

Fine Metal Technologies Public Company Limited

Financial statements for the year ended
31 December 2023
and
Independent Auditor's Report



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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 2023, 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 2023, 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 including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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, actions taken to eliminate threats or safeguards applied.



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 be 'Jamjuree Sathapornchaiwat', written in a cursive style.

(Jamjuree Sathapornchaiwat)
Certified Public Accountant
Registration No. 11567

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2024

Fine Metal Technologies Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2023	2022
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	63,562,684	27,013,591
Trade accounts receivable	4, 6	1,128,886,625	1,389,414,496
Other receivables	4	25,987,093	63,319,308
Inventories	7	1,073,891,954	1,112,333,834
Other current financial assets	18	75,959,100	23,457,061
Total current assets		2,368,287,456	2,615,538,290
<i>Non-current assets</i>			
Property, plant and equipment	8	348,308,167	361,104,146
Right-of-use assets		20,760,522	13,748,093
Intangible assets		26,450,784	12,351,341
Deferred tax assets	14	26,118,871	30,045,459
Other non-current assets		2,455,766	2,446,924
Total non-current assets		424,094,110	419,695,963
Total assets		2,792,381,566	3,035,234,253

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	
		2023	2022
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Short-term borrowings from financial institutions	9, 18	700,000,000	615,000,000
Trade accounts payable	4, 18	172,526,006	472,283,861
Other payables	4, 18	23,863,162	53,233,463
Current portion of lease liabilities	18	7,385,733	4,898,320
Income tax payable		6,109,398	9,755,088
Other current financial liabilities	18	74,309,163	40,609,018
Other current liabilities		16,941,531	17,576,740
Total current liabilities		<u>1,001,134,993</u>	<u>1,213,356,490</u>
<i>Non-current liabilities</i>			
Lease liabilities	18	13,863,019	9,086,796
Provision for employee benefits	10	127,315,167	132,696,717
Total non-current liabilities		<u>141,178,186</u>	<u>141,783,513</u>
Total liabilities		<u>1,142,313,179</u>	<u>1,355,140,003</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	
		2023	2022
		<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	11	48,000,000	48,000,000
Unappropriated		618,229,086	653,773,995
Other components of equity			
Gain (loss) on cash flow hedges	11, 18	<u>(3,660,699)</u>	<u>(9,179,745)</u>
Total equity		<u>1,650,068,387</u>	<u>1,680,094,250</u>
Total liabilities and equity		<u>2,792,381,566</u>	<u>3,035,234,253</u>

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income

	Note	For the year ended	
		31 December	
		2023	2022
		<i>(in Baht)</i>	
Income			
Revenue from sale of goods	4, 12	6,745,866,141	7,961,530,354
Gain on copper hedging and service fee	4	13,154,611	-
Net gain on foreign exchange		-	17,350,733
Other income		1,918,388	2,162,538
Total income		6,760,939,140	7,981,043,625
Expenses			
Cost of sale of goods	4, 7	6,388,175,914	7,513,977,385
Distribution costs		107,340,949	122,333,429
Administrative expenses	4	108,571,113	104,964,563
Net loss on foreign exchange		7,065,800	-
Loss on copper hedging and service fee	4	-	87,903,861
Total expenses		6,611,153,776	7,829,179,238
Profit from operating activities		149,785,364	151,864,387
Finance costs	4	(41,304,345)	(26,068,474)
Hedging gain (loss) for hedge of group of items with off-setting risk positions		11,903,086	(2,037,349)
Profit before income tax		120,384,105	123,758,564
Tax expense	14	(23,929,014)	(24,804,784)
Profit for the year		96,455,091	98,953,780

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	
	Note	2023	2022
		<i>(in Baht)</i>	
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain (loss) on cash flow hedges		6,898,808	(13,496,227)
Income tax relating to items that will be reclassified subsequently to profit or loss	14, 18	<u>(1,379,762)</u>	<u>2,699,246</u>
Other comprehensive income (expense) for the year, net of tax		<u>5,519,046</u>	<u>(10,796,981)</u>
Total comprehensive income for the year		<u>101,974,137</u>	<u>88,156,799</u>
Basic earnings per share <i>(in Baht)</i>	16	<u>2.01</u>	<u>2.06</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		Other components of equity		Total equity
				Legal reserve	Unappropriated	Gain (loss) on cash flow hedges		
Year ended 31 December 2022								
Balance at 1 January 2022		480,000,000	507,500,000	48,000,000	680,820,215	1,617,236		1,717,937,451
Transactions with owners, recorded directly in equity								
Dividends to owners of the Company	17	-	-	-	(126,000,000)	-		(126,000,000)
Total distribution to owners of the Company		-	-	-	(126,000,000)	-		(126,000,000)
Comprehensive income for the year								
Profit		-	-	-	98,953,780	-		98,953,780
Other comprehensive income		-	-	-	-	(10,796,981)		(10,796,981)
Total comprehensive income for the year		-	-	-	98,953,780	(10,796,981)		88,156,799
Balance at 31 December 2022		480,000,000	507,500,000	48,000,000	653,773,995	(9,179,745)		1,680,094,250

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		Gain (loss) on cash flow hedges	Other components of equity	Total equity
				Legal reserve	Unappropriated			
Year ended 31 December 2023		480,000,000	507,500,000	48,000,000	653,773,995	(9,179,745)		1,680,094,250
Balance at 1 January 2023								
Transactions with owners, recorded directly in equity								
Dividends to owners of the Company	17	-	-	-	(132,000,000)	-	-	(132,000,000)
Total distribution to owners of the Company					(132,000,000)			(132,000,000)
Comprehensive income for the year								
Profit		-	-	-	96,455,091	-	-	96,455,091
Other comprehensive income		-	-	-	-	5,519,046	-	5,519,046
Total comprehensive income for the year					96,455,091	5,519,046		101,974,137
Balance at 31 December 2023		480,000,000	507,500,000	48,000,000	618,229,086	(3,660,699)		1,650,068,387

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	
	2023	2022
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	96,455,091	98,953,780
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	23,929,014	24,804,784
Finance costs	41,304,345	26,068,474
Depreciation and amortisation	52,417,834	63,970,704
Provision for employee benefits	9,808,609	11,769,971
Unrealised gain on foreign exchange	(2,673,029)	(8,227,093)
Unrealised (gain) loss on derivatives	(11,903,086)	2,037,349
Loss on inventories devaluation	4,299,296	-
Gain on disposal of equipment	(89,373)	(10,198)
	<u>213,548,701</u>	<u>219,367,771</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	263,231,350	225,108,219
Other receivables	37,332,215	(2,399,929)
Inventories	34,142,584	15,954,309
Other non-current assets	(8,842)	(4,571)
Trade accounts payable	(299,788,305)	(3,874,956)
Other payables	(27,575,270)	17,945,127
Other current liabilities	(662,445)	580,947
Net cash generated from operations	<u>220,219,988</u>	<u>472,676,917</u>
Employee benefit paid	(15,190,159)	(15,019,515)
Income tax paid	(25,027,878)	(45,403,431)
Net cash from operating activities	<u>180,001,951</u>	<u>412,253,971</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	
	2023	2022
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(30,907,261)	(55,256,305)
Cash payments to purchase of intangible assets	(17,354,974)	(3,320,987)
Cash receipts from sale of equipment	90,416	10,200
Net cash used in investing activities	(48,171,819)	(58,567,092)
<i>Cash flows from financing activities</i>		
Interest paid	(41,623,738)	(26,572,900)
Dividends paid	(131,972,764)	(125,975,074)
Proceeds from borrowings from financial institutions	7,725,000,000	5,665,000,000
Repayment of borrowings from financial institutions	(7,640,000,000)	(5,938,000,000)
Payment of lease liabilities	(6,684,537)	(5,136,974)
Net cash used in financing activities	(95,281,039)	(430,684,948)
Net increase (decrease) in cash and cash equivalents	36,549,093	(76,998,069)
Cash and cash equivalents at 1 January	27,013,591	104,011,660
Cash and cash equivalents at 31 December	63,562,684	27,013,591
<i>Non-cash transactions</i>		
Payable for fixed assets purchased	3,574,172	5,049,809
Increase in right-of-use assets	13,948,172	12,448,676

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 2023

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Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

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 23 February 2024.

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 significant 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.

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.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

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, plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or 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.

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.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

(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 the 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.

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.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

(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.

(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 the ECLs rates. 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.

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

(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.

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

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

(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 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 are 5 and 10 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 are recognised as an expenses on a straight-line basis over the respective lease terms.

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.

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.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

(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.

An impairment loss of asset 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.

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.

Fine Metal Technologies Public Company Limited

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For the year ended 31 December 2023

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.

(m) Revenue from contracts with customers

Revenue is recognised when a customer obtains control of the goods 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.

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Notes to the financial statements

For the year ended 31 December 2023

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 it relates 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 earnings per share (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 2023

(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
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
Tani Guchi Metal Co., Ltd	Thailand	A common director and shareholder
Key management personnel	Thai/Japanese	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.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

Significant transactions with related parties
Year ended 31 December

	2023	2022
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sales of goods	1,279,762	1,642,444
Purchase of raw material and factory supplies	11,205	4,822
Technical assistance fee	10,141	13,789
Service fee and others	4,606	6,465
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	42,418	39,509
Post-employment benefits	319	812
Total key management personnel compensation	<u>42,737</u>	<u>40,321</u>

Balances with related parties
At 31 December

	2023	2022
	<i>(in thousand Baht)</i>	
Trade accounts receivable		
Other related parties	<u>269,842</u>	<u>423,363</u>
Other receivables		
Other related parties	<u>800</u>	<u>831</u>
Other payables		
Other related parties	<u>4,116</u>	<u>7,355</u>

5 Cash and cash equivalents

	2023	2022
	<i>(in thousand Baht)</i>	
Cash on hand	60	55
Cash at banks	63,503	26,959
Total	<u>63,563</u>	<u>27,014</u>

6 Trade accounts receivable

	<i>Note</i>	2023	2022
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		269,842	423,363
	4	<u>269,842</u>	<u>423,363</u>
Other parties			
Within credit terms		854,744	963,829
Overdue			
Less than 90 days		4,301	2,222
		<u>859,045</u>	<u>966,051</u>
Total		<u>1,128,887</u>	<u>1,389,414</u>

As at 31 December 2023 and 2022, the Company has no allowance for impairment loss of trade accounts receivable.

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

Accounts receivable supplier agreement

During 2023, the Company has assigned its right over collection from account receivable amounted of Baht 1,236.9 million (31 December 2022: Baht 2,078.1 million) to a financial institution according to the accounts receivable supplier agreement. The Company has already received from the financial institution amounted of Baht 1,217.0 million. In this regards, the financial institution shall not have any rights of recourse against the Company.

7 Inventories

	2023	2022
	<i>(in thousand Baht)</i>	
Finished goods	315,322	321,186
Work in progress	491,012	326,365
Raw materials	72,677	260,416
Factory supplies	194,003	199,221
Goods in transit	5,177	5,146
Total	1,078,191	1,112,334
<i>Less allowance for decline in value of inventories</i>	<i>(4,299)</i>	<i>-</i>
Net	<u>1,073,892</u>	<u>1,112,334</u>
Inventories recognised as an expense in cost of sales of goods:		
- Cost	6,383,877	7,513,977
- Write-down to net realisable value	4,299	-
Total	<u>6,388,176</u>	<u>7,513,977</u>

Fine Metal Technologies Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

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 2022	181,600	598,748	4,438,042	46,787	3,549	61,108	5,329,834
Additions	-	-	30	222	-	42,912	43,164
Transfers	-	3,099	31,422	296	-	(34,817)	-
Disposals	-	-	-	(10)	(159)	-	(169)
At 31 December 2022 and 1 January 2023	181,600	601,847	4,469,494	47,295	3,390	69,203	5,372,829
Additions	-	-	230	986	-	28,215	29,431
Transfers	-	3,149	24,317	-	-	(27,466)	-
Disposals	-	(194)	(14,004)	(10,637)	(54)	-	(24,889)
At 31 December 2023	181,600	604,802	4,480,037	37,644	3,336	69,952	5,377,371
Depreciation							
At 1 January 2022	72,940	546,896	4,288,925	43,778	3,265	-	4,955,804
Depreciation charge for the year	1,030	10,664	42,833	1,454	109	-	56,090
Disposals	-	-	-	(10)	(159)	-	(169)
At 31 December 2022 and 1 January 2023	73,970	557,560	4,331,758	45,222	3,215	-	5,011,725
Depreciation charge for the year	629	9,900	30,448	1,161	88	-	42,226
Disposals	-	(194)	(14,004)	(10,636)	(54)	-	(24,888)
At 31 December 2023	74,599	567,266	4,348,202	35,747	3,249	-	5,029,063
Net book value							
At 31 December 2022	107,630	44,287	137,736	2,073	175	69,203	361,104
At 31 December 2023	107,001	37,536	131,835	1,897	87	69,952	348,308

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2023 amounted to Baht 4,693 million (2022: Baht 4,675 million).

Fine Metal Technologies Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

9 Short-term borrowings from financial institutions

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Current</i>		
<i>Unsecured</i>		
Short-term borrowings from financial institutions	700,000	615,000
Total	<u>700,000</u>	<u>615,000</u>

Short-term borrowings from financial institutions

As at 31 December 2023, short-term borrowings from financial institutions amounted to Baht 700 million shall be repayable at call. These loans bears interest at the rate of 1.83% - 3.30% per annum (31 December 2022: 1.08% - 2.05% per annum).

Unutilised credit facilities

As at 31 December 2023, the Company had unutilised credit facilities totalling U.S. Dollars 6 million and Baht 1,660 million (2022: U.S. Dollars 6 million and Baht 1,747 million).

10 Provision for employee benefits

	2023	2022
	<i>(in thousand Baht)</i>	
<i>At 31 December</i>		
Post-employment benefits	112,961	117,149
Other long-term employee benefits	6,979	7,362
Others	7,375	8,186
Total	<u>127,315</u>	<u>132,697</u>

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.

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Present value of the defined benefit obligations</i>		
At 1 January	117,149	120,467
<i>Recognised in profit or loss:</i>		
Current service cost	6,377	7,291
Interest on obligation	1,772	1,702
	<u>8,149</u>	<u>8,993</u>
Benefit paid	<u>(12,337)</u>	<u>(12,311)</u>
	<u>(12,337)</u>	<u>(12,311)</u>
At 31 December	<u>112,961</u>	<u>117,149</u>

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Notes to the financial statements
For the year ended 31 December 2023

<i>Principle actuarial assumptions</i>	2023	2022
		(%)
Discount rate	1.9	1.9
Future salary growth	4	4
Employee turnover	0 - 14	0 - 14

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

At 31 December 2023, the weighted-average duration of the defined benefit obligation was 8.4 years (2022: 8.4 years).

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	
	2023	2022	2023	2022
				(in thousand Baht)
Discount rate (1% movement)	(6,064)	(6,583)	6,741	7,251
Future salary growth (1% movement)	8,904	8,324	(8,085)	(7,606)
Employee turnover (20% movement)	(1,695)	(1,475)	1,820	1,575
Future mortality (1% movement)	242	227	(267)	(249)

11 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Companies Act B.E. 2535 (1992) 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
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12 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.

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
Primary geographical markets		
Thailand	4,224,138	4,500,544
Japan	374,567	341,309
Malaysia	362,495	841,058
Other countries	1,784,666	2,278,619
Total revenue	<u>6,745,866</u>	<u>7,961,530</u>

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

Major customer

Revenues from major customers represent approximately Baht 3,397 million (2022: Baht 4,006 million) of the Company's total revenues.

13 Expenses by nature

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	(158,783)	151,514
Raw materials and consumables used	5,927,510	6,732,559
Employee benefit expenses	249,091	256,398
Depreciation of plant and equipment	44,304	55,806
Amortisation of intangible assets	1,258	1,832
<i>Included in distribution costs:</i>		
Packing materials and consumables used	44,904	52,716
Freight expenses	34,016	39,137
Employee benefit expenses	16,707	18,917
Depreciation of plant and equipment	2,820	2,492
<i>Included in administrative expenses:</i>		
Employee benefit expenses	68,131	65,085
Technical assistance fee	10,141	13,789
Depreciation of plant and equipment	2,038	2,701
Amortisation of intangible assets	1,998	1,140

During 2023, the Company has contributed provident funds for its employees amounting to Baht 7.1 million (2022: Baht 6.1 million), which included in employee benefit expenses.

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Notes to the financial statements
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14 Income tax

Income tax recognised in profit or loss

	2023 <i>(in thousand Baht)</i>	2022
Current tax expense		
Current year	21,473	24,517
Adjustment for prior years	(90)	-
	<u>21,383</u>	<u>24,517</u>
Deferred tax expense		
Movements in temporary differences	2,546	288
Total	<u>23,929</u>	<u>24,805</u>

Income tax recognised in other comprehensive income

	2023 Before tax	2023 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	2022 Before tax	2022 Tax (expense) benefit	Net of tax
Cash flow hedges reserve	6,899	(1,380)	5,519	(13,496)	2,699	(10,797)
	<u>6,899</u>	<u>(1,380)</u>	<u>5,519</u>	<u>(13,496)</u>	<u>2,699</u>	<u>(10,797)</u>

Reconciliation of effective tax rate

	2023 Rate (%)	2023 <i>(in thousand Baht)</i>	2022 Rate (%)	2022 <i>(in thousand Baht)</i>
Profit before income tax expense		120,384		123,759
Income tax using the Thai corporation tax rate	20	24,077	20	24,752
Expenses additionally deductible for tax purposes		(112)		-
Expenses not deductible for tax purposes		54		53
Over provided in prior years		(90)		-
Total	<u>20</u>	<u>23,929</u>	<u>20</u>	<u>24,805</u>

Deferred tax

At 31 December

	2023	2022	2023	2022
		<i>(in thousand Baht)</i>		
		Assets	Liabilities	
Total	26,119	30,045	-	-
Net deferred tax assets	<u>26,119</u>	<u>30,045</u>	<u>-</u>	<u>-</u>

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	At 1 January 2023	(Charged) / credited to		At 31 December 2023
		Profit or loss (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Right-of-use assets	48	50	-	98
Derivatives and hedge accounting	3,430	(2,380)	(1,380)	(330)
Inventories	-	860	-	860
Provision for employee benefits	26,539	(1,076)	-	25,463
Others	28	-	-	28
Total	30,045	(2,546)	(1,380)	26,119

	At 1 January 2022	(Charged) / credited to		At 31 December 2022
		Profit or loss (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Right-of-use assets	93	(45)	-	48
Derivatives and hedge accounting	324	407	2,699	3,430
Provision for employee benefits	27,189	(650)	-	26,539
Others	28	-	-	28
Total	27,634	(288)	2,699	30,045

15 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 2023 to 13 July 2025.
- exemption from the payment of import duty on item which the promoted company imports for re-export, from 14 July 2023 to 13 July 2025.

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

16 Basic earnings per share

	2023 (in thousand Baht / thousand shares)	2022
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>		
Profit attributable to ordinary shareholders of the Company (basic)	96,455	98,954
Number of ordinary shares outstanding	48,000	48,000
Earnings per share (basic) (in Baht)	2.01	2.06

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17 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2023				
2022 Annual dividend	28 April 2023	May 2023	<u>2.75</u>	<u>132,000</u>
2022				
2021 Annual dividend	30 April 2022	May 2022	<u>2.625</u>	<u>126,000</u>

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

<i>At 31 December 2023</i>	Carrying amount		Fair value				Total
	Hedging instruments	Financial instruments measured at FVTPL	Total (in thousand Baht)	Level 1	Level 2	Level 3	
Financial assets							
Forward exchange contract used for hedging	2,461	-	2,461	-	2,461	-	2,461
Copper future contract used for hedging	<u>73,498</u>	<u>-</u>	<u>73,498</u>	-	73,498	-	73,498
Total financial assets	<u>75,959</u>	<u>-</u>	<u>75,959</u>				
Financial liabilities							
Forward exchange contract used for hedging	(4,936)	-	(4,936)	-	(4,936)	-	(4,936)
Copper future contract used for hedging	<u>(69,373)</u>	<u>-</u>	<u>(69,373)</u>	-	(69,373)	-	(69,373)
Total financial liabilities	<u>(74,309)</u>	<u>-</u>	<u>(74,309)</u>				

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<i>At 31 December 2022</i>	Hedging instruments	Carrying amount Financial instruments measured at FVTPL	Fair value				Total
			Total <i>(in thousand Baht)</i>	Level 1	Level 2	Level 3	
Financial assets							
Forward exchange contract used for hedging	1,519	4,367	5,886	-	5,886	-	5,886
Copper future contract used for hedging	17,571	-	17,571	-	17,571	-	17,571
Total financial assets	19,090	4,367	23,457				
Financial liabilities							
Forward exchange contract used for hedging	(13,218)	(440)	(13,658)	-	(13,658)	-	(13,658)
Copper future contract used for hedging	(26,951)	-	(26,951)	-	(26,951)	-	(26,951)
Total financial liabilities	(40,169)	(440)	(40,609)				

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 relevant 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.

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(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 12.

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.

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 shows 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 2023</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 accounts payable	(172,526)	(172,526)	-	-	-	(172,526)
Other payables	(23,863)	(23,863)	-	-	-	(23,863)
Lease liabilities	(21,249)	(8,074)	(6,429)	(8,238)	-	(22,741)
Loans from financial institutions	(700,000)	(710,725)	-	-	-	(710,725)
	(917,638)	(915,188)	(6,429)	(8,238)	-	(929,855)

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<i>At 31 December 2023</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>Derivative financial liabilities</i>						
Copper future contracts used for hedging	(69,373)	1,599	-	-	-	1,599
Forward exchange contracts used for hedging:	(4,936)					
- Cash outflow		(226,268)	-	-	-	(226,268)
- Cash inflow		225,133	-	-	-	225,133
	(74,309)	464	-	-	-	464

<i>At 31 December 2022</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 accounts payable	(472,284)	(472,284)	-	-	-	(472,284)
Other payables	(53,233)	(53,233)	-	-	-	(53,233)
Lease liabilities	(13,985)	(5,336)	(4,787)	(4,757)	-	(14,880)
Loans from financial institutions	(615,000)	(620,569)	-	-	-	(620,569)
	(1,154,502)	(1,151,422)	(4,787)	(4,757)	-	(1,160,966)

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At 31 December 2022	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>Derivative financial liabilities</i>						
Copper future contracts used for hedging	(26,951)	1,261	(144)	-	-	1,117
Forward exchange contracts used for hedging:	(13,658)					
- Cash outflow		(607,558)	-	-	-	(607,558)
- Cash inflow		605,772	-	-	-	605,772
	<u>(40,609)</u>	<u>(525)</u>	<u>(144)</u>	<u>-</u>	<u>-</u>	<u>(669)</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.

(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, Euro, and Japan Yen.

The Company's risk management policy is to hedge 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.

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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

Exposure to foreign currency
At 31 December 2023

	EUR	USD <i>(in thousand Baht)</i>	JPY
Trade accounts receivable	-	94,784	12,376
Other receivables	-	22,086	-
Trade accounts payable	(427)	-	(22,481)
Other payables	-	(303)	(172)
Net statement of financial position exposure	(427)	116,567	(10,277)
Sales forecast	-	765,047	-
Purchases forecast	-	(111,913)	-
Net forecast transaction exposure	(427)	769,701	(10,277)
Forward exchange purchase contracts	-	111,913	17,082
Forward exchange selling contracts	-	(86,886)	(12,376)
Net exposure	(427)	794,728	(5,571)

Exposure to foreign currency
At 31 December 2022

	EUR	USD <i>(in thousand Baht)</i>	JPY
Trade accounts receivable	-	198,247	10,323
Other receivables	-	21,906	-
Trade accounts payable	(766)	(40,830)	(15,718)
Other payables	-	(18,449)	(209)
Net statement of financial position exposure	(766)	160,874	(5,604)
Sales forecast	-	1,291,309	-
Purchases forecast	-	(362,473)	-
Net forecast transaction exposure	(766)	1,089,710	(5,604)
Forward exchange purchase contracts	-	401,514	10,475
Forward exchange selling contracts	-	(188,671)	(10,128)
Net exposure	(766)	1,302,553	(5,257)

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(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 9) are mainly variable. So the Company is primarily exposed to interest rate risk. The Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

(b.4) Cash flow hedge

At 31 December 2023 and 2022, the Company held the following financial instruments to hedge exposures to changes in foreign currency.

	1-6 months	Maturity 6-12 months	More than one year
At 31 December 2023			
Foreign currency risk			
<i>Forward exchange contracts</i>			
Net exposure (in thousand Baht)	111,913	-	-
Average THB:USD forward contracts rate	35.10	-	-
At 31 December 2022			
Foreign currency risk			
<i>Forward exchange contracts</i>			
Net exposure (in thousand Baht)	278,465	84,008	-
Average THB:USD forward contracts rate	35.15	36.27	-

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 <i>(in thousand Baht)</i>	Costs of hedging reserve	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
At 31 December 2023				
Foreign currency risk				
Inventory purchases	-	(4,576)	-	-
At 31 December 2022				
Foreign currency risk				
Inventory purchases	-	(11,475)	-	-

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

<i>Foreign currency risk At 31 December</i>	2023	2022
	<i>(in thousand Baht)</i>	
Forward exchange contracts - nominal amount	111,913	362,473
Carrying amount included in:		
- other current financial assets	127	1,519
- trade and other payables	(2,084)	(3,927)
- other current financial liabilities	(4,687)	(13,218)
<i>For the year ended 31 December</i>		
<i>Recognised in OCI</i>		
- changes in value of the hedging instrument	(4,576)	(11,475)
- hedging reserve transferred to profit or loss	11,475	(2,021)
<i>Recognised in profit or loss</i>		
- reclassified from hedging reserve and included in cost of goods sold	11,475	(2,021)

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	
	2023	2022
	<i>(in thousand Baht)</i>	
Balance at 1 January	(9,180)	1,617
Cash flow hedges		
Changes in fair value:		
Foreign currency risk		
- inventory purchases	(4,576)	(11,475)
Amount reclassified to profit or loss:		
Foreign currency risk		
- inventory purchases	11,475	(2,021)
Tax on movements on reserves during the year	(1,380)	2,699
Balance at 31 December	<u>(3,661)</u>	<u>(9,180)</u>

(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 2023 and 2022, the Company held the following financial instruments to hedge exposures to changes in commodity price.

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	1-6 months	Maturity 6-12 months	More than one year
<i>At 31 December 2023</i>			
Commodity price risk			
<i>Copper future contracts</i>			
Net exposure (in thousand Baht)	645,585	126,843	-
Average copper contracts rate per metric tons (in thousand Baht)	279.86	275.75	-
<i>At 31 December 2022</i>			
Commodity price risk			
<i>Copper future contracts</i>			
Net exposure (in thousand Baht)	761,239	421,439	121,480
Average copper contracts rate per metric tons (in thousand Baht)	298.85	282.96	242.96

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

<i>Commodity price risk At 31 December</i>	2023	2022
	<i>(in thousand Baht)</i>	
Copper future contracts - nominal amount	772,428	1,304,158
Carrying amount included in:		
- other current financial assets	73,498	17,571
- other current financial liabilities	(69,373)	(26,951)

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	351	(2,177)
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19 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.

20 Commitments with non-related parties

	2023	2022
	<i>(in thousand Baht)</i>	
Other commitments		
Short-term lease and low-value assets commitments	1,181	899
Bank guarantees for electricity use	14,761	13,369
Total	15,942	14,268

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Significant agreement with non-related parties

Hedge Agreement

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

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.

21 Event after the reporting period

At the Board of Directors’ meeting held on 23 February 2024, 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.