

Furukawa Metal (Thailand) Public Company Limited

Interim financial statements
for the three-month period ended
31 March 2019
and
Independent auditor's report on review
of interim financial information



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Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying statement of financial position of Furukawa Metal (Thailand) Public Company Limited as at 31 March 2019; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2019; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Sirinuch Vimolsathit)
Certified Public Accountant
Registration No. 8413

KPMG Phoomchai Audit Ltd.
Bangkok
29 April 2019

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 March	31 December
		2019	2018
		(Unaudited)	
		(in thousand Baht)	
Current assets			
Cash and cash equivalents		76,369	7,823
Trade accounts receivable	3, 4	1,923,846	1,631,007
Other receivables	3	28,858	65,435
Inventories		648,312	792,202
Total current assets		2,677,385	2,496,467
Non-current assets			
Property, plant and equipment		421,306	429,144
Intangible assets		6,325	6,593
Deferred tax assets		21,502	21,519
Other non-current assets		2,375	2,373
Total non-current assets		451,508	459,629
Total assets		3,128,893	2,956,096

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

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

		31 March	31 December
	<i>Note</i>	2019	2018
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities and equity			
<i>Current liabilities</i>			
Trade accounts payable	3, 6	643,073	649,337
Other payables	3	60,605	44,475
Short-term borrowings from related party	3, 5	668,071	564,405
Income tax payable		33,067	20,126
Other current liabilities		5,366	10,769
Total current liabilities		1,410,182	1,289,112
<i>Non-current liability</i>			
Provision for employee benefits		107,371	107,453
Total non-current liability		107,371	107,453
Total liabilities		1,517,553	1,396,565
<i>Equity</i>			
Share capital			
Authorised share capital		480,000	480,000
Issued and paid-up share capital		480,000	480,000
Share premium :			
Share premium on ordinary shares		507,500	507,500
Retained earnings			
Appropriated			
Legal reserve		48,000	48,000
Unappropriated		575,840	524,031
Total equity		1,611,340	1,559,531
Total liabilities and equity		3,128,893	2,956,096

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

Furukawa Metal (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		31 March	
		2019	2018
<i>(in thousand Baht)</i>			
Revenues			
Revenue from sale of goods	3, 7	1,764,849	1,818,688
Net gain on foreign exchange		-	4,461
Gain on copper hedging and service fee	3	-	4,237
Other income		2,405	1,311
Total revenues		1,767,254	1,828,697
Expenses			
Cost of sale of goods	3	1,624,740	1,708,496
Distribution costs		36,287	32,884
Administrative expenses	3	30,189	30,958
Net loss on foreign exchange		4,004	-
Loss on copper hedging and service fee	3	4,481	-
Finance costs	3	2,786	5,601
Total expenses		1,702,487	1,777,939
Profit before income tax		64,767	50,758
Income tax expense		(12,958)	(10,137)
Profit for the period		51,809	40,621
Other comprehensive income		-	-
Profit and other comprehensive income for the period		51,809	40,621
Basic earnings per share (in Baht)	8	1.08	0.85

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

Furukawa Metal (Thailand) Public Company Limited
Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve <i>(in thousand Baht)</i>	Unappropriated	
Three-month period ended 31 March 2018					
Balance at 1 January 2018	480,000	507,500	48,000	441,602	1,477,102
Comprehensive income for the period					
Profit	-	-	-	40,621	40,621
Total comprehensive income for the period	-	-	-	40,621	40,621
Balance at 31 March 2018	480,000	507,500	48,000	482,223	1,517,723
Three-month period ended 31 March 2019					
Balance at 1 January 2019	480,000	507,500	48,000	524,031	1,559,531
Comprehensive income for the period					
Profit	-	-	-	51,809	51,809
Total comprehensive income for the period	-	-	-	51,809	51,809
Balance at 31 March 2019	480,000	507,500	48,000	575,840	1,611,340

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	51,809	40,621
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Income tax expense	12,958	10,137
Finance costs	2,786	5,601
Depreciation and amortisation	16,692	17,913
Provision for employee benefits	4,231	4,167
Unrealised (gain) loss on foreign exchange	2,465	(1,254)
Gain on disposal of equipment	(36)	-
	<u>90,905</u>	<u>77,185</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(291,161)	(127,151)
Other receivables	36,577	4,247
Inventories	143,890	229,034
Other non-current assets	(2)	-
Trade accounts payable	(10,407)	(44,170)
Other payables	16,634	29,810
Other current liabilities	(5,403)	(4,902)
Net cash generated from (used in) operating	<u>(18,967)</u>	<u>164,053</u>
Employee benefit paid	(4,313)	(5,712)
Income tax paid	-	(15)
Net cash flows from (used in) operating activities	<u>(23,280)</u>	<u>158,326</u>
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(9,301)	(9,532)
Cash payments to purchase of intangible assets	-	(1,716)
Cash receipts from sale of equipment	36	-
Net cash flows used in investing activities	<u>(9,265)</u>	<u>(11,248)</u>

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Cash flows from financing activities</i>		
Interest paid	(2,575)	(5,210)
Dividends paid	-	(6)
Proceeds from borrowings from financial institution	-	250,000
Repayments of borrowings from financial institution	-	(250,000)
Proceeds from borrowings from related party	1,039,636	1,141,698
Repayments of borrowings from related party	<u>(935,970)</u>	<u>(1,236,691)</u>
Net cash flows from (used in) financing activities	<u>101,091</u>	<u>(100,209)</u>
Net increase in cash and cash equivalents	68,546	46,869
Cash and cash equivalents at beginning of the period	<u>7,823</u>	<u>9,081</u>
Cash and cash equivalents at ending of the period	<u><u>76,369</u></u>	<u><u>55,950</u></u>
<i>Non-cash transaction</i>		
Payable for fixed assets purchased	6,045	11,326

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

Furukawa Metal (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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Furukawa Metal (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 29 April 2019.

1 General information

Furukawa Metal (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and has its 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 was listed on the Stock Exchange of Thailand in 1996.

The immediate and ultimate parent company during the financial period was Furukawa Electric Co., 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 interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2018) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018 except that the Company has adopted all the new TFRS that are effective for annual periods beginning on or after 1 January 2019.

The primary change is that the Company has initially adopted TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”), which replaced TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations.

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Under TFRS 15, the Company recognises revenue 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 to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Company recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

For a number of new TFRS which are not yet effective for current period, the Company has not early adopted these standards in preparing these interim financial statements before the effective date. Those new TFRS that are relevant to the Company's operations are disclosed in note 12.

(b) Functional and presentation currency

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(c) Use of judgments and estimates

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 which the Company has initially adopted.

Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

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 (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Further information about the assumptions made in measuring fair values is included in the note 9 *Financial instruments*.

3 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Furukawa Electric Co., Ltd.	Japan	Parent, 42.25% shareholding
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 9.51% shareholding
Furukawa Sangyo Kaisha Ltd.	Japan	A common shareholder, 1.04% shareholding
Furukawa Thai Holdings Co., Ltd.	Thailand	A common director and shareholder, 0.71% shareholding
Tani International Trading Co., Ltd.	Thailand	A common director and shareholder
Furukawa (Thailand) Co., Ltd.	Thailand	A common shareholder
Furukawa Precision (Thailand) Co., Ltd.	Thailand	A common shareholder
Furukawa Sangyo Kaisha (Thailand) Ltd.	Thailand	A common shareholder
Furukawa Electric Singapore Pte. Ltd.	Singapore	A common shareholder
P.T. Furukawa Electric Indonesia	Indonesia	A common shareholder
FITEC Corporation	Japan	A common shareholder
Furukawa Logistics Corporation	Japan	A common shareholder
Okumura Metals (Thailand) Co., Ltd.	Thailand	A common shareholder
Okumura Metals (Malaysia) Sdn. Bhd.	Malaysia	A common shareholder
Furukawa Sangyo Kaisha (Malaysia) Sdn. Bhd.	Malaysia	A common 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.

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

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

Significant transactions for the three-month periods ended 31 March 2019 and 2018 with related parties were as follows:

<i>Three-month period ended 31 March</i>	2019	2018
	<i>(in thousand Baht)</i>	
Parent		
Technical assistance fee	5,216	5,199
(Gain) loss on copper hedging and service fee	4,481	(4,237)
Other related parties		
Revenue from sale of goods	498,013	510,948
Purchase of raw material	268,061	283,791
Service fee and others	1,757	1,587
Interest expense	2,786	3,212
Directors' remuneration	825	780
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	7,992	6,529
Post-employment benefits	401	79
Total key management personnel compensation	8,393	6,608

Balances as at 31 March 2019 and 31 December 2018 with related parties were as follows:

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Trade accounts receivable from related parties		
Other related parties	<u>514,620</u>	<u>437,827</u>
Other receivable from related party		
Parent	<u>1,594</u>	<u>-</u>
Trade accounts payable to related party		
Other related party	<u>179,850</u>	<u>255,352</u>

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	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<i>Other payables to related parties</i>		
Parent	13,774	17,603
Other related parties	1,063	853
Total	14,837	18,456
<i>Short-term borrowings from related party</i>		
Other related party	668,071	564,405

Movements during the three-month periods ended 31 March 2019 and 2018 of borrowings from related party were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Borrowings from related party</i>		
Short-term borrowings		
Other related party		
At 1 January	564,405	725,089
Increase	1,039,636	1,141,698
Decrease	(935,970)	(1,236,691)
At 31 March	668,071	630,096

As at 31 March 2019, short-term borrowings from related party bears interest at the rate of 1.75% per annum (31 December 2018: 1.75% per annum).

Significant agreements with related parties

Long-term Contract for the Purchase of Copper Cathodes

On 28 December 2007, the Company entered into a Long-term Contract for the Purchase of Copper Cathodes contract with Furukawa Electric Singapore Pte. Ltd., a related company, under the terms of which the Company has agreed to purchase copper cathodes from the said related company at the market price averaged during the contractual month of shipment plus the rate prescribed in the agreement.

As at 31 March 2019, the Company had no outstanding agreed purchase orders for copper cathodes with Furukawa Electric Singapore Pte. Ltd. (31 December 2018: nil).

Hedge Agreement

On 1 March 2015, the Company entered into a master hedging agreement with Furukawa Electric Co., Ltd. ("FEC"), a parent company, 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, FEC 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 of U.S. Dollars 3 per ton. In addition, the difference between the hedge price and the market price shall be payable by the Company or FEC, as the case maybe, at the end of each hedge period or within 15 days or other periods as agreed by both parties after the end of hedge period. This agreement is effective on the agreement date and shall be terminated by either party giving at least 90 days notice in writing to the other party.

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As at 31 March 2019, the Company had outstanding future contracts with Furukawa Electric Co., Ltd., a parent company, to hedge the copper cathode price of 2,622 tons, in amount of U.S. Dollars 16.5 million, equivalent to Baht 526.3 million (*31 December 2018: 4,341 tons, in amount of U.S. Dollars 27.2 million, equivalent to Baht 888.0 million*).

Technical Collaboration Agreement

On 1 January 2019, the Company entered into technical collaboration agreement with Furukawa Electric Co., Ltd., the parent company, for a period of 1 year effective on 1 January 2019. The agreement shall be automatically extended for successive periods of one year each. Under the terms of the agreement, Furukawa Electric 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.

System Development Service Support Agreement

On 1 June 2018, the Company entered into the System Development Service Support Agreement with Furukawa (Thailand) Co., Ltd., a related company. Under the terms of agreement, Furukawa (Thailand) Co., Ltd. shall provide the Company with support for maintenance project of Total Production Management System. In consideration thereof, the Company is committed to pay a service fee computed from consulting service hour at the rates as stipulated in the agreement. The agreement will be expired on 31 May 2019.

Basic Trading Agreement

On 1 April 2013, the Company entered into the Basic Trading Agreement with Furukawa (Thailand) Co., Ltd., a related company. Under the terms of agreement, Furukawa (Thailand) Co., Ltd. shall provide the Company with services relating to the information system such as outsourcing, sale and purchase of electronic equipment, etc. In consideration thereof, the Company is committed to pay a consulting fee computed from consulting service. This agreement is effective on the agreement date and shall be terminated by either party giving at least 3 months notice in writing to the other party.

Cash Management Agreement

On 28 September 2012, the Company entered into a cash management agreement with Furukawa Thai Holdings Co., Ltd., a related company, to improve treasury management of the group of companies which are directly or indirectly owned by Furukawa Electric Co., Ltd. equal to or more than 25%, as provided under this agreement. Any interest on the advance to/from transactions will be calculated on the last business day of each month. Interest income or expense incurred from such agreement is derived from the outstanding balance with the related parties on a daily basis. The rate of interest is maintained more favorable for the Company than its bank rate. The Company may terminate this agreement by giving the related company at least one month prior written notice.

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4 Trade accounts receivable

	Note	31 March 2019	31 December 2018
		<i>(in thousand Baht)</i>	
Related parties	3	514,620	437,827
Other parties		1,409,226	1,193,180
Total		<u>1,923,846</u>	<u>1,631,007</u>

Aging analyses for trade accounts receivable were as follows:

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	<u>514,620</u>	<u>437,827</u>
	514,620	437,827
Other parties		
Within credit terms	1,409,182	1,192,477
Overdue:		
Less than 3 months	<u>44</u>	<u>703</u>
	1,409,226	1,193,180
Total	<u>1,923,846</u>	<u>1,631,007</u>

The normal credit term granted by the Company ranges from 30 days to 90 days and extra credit term of 270 days is granted for a customer.

5 Interest-bearing liability

	Note	31 March 2019	31 December 2018
		<i>(in thousand Baht)</i>	
Current			
Unsecured			
Short-term borrowings from related party	3	<u>668,071</u>	<u>564,405</u>
Total		<u>668,071</u>	<u>564,405</u>

The periods to maturity of interest-bearing liability were as follows:

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Within one year	<u>668,071</u>	<u>564,405</u>
Total	<u>668,071</u>	<u>564,405</u>

Unutilised credit facilities

As at 31 March 2019, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 3,447 million (31 December 2018: U.S. Dollars 1 million and Baht 3,447 million).

Furukawa Metal (Thailand) Public Company Limited
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6 Trade accounts payable

	<i>Note</i>	31 March 2019	31 December 2018
		<i>(in thousand Baht)</i>	
Related party	3	179,850	255,352
Other parties		463,223	393,985
Total		<u>643,073</u>	<u>649,337</u>

7 Segment information and revenue

The Company's operations and main revenue streams are described in the last annual financial statements. The Company's main revenue is derived from contracts with customers.

Business segments

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 manufacturing facilities and sales office only in Thailand. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

<i>Three-month period ended 31 March</i>	Revenue from sale of goods	
	2019	2018
	<i>(in thousand Baht)</i>	
Geographical markets		
Thailand	1,165,242	1,163,777
Malaysia	177,201	155,016
Japan	35,073	29,708
Singapore	27,436	24,511
Other countries	359,897	445,676
Total	<u>1,764,849</u>	<u>1,818,688</u>
Timing of revenue recognition		
At a point in time	1,764,849	1,818,688
Total	<u>1,764,849</u>	<u>1,818,688</u>

Furukawa Metal (Thailand) Public Company Limited
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8 Basic earnings per share

The calculations of basic earnings per share for three-month periods ended 31 March 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 31 March</i>	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	<u>51,809</u>	<u>40,621</u>
Number of ordinary shares outstanding	<u>48,000</u>	<u>48,000</u>
Earnings per share (basic) (in Baht)	<u>1.08</u>	<u>0.85</u>

9 Financial instruments

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
31 March 2019					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Currency forward contracts					
Liabilities	-	-	(7,859)	-	(7,859)
Copper future contracts	-	-	16,292	-	16,292
31 December 2018					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Currency forward contracts					
Liabilities	-	-	(7,667)	-	(7,667)
Copper future contracts	-	-	(52,532)	-	(52,532)

Financial instruments not measured at fair value

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

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10 Commitments with non-related parties

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<i>Future minimum lease payments under non-cancellable operating lease commitments</i>		
Within one year	2,877	3,952
After one year but within five years	801	755
Total	<u>3,678</u>	<u>4,707</u>
<i>Other commitments</i>		
Purchase orders for raw materials	-	124,004
Bank guarantees for electricity use	13,369	13,369
Total	<u>13,369</u>	<u>137,373</u>

Lease and service agreements

As at 31 March 2019, the Company had lease agreements covering office premise and related services, vehicle and equipment for periods of 3 years up to 2022.

Forward contracts

As at 31 March 2019, the Company had outstanding sale forward contracts amounting to U.S. Dollars 5.3 million and Yen 65.6 million, equivalent to Baht 182.9 million (*31 December 2018: U.S. Dollars 2.6 million and Yen 31.3 million, equivalent to Baht 93.2 million*). The contracts will be due during May to August 2019.

As at 31 March 2019, the Company had outstanding purchase forward contracts amounting to U.S. Dollars 16.7 million and Yen 108.5 million, equivalent to Baht 567.6 million (*31 December 2018: U.S. Dollars 20.5 and Yen 56.6 million, equivalent to Baht 686.7 million*). The contracts will be due during April 2019 to February 2020.

11 Events after the reporting period

- 11.1 On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as at 30 June 2019 as well as past service cost recognised during the three-month and six-month periods then ended in the financial statements will increased by an amount of Baht 29.2 million.
- 11.2 At the annual general meeting of the shareholders of the Company held on 29 April 2019, the shareholders approved the appropriation of dividend of Baht 1.625 per share, amounting to Baht 78 million. The dividend will be paid to the shareholders during 2019.

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12 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) *TFRS - Financial instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the financial statements.

(b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the Company's financial statements.