of goods	4, 13	7,185,293,607	4,802,012,744
Gain on copper hedging and service fee		166,505,084	-
Net gain on foreign exchange		15,764,306	9,016,651
Other income		20,051,553	6,744,661
Total revenues		<u>7,387,614,550</u>	<u>4,817,774,056</u>
Expenses			
Cost of sale of goods	4, 7	6,905,487,452	4,467,344,209
Distribution costs		120,496,605	102,110,082
Administrative expenses	4	107,393,267	107,888,002
Loss on copper hedging and service fee	4	-	30,494,387
Total expenses		<u>7,133,377,324</u>	<u>4,707,836,680</u>
Profit from operating activities		254,237,226	109,937,376
Finance costs	4	(14,317,173)	(8,385,137)
Hedging gain (loss) for hedge of group of items with off-setting risk positions		34,474,296	(42,873,897)
Profit before income tax		<u>274,394,349</u>	<u>58,678,342</u>
Tax expense	15	(54,882,107)	(11,610,243)
Profit for the year		<u>219,512,242</u>	<u>47,068,099</u>

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income

		For the year ended	
		31 December	
	<i>Note</i>	2021	2020
		<i>(in Baht)</i>	
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on cash flow hedges		9,629,554	148,192
Income tax relating to items that will be reclassified	15, 19	<u>(1,925,911)</u>	<u>(29,638)</u>
Total items that will be reclassified subsequently to profit or loss		<u>7,703,643</u>	<u>118,554</u>
<i>Items that will not be reclassified to profit or loss</i>			
Loss on remeasurements of defined benefit plans	11	(4,222,105)	-
Income tax relating to items that will not be reclassified	15	<u>844,421</u>	<u>-</u>
Total items that will not be reclassified to profit or loss		<u>(3,377,684)</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>4,325,959</u>	<u>118,554</u>
Total comprehensive income for the year		<u><u>223,838,201</u></u>	<u><u>47,186,653</u></u>
Basic earnings per share	17	<u><u>4.57</u></u>	<u><u>0.98</u></u>

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

Fine Metal Technologies Public Company Limited
Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Other components of equity		Total equity
				Legal reserve	Gain (loss) on cash flow hedges		Gain (loss) on cash flow hedges	Gain (loss) on cash flow hedges	
Year ended 31 December 2020									
Balance at 1 January 2020		480,000,000	507,500,000	48,000,000	573,617,558	(6,204,961)			1,602,912,597
Transactions with owners, recorded directly in equity									
Dividends to owners of the Company	18	-	-	-	(78,000,000)	-			(78,000,000)
Total distribution to owners of the Company		-	-	-	(78,000,000)	-			(78,000,000)
Comprehensive income for the year									
Profit		-	-	-	47,068,099	-			47,068,099
Other comprehensive income		-	-	-	-	118,554			118,554
Total comprehensive income for the year		-	-	-	47,068,099	118,554			47,186,653
Balance at 31 December 2020		480,000,000	507,500,000	48,000,000	542,685,657	(6,086,407)			1,572,099,250

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

Fine Metal Technologies Public Company Limited
Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated cash flow hedges	Other components of equity	Total equity
				Legal reserve	Gain (loss) on cash flow hedges			
Year ended 31 December 2021								
Balance at 1 January 2021		480,000,000	507,500,000	48,000,000	542,685,657	(6,086,407)		1,572,099,250
Transactions with owners, recorded directly in equity								
Dividends to owners of the Company	18	-	-	-	(78,000,000)	-		(78,000,000)
Total distribution to owners of the Company		-	-	-	(78,000,000)	-		(78,000,000)
Comprehensive income for the year								
Profit		-	-	-	219,512,242	-		219,512,242
Other comprehensive income		-	-	-	(3,377,684)	7,703,643		4,325,959
Total comprehensive income for the year		-	-	-	216,134,558	7,703,643		223,838,201
Balance at 31 December 2021		480,000,000	507,500,000	48,000,000	680,820,215	1,617,236		1,717,937,451

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

Fine Metal Technologies Public Company Limited

Statement of cash flows

	For the year ended	
	31 December	
	2021	2020
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	219,512,242	47,068,099
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	54,882,107	11,610,243
Finance costs	14,317,173	8,385,137
Depreciation and amortisation	71,800,755	71,528,545
Provision for employee benefits	14,473,713	12,943,191
Unrealised (gain) loss on foreign exchange	(994,213)	1,033,889
Unrealised (gain) loss on derivatives	(34,474,296)	42,873,897
Gain on disposal of equipment	(12,228)	(3,892)
	<u>339,505,253</u>	<u>195,439,109</u>
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(74,330,487)	58,226,233
Other receivables	(5,131,475)	(24,677,709)
Inventories	(229,029,387)	(214,608,543)
Other non-current assets	(600)	(300)
Trade payables	137,622,186	(96,774,178)
Other payables	3,309,996	(2,239,838)
Other current liabilities	714,645	(78,470)
Cash generated from (used in) operating activities	<u>172,660,131</u>	<u>(84,713,696)</u>
Employee benefit paid	(20,890,568)	(12,415,780)
Income tax paid	<u>(31,324,917)</u>	<u>(18,593,994)</u>
Net cash from (used in) operating activities	<u>120,444,646</u>	<u>(115,723,470)</u>

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

Fine Metal Technologies Public Company Limited

Statement of cash flows

	For the year ended	
	31 December	
	2021	2020
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(68,982,039)	(35,602,453)
Cash payments to purchase of intangible assets	(5,722,565)	(2,497,326)
Cash receipts from sale of equipment	17,992	6,075
Net cash used in investing activities	<u>(74,686,612)</u>	<u>(38,093,704)</u>
<i>Cash flows from financing activities</i>		
Interest paid	(13,788,092)	(8,331,428)
Dividends paid	(77,962,634)	(75,512,054)
Proceeds from borrowings from financial institutions	2,833,000,000	6,780,000,000
Repayment of borrowings from financial institutions	(2,770,000,000)	(6,055,000,000)
Proceeds from borrowings from related party	-	1,314,686,005
Repayment of borrowings from related party	-	(1,720,463,705)
Payment of lease liabilities	(5,005,136)	(4,242,434)
Net cash from (used in) financing activities	<u>(33,755,862)</u>	<u>231,136,384</u>
Net increase in cash and cash equivalents	12,002,172	77,319,210
Cash and cash equivalents at 1 January	92,009,488	14,690,278
Cash and cash equivalents at 31 December	<u>104,011,660</u>	<u>92,009,488</u>
<i>Non-cash transaction</i>		
Payable for fixed assets purchased	17,141,737	3,029,141

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

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade receivables
7	Inventories
8	Property, plant and equipment
9	Intangible assets
10	Short-term borrowings from financial institutions
11	Provision for employee benefits
12	Reserve
13	Segment information and disaggregation of revenue
14	Expenses by nature
15	Income tax
16	Promotional privileges
17	Basic earnings per share
18	Dividends
19	Financial instruments
20	Capital management
21	Commitments with non-related parties
22	Events after the reporting period

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and 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 authorized for issue by the Board of Directors on 22 February 2022.

1 General information

Fine Metal Technologies Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in 1996. The Company’s registered offices as follows:

- (a) Head Office : 183 Regent House Building, 14th Floor, Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330
- (b) Factory : 213 Moo 4 Friendship Highway Km. 125th, Tab Kwang, Kaeng Khoi, Saraburi 18260

The Company’s major shareholder during the financial period was CTJ Holdings2, Ltd. (42.25% shareholding), a company incorporated in Japan.

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.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumption and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- 11 Measurement of defined benefit obligations: key actuarial assumptions;
- 19 Determining the fair value of financial instruments on the basis of significant unobservable inputs.

As the situation of COVID-19 outbreak resulting in estimation uncertainty in 2020. Therefore, the Company applied accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 in preparing the financial statement for the year ended 31 December 2020 by excluding COVID-19 situation on impairment of trade receivables under simplified approach using historical loss rate and did not take forward-looking information into accounting. As the accounting guidance already expired on 31 December 2020, the Company has assessed the impact and there was no material impact to financial statements. Therefore, the Company did not adjust the value of trade receivables in 2021.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date and outstanding balances at reporting date are translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Foreign currency differences arising from the translation are recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent the hedge is effective are recognised in other comprehensive income.

(b) Financial instruments

(b.1) Classification and measurement

Financial assets and financial liabilities (except trade accounts receivables (see note 3(d))) are initially recognised when the Company becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition are recognised in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

(b.2) Derecognition and offset

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and the Company intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b.3) Derivatives

Derivative are recognised at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or fair value hedges of commodity price risk, in which case recognition of any resultant gain or loss depends on nature of the item being hedged (see note 3(b.4)).

(b.4) Hedging

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and certain derivatives and non-derivative financial liabilities as hedges of commodity price risk.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is recognised in a cash flow hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the cash flow hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve are immediately reclassified to profit or loss.

(b.5) Impairment of financial assets other than trade receivables

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Company considers a financial asset to have low credit risk when the Company recognises ECLs for low credit risk financial asset as 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due.

(b.6) Write offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b.7) Interest

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

(c) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

(d) *Trade and other receivables*

A trade receivable is recognised when the Company has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Company estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(e) *Inventories*

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost principle. Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(f) *Property, plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land or assets under construction and machinery under installation.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

The estimated useful lives are as follows:

Land improvements	5 - 20 years
Buildings and improvements	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture, fixtures and office equipment	5 - 10 years
Transportation equipment	5 years

(g) Intangible assets

Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits.

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. The estimated useful lives for the current and comparative periods of computer software is 5 years.

Golf membership is measured at cost less impairment losses.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Leases

At inception of a contract, the Company assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Company has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined. The Company uses the Company's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(i) *Impairment of non-financial assets.*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) *Employee benefits*

Defined contribution plans

Obligations for contributions to the Company's provident funds are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

(m) Revenue from contracts with customers

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

For bundled packages, the Company accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Company sells the products and services in separate transactions.

(n) Income tax

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

(p) *Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(q) *Segment reporting*

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

Other related parties that the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
CTJ Holding2, Ltd.	Japan	Parent, 42.25% shareholding
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 9.87% shareholding
Daishin P&T Co., Ltd.	Japan	Subsidiary of the parent company, 100% shareholding
Okumura Metals 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 common director and shareholder
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.

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 and factory supplies	Market price or contractually agreed price
Purchases of machinery and equipment	Mutually negotiable 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 expense	Contractually agreed rate
Management benefit expenses	Approved by shareholders' meeting / contractually agreed price

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	2021	2020
	<i>(in thousand Baht)</i>	
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)		
Technical assistance fee	-	4,807
Loss on copper hedging and service fee	-	45,568
Other related parties		
Revenue from sales of goods	1,486,268	1,402,885
Gain on copper hedging and service fee	-	15,074
Purchase of raw material	14,994	626,241
Purchases of machinery and equipment	39,395	-
Technical assistance fee	14,518	9,090
Service fee and others	4,981	12,059
Interest expense	-	1,204
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	41,131	36,854
Post-employment benefits	1,602	1,602
Total key management personnel compensation	42,733	38,456

Balances as at 31 December with related parties were as follows:

	2021	2020
	<i>(in thousand Baht)</i>	
Trade receivables		
Other related parties	402,240	363,846
Other receivables		
Other related party	-	21,596
Trade payables		
Other related party	-	33,699
Other payables		
Other related parties	7,044	7,156

Significant agreements with related parties

Technical Collaboration Agreement

On 1 April 2021, 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 2021. 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. During September 2021, the Company and Daishin P&T Co., Ltd. agreed to terminate a foresaid technical collaboration agreement.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

Subsequently, the Company entered into technical collaboration agreement with Okumura Metals Co., Ltd. the related party, for a period of 1 year effective on 1 October 2021 and shall continue to be effective until either party terminates the contract with written notice. Under the terms of the agreement, Okumura Metals 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.

5 Cash and cash equivalents

	2021	2020
	<i>(in thousand Baht)</i>	
Cash on hand	55	115
Cash at banks	103,957	91,894
Total	104,012	92,009

6 Trade receivables

	Note	2021	2020
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		402,240	363,846
	4	402,240	363,846
Other parties			
Within credit terms		1,202,827	1,162,329
Overdue			
Less than 90 days		1,426	5,994
		1,204,253	1,168,323
Total		1,606,493	1,532,169

As at 31 December 2021 and 2020, the Company has no allowance for impairment loss of trade receivables.

Accounts receivable supplier agreement

During 2021, the Company has assigned its right over collection from account receivable amounted of Baht 1,128.48 million (*31 December 2020: nil*) to a financial institution according to the accounts receivable supplier agreement. The Company has already received from the financial institution amounted of 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 financial statements
For the year ended 31 December 2021

7 Inventories

	2021	2020
	<i>(in thousand Baht)</i>	
Finished goods	401,000	259,854
Work in progress	398,065	258,752
Raw materials	54,122	80,504
Factory supplies	192,279	178,131
Goods in transit	82,822	122,018
Total	<u>1,128,288</u>	<u>899,259</u>
 Inventories recognised as an expense in cost of sales of goods:		
- Cost	<u>6,905,487</u>	<u>4,467,344</u>

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

8 Property, plant and equipment

	Land and improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Transportation equipment	Assets under construction and machinery under installation	Total
Cost							
At 1 January 2020	181,600	593,947	4,406,471	45,971	3,984	3,117	5,235,090
Additions	-	424	4,243	667	180	30,155	35,669
Transfers	-	861	21,665	-	-	(22,526)	-
Disposals	-	-	-	(381)	(630)	-	(1,011)
At 31 December 2020 and 1 January 2021	181,600	595,232	4,432,379	46,257	3,534	10,746	5,269,748
Additions	-	-	566	334	15	82,179	83,094
Transfers	-	3,516	28,016	285	-	(31,817)	-
Disposals	-	-	(22,919)	(89)	-	-	(23,008)
At 31 December 2021	181,600	598,748	4,438,042	46,787	3,549	61,108	5,329,834
Depreciation							
At 1 January 2020	67,614	515,557	4,221,851	40,687	3,704	-	4,849,413
Depreciation charge for the year	2,660	16,056	44,776	1,799	80	-	65,371
Disposals	-	-	-	(379)	(630)	-	(1,009)
At 31 December 2020 and 1 January 2021	70,274	531,613	4,266,627	42,107	3,154	-	4,913,775
Depreciation charge for the year	2,666	15,283	45,217	1,754	111	-	65,031
Disposals	-	-	(22,919)	(83)	-	-	(23,002)
At 31 December 2021	72,940	546,896	4,288,925	43,778	3,265	-	4,955,804
Net book value							
At 31 December 2020	111,326	63,619	165,752	4,150	380	10,746	355,973
At 31 December 2021	108,660	51,852	149,117	3,009	284	61,108	374,030

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2021 amounted to Baht 4,232 million (2020: Baht 4,196 million).

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

9 Intangible assets

	Computer software	Golf membership (in thousand Baht)	Computer software under installation	Total
Cost				
At 1 January 2020	137,972	2,200	1,329	141,501
Additions	22	-	2,475	2,497
Transfers	3,612	-	(3,612)	-
Write-off	(126)	-	-	(126)
At 31 December 2020 and 1 January 2021	141,480	2,200	192	143,872
Additions	-	-	5,722	5,722
Transfers	3,860	-	(3,860)	-
At 31 December 2021	145,340	2,200	2,054	149,594
Amortisation				
At 1 January 2020	133,969	-	-	133,969
Amortisation for the year	1,603	-	-	1,603
Write-off	(126)	-	-	(126)
At 31 December 2020 and 1 January 2021	135,446	-	-	135,446
Amortisation for the year	2,146	-	-	2,146
At 31 December 2021	137,592	-	-	137,592
Net book value				
At 31 December 2020	6,034	2,200	192	8,426
At 31 December 2021	7,748	2,200	2,054	12,002

10 Short-term borrowings from financial institutions

	2021 (in thousand Baht)	2020
Current		
<i>Unsecured</i>		
Short-term borrowings from financial institutions	888,000	825,000
Total	888,000	825,000

Short-term borrowings from financial institutions

As at 31 December 2021, short-term borrowings from financial institutions amounted to Baht 888 million shall be repayable at call. These loans bears interest at the rate of 1.08% per annum (31 December 2020: 1.08% per annum).

Unutilised credit facilities

As at 31 December 2021, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 1,679 million (2020: U.S. Dollars 1 million and Baht 2,622 million).

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

11 Provision for employee benefits

	2021	2020
	<i>(in thousand Baht)</i>	
Post-employment benefits	120,467	123,113
Other long-term employee benefits	7,754	6,850
Others	7,725	8,178
Total	135,946	138,141

Defined benefit plan

The Company operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

<i>Present value of the defined benefit obligations</i>	2021	2020
	<i>(in thousand Baht)</i>	
At 1 January	123,113	120,775

Recognised in profit or loss:

Current service cost	7,442	7,342
Interest on obligation	3,254	3,137
	10,696	10,479

Recognised in other comprehensive income:

Actuarial (gain) loss		
- Financial assumptions	6,467	-
- Experience adjustment	(2,245)	-
	4,222	-
Benefit paid	(17,564)	(8,141)
	(17,564)	(8,141)
At 31 December	120,467	123,113

Principle actuarial assumptions

	2021	2020
	<i>(%)</i>	
Discount rate	1.9	2.8
Future salary growth	4	3 - 4
Employee turnover	0 - 14	0 - 14

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 8.4 years (2020: 7.8 years).

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation At 31 December</i>	increase in assumption		decrease in assumption	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Discount rate (1% movement)	(7,123)	(6,854)	7,734	7,578
Future salary growth (1% movement)	7,692	9,936	(7,066)	(9,062)
Employee turnover (20% movement)	(1,270)	(1,822)	1,346	1,910
Future mortality (1% movement)	211	200	(230)	(216)

12 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

13 Segment information and disaggregation of revenue

Management considers that the Company operates in a single line of business, namely seamless copper tube, and has, therefore, only one reportable segment.

Geographical segments

The Company is managed and operates principally in Thailand. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
Primary geographical markets		
Thailand	4,043,290	3,061,539
Malaysia	677,984	439,086
Japan	339,091	114,639
Singapore	91,969	78,585
Other countries	2,032,960	1,108,164
Total revenue	<u>7,185,294</u>	<u>4,802,013</u>

Total revenue of the company recognised at a point of time

Major customer

Revenues from major customers represent approximately Baht 3,591 million (2020: Baht 2,310 million) of the Company's total revenues.

14 Expenses by nature

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	(280,459)	(154,439)
Raw materials and consumables used	6,567,027	4,022,562
Employee benefit expenses	271,068	255,037
Depreciation of plant and equipment	64,446	64,975
Amortisation of intangible assets	1,433	1,275
<i>Included in distribution costs:</i>		
Packing materials and consumables used	55,008	39,482
Freight expenses	37,861	35,444
Employee benefit expenses	18,529	18,913
Depreciation of plant and equipment	2,026	1,719
<i>Included in administrative expenses:</i>		
Employee benefit expenses	67,180	63,660
Technical assistance fee	14,518	13,897
Depreciation of plant and equipment	3,183	3,232
Amortisation of intangible assets	713	328

During 2021, the Company has contributed provident funds for its employees amounting to Baht 6.6 million (2020: Baht 6.5 million), which included in employee benefit expenses.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

15 Income tax

Income tax recognised in profit or loss

	2021 <i>(in thousand Baht)</i>	2020
Current tax expense		
Current year	46,627	20,364
Over provided in prior year	-	(10)
	<u>46,627</u>	<u>20,354</u>
Deferred tax expense		
Movements in temporary differences	8,255	(8,744)
Total	<u>54,882</u>	<u>11,610</u>

Income tax recognised in other comprehensive income

	Before tax	2021 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2020 Tax (expense) benefit	Net of tax
Cash flow hedges reserve	9,630	(1,926)	7,704	148	(30)	118
Defined benefit plan actuarial losses	(4,222)	844	(3,378)	-	-	-
	<u>5,408</u>	<u>(1,082)</u>	<u>4,326</u>	<u>148</u>	<u>(30)</u>	<u>118</u>

Reconciliation of effective tax rate

	Rate (%)	2021 <i>(in thousand Baht)</i>	Rate (%)	2020 <i>(in thousand Baht)</i>
Profit before income tax expense		274,394		58,678
Income tax using the Thai corporation tax rate	20	54,879	20	11,736
Expenses additionally deductible for tax purposes		(88)		(148)
Expenses not deductible for tax purposes		91		32
Over provided in prior year		-		(10)
Total	<u>20</u>	<u>54,882</u>	<u>20</u>	<u>11,610</u>

Deferred tax

At 31 December

	Assets		Liabilities	
	2021	2020	2021	2020
Total	27,634	36,971	-	-
Net deferred tax assets	<u>27,634</u>	<u>36,971</u>	<u>-</u>	<u>-</u>

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

	At 1 January 2021	(Charged) / credited to		At 31 December 2021
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Right-of-use assets	170	(77)	-	93
Derivatives and hedge accounting	9,145	(6,895)	(1,926)	324
Provision for employee benefits	27,628	(1,283)	844	27,189
Others	28	-	-	28
Total	36,971	(8,255)	(1,082)	27,634

	At 1 January 2020	(Charged) / credited to		At 31 December 2020
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Right-of-use assets	107	63	-	170
Derivatives and hedge accounting	599	8,576	(30)	9,145
Provision for employee benefits	27,523	105	-	27,628
Others	28	-	-	28
Total	28,257	8,744	(30)	36,971

16 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the manufacturing of seamless copper tube, which include, among others, the following:

- exemption from the payment of import duty on raw material and essential materials imported for the Company's operation for export, from 14 July 2021 to 13 July 2023.
- exemption from the payment of import duty on item which the promoted company imports for re-export, from 14 July 2021 to 13 July 2023.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.

17 Basic earnings per share

	2021 <i>(in thousand Baht / thousand shares)</i>	2020 <i>(in thousand Baht / thousand shares)</i>
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>		
Profit attributable to ordinary shareholders of the Company (basic)	219,512	47,068
Number of ordinary shares outstanding	48,000	48,000
Earnings per share (basic) <i>(in Baht)</i>	4.57	0.98

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

18 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2021				
Annual dividend	30 April 2021	May 2021	<u>1.625</u>	<u>78,000</u>
2020				
Annual dividend	29 April 2020	May 2020	<u>1.625</u>	<u>78,000</u>

19 Financial instruments

(a) 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. It 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.

<i>At 31 December 2021</i>	Hedging instruments	Carrying amount	Fair value				Total
		Financial instruments measured at FVTPL	Total (in thousand Baht)	Level 1	Level 2	Level 3	
Financial assets							
Forward exchange contract used for hedging	3,593	798	4,391	-	4,391	-	4,391
Copper future contract used for hedging	<u>12,300</u>	<u>-</u>	<u>12,300</u>	-	12,300	-	12,300
Total financial assets	<u>15,893</u>	<u>798</u>	<u>16,691</u>				
Financial liabilities							
Forward exchange contract used for hedging	(1,904)	(1,543)	(3,447)	-	(3,447)	-	(3,447)
Copper future contract used for hedging	<u>(14,863)</u>	<u>-</u>	<u>(14,863)</u>	-	(14,863)	-	(14,863)
Total financial liabilities	<u>(16,767)</u>	<u>(1,543)</u>	<u>(18,310)</u>				
At 31 December 2020							
	Hedging instruments	Carrying amount	Fair value				Total
		Financial instruments measured at FVTPL	Total (in thousand Baht)	Level 1	Level 2	Level 3	
Financial assets							
Copper future contract used for hedging	87,483	-	87,483	-	87,483	-	87,483
Total financial assets	<u>87,483</u>	<u>-</u>	<u>87,483</u>				
Financial liabilities							
Forward exchange contract used for hedging	(7,608)	(500)	(8,108)	-	(8,108)	-	(8,108)
Copper future contract used for hedging	<u>(125,097)</u>	<u>-</u>	<u>(125,097)</u>	-	(125,097)	-	(125,097)
Total financial liabilities	<u>(132,705)</u>	<u>(500)</u>	<u>(133,205)</u>				

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

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

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.

(b) *Financial risk management policies*

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(b.1.1) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 13.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's commercial terms and conditions are offered. The Company's review sale limits are established for each customer. Any sales exceeding those limits require approval from the authorised person.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

The Company limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period. Outstanding trade receivables are regularly monitored by the Company. An impairment analysis is performed by the Company at each reporting date.

Information relevant to trade receivables are disclosed in note 6.

(b.1.2) Cash and cash equivalent and derivatives

The Company's exposure to credit risk arising from cash and cash equivalents and derivatives is limited because the counterparties are banks and financial institutions which the Company considers to have low credit risk.

(b.2) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

<i>At 31 December 2021</i>	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
<i>Non-derivative financial liabilities</i>						
Trade payables	(476,357)	(476,357)	-	-	-	(476,357)
Other payables	(47,885)	(47,885)	-	-	-	(47,885)
Lease liabilities	(6,673)	(4,136)	(1,592)	(1,264)	-	(6,992)
Loans from financial institutions	(888,000)	(892,818)	-	-	-	(892,818)
	(1,418,915)	(1,421,196)	(1,592)	(1,264)	-	(1,424,052)
<i>Derivative financial liabilities</i>						
Copper future contracts used for hedging	(14,863)	(2,551)	(11)	-	-	(2,562)
Forward exchange contracts used for hedging:	(3,447)					
- Cash outflow		(631,712)	-	-	-	(631,712)
- Cash inflow		636,178	-	-	-	636,178
	(18,310)	1,915	(11)	-	-	1,904

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2021

<i>At 31 December 2020</i>	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
<i>Non-derivative financial liabilities</i>						
Trade payables	(339,735)	(339,735)	-	-	-	(339,735)
Other payables	(29,933)	(29,933)	-	-	-	(29,933)
Lease liabilities	(8,678)	(4,545)	(3,306)	(1,240)	-	(9,091)
Loans from financial institutions	(825,000)	(829,484)	-	-	-	(829,484)
	<u>(1,203,346)</u>	<u>(1,203,697)</u>	<u>(3,306)</u>	<u>(1,240)</u>	<u>-</u>	<u>(1,204,243)</u>
<i>Derivative financial liabilities</i>						
Copper future contracts used for hedging	(125,097)	(37,615)	-	-	-	(37,615)
Forward exchange contracts used for hedging:	(8,108)					
- Cash outflow		(389,592)	-	-	-	(389,592)
- Cash inflow		383,814	-	-	-	383,814
	<u>(133,205)</u>	<u>(43,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,393)</u>

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

(b.3) Market risk

The Company is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

(b.3.1) Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

The Company is exposed to the transactions with foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables are denominated and the respective functional currencies of the Company. The functional currencies of the Company are primarily Thai Baht (THB). The currencies in which these transactions are primarily denominated are US dollars, and Japan Yen.

The Company's risk management policy is to hedge 70% to 90% its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, mostly with less-than-one-year maturity from the reporting date. These contracts are generally designated as cash flow hedges.

The Company designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Company's policy specifies the critical terms of the forward exchange contracts to align with the hedged item.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

The Company assesses whether the derivative designated in each hedging relationship is effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Company's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- differences in the timing of the hedged transactions

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

<i>Exposure to foreign currency at 31 December</i>	2021			2020		
	USD	JPY	Total <i>(in thousand Baht)</i>	USD	JPY	Total
Trade receivables	211,238	5,733	216,971	175,396	12,662	188,058
Other receivables	55,816	-	55,816	21,596	-	21,596
Trade payables	(77,035)	(22,253)	(99,288)	(52,827)	(16,748)	(69,575)
Other payables	(2,608)	(47)	(2,655)	(113)	-	(113)
Net statement of financial position exposure	187,411	(16,567)	170,844	144,052	(4,086)	139,966
Sales forecast	513,262	-	513,262	237,951	-	237,951
Purchases forecast	(300,550)	-	(300,550)	(142,719)	-	(142,719)
Net forecast transaction exposure	400,123	(16,567)	383,556	239,284	(4,086)	235,198
Forward exchange purchase contracts	349,705	17,378	367,083	193,084	9,521	202,605
Forward exchange selling contracts	(253,728)	(11,713)	(265,441)	(175,513)	(12,720)	(188,233)
Net exposure	496,100	(10,902)	485,198	256,855	(7,285)	249,570

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because loan interest rates (see note 10) are mainly variable. So the Company is primarily exposed to interest rate risk. However, the sensitivity impact to the increase or decrease in interest expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements of the Company.

(b.4) Cash flow hedge

At 31 December 2021, the Company held the following financial instruments to hedge exposures to changes in foreign currency.

<i>At 31 December 2021</i>		Maturity		
		1-6 months	6-12 months	More than one year
Foreign currency risk				
<i>Forward exchange contracts</i>				
Net exposure <i>(in thousand Baht)</i>		230,608	69,942	-
Average THB:USD forward contracts rate		33.25	33.42	-
At 31 December 2020				
Foreign currency risk				
<i>Forward exchange contracts</i>				
Net exposure <i>(in thousand Baht)</i>		105,494	51,025	-
Average THB:USD forward contracts rate		31.79	31.27	-

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Costs of hedging reserve	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
<i>(in thousand Baht)</i>				
At 31 December 2021				
Foreign currency risk				
Inventory purchases	-	2,201	-	-
At 31 December 2020				
Foreign currency risk				
Inventory purchases	-	(7,608)	-	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Foreign currency risk At 31 December	2021	2020
	<i>(in thousand Baht)</i>	
Forward exchange contracts - nominal amount	300,550	156,519
Carrying amount included in:		
- other current financial assets	3,593	-
- trade and other payables	(744)	(580)
- other current financial liabilities	(1,904)	(7,608)
For the year ended 31 December		
Recognised in OCI		
- changes in value of the hedging instrument	2,021	(7,608)
- hedging reserve transferred to profit or loss	7,608	7,757
Recognised in profit or loss		
- reclassified from hedging reserve and included in cost of goods sold	7,608	7,757

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Cash flow hedge reserve	
	2021	2020
	<i>(in thousand Baht)</i>	
Balance at 1 January	(6,086)	(6,205)
Cash flow hedges		
Changes in fair value:		
Foreign currency risk		
- inventory purchases	2,021	(7,608)
Amount reclassified to profit or loss:		
Foreign currency risk -inventory purchases	7,608	7,757
Tax on movements on reserves during the year	(1,926)	(30)
Balance at 31 December	1,617	(6,086)

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

(b.5) Fair value hedge

Copper future contracts - Master hedge agreements

The Company is exposed to copper price risk arising from sales commitment with customers. The Company entered into copper future contracts in order to hedge the commodities price risk and determines the economic relationship between the hedging instrument and the hedged items and apply this strategy to all similar exposures.

At 31 December 2021 and 2020, the Company held the following financial instruments to hedge exposures to changes in commodity price.

	1-6 months	Maturity 6-12 months	More than one year
At 31 December 2021			
Commodity price risk			
<i>Copper future contracts</i>			
Net exposure (in thousand Baht)	464,786	38,480	15,338
Average copper contracts rate per metric tons (in thousand Baht)	317.62	308.34	306.75
At 31 December 2020			
Commodity price risk			
<i>Copper future contracts</i>			
Net exposure (in thousand Baht)	216,939	23,716	-
Average copper contracts rate per metric tons (in thousand Baht)	189.73	170.15	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Commodity price risk At 31 December	2021	2020
	<i>(in thousand Baht)</i>	
Copper future contracts - nominal amount	518,604	240,655
Carrying amount included in:		
- other current financial assets	12,300	87,483
- other current financial liabilities	(14,863)	(125,097)

For the year ended 31 December

Recognised in profit or loss

- hedge ineffectiveness included in hedging gain (loss) for hedge of group of items with off-setting risk positions	966	(197)
---	-----	-------

20 Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and also monitors the level of dividends to ordinary shareholders.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2021

21 Commitments with non-related parties

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Other commitments</i>		
Short-term lease and low-value assets commitments	54	190
Bank guarantees for electricity use	13,369	13,369
Total	13,423	13,559

Significant agreement with non-related parties

Hedge Agreement

The Company and Furukawa Electric Co., Ltd., formerly the major shareholder, agreed to terminate master hedging agreement dated 1 March 2015 in January 2021.

The Company entered into a master hedging agreement with non-related party, Toyota Tsusho 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.

Long-term Contract for the Purchase of Copper Cathodes

The Company and Furukawa Electric Singapore Pte. Ltd., formerly a group member of the entity which provides key management service to the Company, agreed to terminate Long-term Contract for the Purchase of Copper Cathodes in January 2021.

Contracts to purchase of Copper Cathodes

The Company has contracts to purchase of Copper Cathodes with local suppliers under the terms of which the Company has agreed to purchase copper cathodes from the said companies at the market price averaged during the contractual month of shipment plus the contractually agreed rate or at the rate specified in agreement.

Accounts receivable supplier agreement

The Company has assigned its right over collection from account receivable to a financial institution according to the accounts receivable supplier agreement. The Company shall receive from the financial institution for the account receivable amount after deduction of transaction fee and discount charge. In this regards, the financial institution shall not have any rights of recourse against the Company.

22 Events after the reporting period

At the Board of Directors’ meeting held on 22 February 2022, the directors resolved to propose the dividend payment at Baht 2.625 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.