

Furukawa Metal (Thailand) Public Company Limited

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Furukawa Metal (Thailand) Public Company Limited

Opinion

I have audited the financial statements of Furukawa Metal (Thailand) Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2019, 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 2019, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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

Key Audit Matters

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



Valuation of inventories	
Refer to Notes 3(d) and 8 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The main raw material of the Company's products is copper cathode. Copper cathode price was then a significant factor of the cost of inventories. As copper cathode is commodities which can be subjected to market price volatility, in the case of the fluctuation according to the market condition, this may result that the net realisable value of inventories is lower than their cost. This matter involves management's judgment and the Company had a significant inventory balance, thus, this is focus area in my audit.	My procedures included an understanding the Company's policy to estimate the net realisable value of inventories. I performed testing the calculation of the measurement of net realisable value by comparing, on a sampled basis, the cost of inventories against expected net realisable value (i.e. selling price in the latest invoice or price list less estimated cost to complete and to make the sale), and also sampling checked with relevant documents. I also considered the adequacy of disclosures in relation to inventory in accordance with TFRSs.

Other Information

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

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


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

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

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

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

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

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




Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

(Sirinuch Vimolsathit)
Certified Public Accountant
Registration No. 8413

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2020

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2019	2018
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	14,690,278	7,822,979
Trade accounts receivable	4, 6	1,592,597,861	1,631,006,772
Other receivables	4, 7	31,110,195	65,434,874
Inventories	8	684,650,213	792,202,023
Total current assets		2,323,048,547	2,496,466,648
<i>Non-current assets</i>			
Property, plant and equipment	9	385,676,575	429,144,377
Intangible assets	10	7,531,705	6,592,887
Deferred tax assets	21	27,551,040	21,518,913
Other non-current assets		2,441,453	2,373,489
Total non-current assets		423,200,773	459,629,666
Total assets		2,746,249,320	2,956,096,314

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

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2019	2018
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Short-term borrowings from financial institution	11	100,000,000	-
Trade accounts payable	4	437,677,625	649,337,345
Other payables	4, 12	32,052,843	44,475,399
Short-term borrowings from related party	4, 11	405,777,700	564,405,278
Income tax payable		13,580,311	20,125,884
Other current liabilities		13,809,380	10,768,838
Total current liabilities		<u>1,002,897,859</u>	<u>1,289,112,744</u>
<i>Non-current liability</i>			
Provision for employee benefits	13	137,613,600	107,452,964
Total non-current liability		<u>137,613,600</u>	<u>107,452,964</u>
Total liabilities		<u>1,140,511,459</u>	<u>1,396,565,708</u>
<i>Equity</i>			
Share capital	14		
Authorised share capital		480,000,000	480,000,000
Issued and paid-up share capital		480,000,000	480,000,000
Share premium :			
Share premium on ordinary shares	14	507,500,000	507,500,000
Retained earnings			
Appropriated			
Legal reserve	15	48,000,000	48,000,000
Unappropriated		570,237,861	524,030,606
Total equity		<u>1,605,737,861</u>	<u>1,559,530,606</u>
Total liabilities and equity		<u>2,746,249,320</u>	<u>2,956,096,314</u>

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

Furukawa Metal (Thailand) Public Company Limited

Statement of comprehensive income

		For the year ended	
		31 December	
	Note	2019	2018
		<i>(in Baht)</i>	
Revenues			
Revenue from sale of goods	4, 16	6,066,619,519	6,495,438,777
Net gain on foreign exchange		-	13,299,903
Other income		5,242,495	6,892,184
Total revenues		6,071,862,014	6,515,630,864
Expenses			
Cost of sale of goods	4, 8	5,601,828,525	6,044,011,830
Distribution costs	17	140,586,146	127,789,246
Administrative expenses	4, 18	122,184,997	120,484,303
Net loss on foreign exchange		5,940,552	-
Loss on copper hedging and service fee	4	35,329,619	28,969,047
Finance costs	4	10,856,265	12,756,734
Total expenses		5,916,726,104	6,334,011,160
Profit before income tax		155,135,910	181,619,704
Income tax expense	21	(30,928,655)	(37,005,382)
Profit for the year		124,207,255	144,614,322
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gains on remeasurements of defined benefit plans	13	-	12,267,923
Income tax relating to items that will not be reclassified	21	-	(2,453,585)
Other comprehensive income for the year, net of tax		-	9,814,338
Total comprehensive income for the year		124,207,255	154,428,660
Basic earnings per share	23	2.59	3.01

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

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

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
				Legal reserve <i>(in Baht)</i>	Unappropriated	
Year ended 31 December 2018		480,000,000	507,500,000	48,000,000	441,601,946	1,477,101,946
Balance at 1 January 2018						
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	24	-	-	-	(72,000,000)	(72,000,000)
Total transactions with owners, recorded directly in equity					(72,000,000)	(72,000,000)
Comprehensive income for the year						
Profit		-	-	-	144,614,322	144,614,322
Other comprehensive income		-	-	-	9,814,338	9,814,338
Total comprehensive income for the year					154,428,660	154,428,660
Balance at 31 December 2018		480,000,000	507,500,000	48,000,000	524,030,606	1,559,530,606
Year ended 31 December 2019		480,000,000	507,500,000	48,000,000	524,030,606	1,559,530,606
Balance at 1 January 2019						
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	24	-	-	-	(78,000,000)	(78,000,000)
Total transactions with owners, recorded directly in equity					(78,000,000)	(78,000,000)
Comprehensive income for the year						
Profit		-	-	-	124,207,255	124,207,255
Total comprehensive income for the year					124,207,255	124,207,255
Balance at 31 December 2019		480,000,000	507,500,000	48,000,000	570,237,861	1,605,737,861

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows

	For the year ended	
	31 December	
	2019	2018
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	124,207,255	144,614,322
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Income tax expense	30,928,655	37,005,382
Finance costs	10,856,265	12,756,734
Depreciation and amortisation	67,698,205	70,833,344
Reversal of impairment losses on equipment	-	(3,579,812)
Provision for employee benefits	42,517,856	9,028,429
Unrealised gain on foreign exchange	(769,382)	(3,403,798)
(Gain) loss on disposal of equipment	(201,965)	3,292,912
	275,236,889	270,547,513
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	37,813,277	(111,186,320)
Other receivables	34,324,679	(13,216,641)
Inventories	107,551,810	175,528,016
Other non-current assets	(67,964)	200,699
Trade accounts payable	(210,294,704)	(759,399)
Other payables	(8,284,162)	8,715,160
Other current liabilities	581,232	493,597
Cash flows generated from operating activities	236,861,057	330,322,625
Employee benefit paid	(12,357,220)	(12,000,099)
Income tax paid	(43,506,355)	(26,273,981)
Net cash flows from operating activities	180,997,482	292,048,545
<i>Cash flows from investing activities</i>		
Cash payments to purchase of equipment	(27,019,658)	(44,651,457)
Cash payments to purchase of intangible assets	(2,027,891)	(3,559,798)
Cash receipts from sale of equipment	282,874	286,900
Net cash flows used in investing activities	(28,764,675)	(47,924,355)

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows

		For the year ended	
		31 December	
	<i>Note</i>	2019	2018
		<i>(in Baht)</i>	
<i>Cash flows from financing activities</i>			
Interest paid		(11,197,240)	(12,704,966)
Dividends paid		(75,540,690)	(71,993,335)
Proceeds from borrowings from financial institution		2,600,000,000	250,000,000
Repayment of borrowings from financial institution		(2,500,000,000)	(250,000,000)
Proceeds from borrowings from related party		4,657,117,214	4,221,344,967
Repayment of borrowings from related party		<u>(4,815,744,792)</u>	<u>(4,382,029,084)</u>
Net cash flows used in financing activities		<u>(145,365,508)</u>	<u>(245,382,418)</u>
Net increase (decrease) in cash and cash equivalents		6,867,299	(1,258,228)
Cash and cash equivalents at 1 January		<u>7,822,979</u>	<u>9,081,207</u>
Cash and cash equivalents at 31 December	5	<u>14,690,278</u>	<u>7,822,979</u>
<i>Non-cash transaction</i>			
Payable for fixed assets purchased		2,962,839	6,760,258

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

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Other receivables
8	Inventories
9	Property, plant and equipment
10	Intangible assets
11	Interest-bearing liabilities
12	Other payables
13	Provision for employee benefits
14	Share capital
15	Legal reserve
16	Segment information and disaggregation of revenue
17	Distribution costs
18	Administrative expenses
19	Employee benefit expenses
20	Expenses by nature
21	Income tax
22	Promotional privileges
23	Basic earnings per share
24	Dividends
25	Financial instruments
26	Commitments with non-related parties
27	Events after the reporting period
28	Thai Financial Reporting Standards (TFRS) not yet adopted

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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 26 February 2020.

1 General information

Furukawa Metal (Thailand) 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 immediate and ultimate parent company during the financial year was Furukawa Electric Co., Ltd. (42.25% shareholding) which was incorporated in Japan.

On 27 September 2019, the Company has been informed that Furukawa Electric Co., Ltd., the major shareholder of the Company has entered into a Shares Sale and Purchase Agreement with CTJ Holdings2 LLC, a Japanese Company, in respect of the sale 20,280,280 shares of the Company, representing 42.25% of total issued and paid-up shares at a price of Baht 10.20 per share or totalling approximately Baht 206.9 million. This transaction is expected to be completed by April 2020.

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

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. There is no material impact on the Company’s financial statements. The Company has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3(m).

In addition, the Company has not early adopted a number of new TFRS which are not yet effective for the current period in preparing these financial statements. Those new TFRS that are relevant to the Company’s operations are disclosed in note 28.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(b) Functional and presentation currency

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

(c) Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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.

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of liability in the next financial year is included in note 13 to the financial statements: *Measurement of defined benefit obligations: key actuarial assumptions.*

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 to the functional currency at the exchange rate at the reporting date.

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

Foreign currency differences arising from the translation are recognised in profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

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.

(e) Property, plant and equipment

Recognition and measurement

Owned assets

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. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and 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 based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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

No depreciation is provided on freehold land or assets under construction and machinery under installation.

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

(f) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods of computer software is 5 years.

Golf membership is measured at cost less accumulated impairment losses.

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

(g) Impairment

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 if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Calculation of recoverable amount

The recoverable amount of a non-financial asset 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.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss 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.

(h) Interest-bearing liabilities

Interest bearing liabilities are recognised at cost.

(i) Trade and other payables

Trade and other payables are stated at cost.

(j) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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.

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) 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).

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

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.

(m) Revenue

Accounting policies for revenue recognition in 2019

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

Sale of goods

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

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

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

(n) Interest income

Interest income is recognised in the profit or loss as it accrues.

(o) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(p) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(q) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on 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.

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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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.

(r) Earnings per share

The Company presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

(s) *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.

(t) *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
Furukawa Electric Co., Ltd.	Japan	Parent, 42.25% shareholding
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 9.51% shareholding
Furukawa Sangyo Kaisha Co., Ltd.	Japan	A common shareholder, 1.04% shareholding
Furukawa Thai Holdings Co., Ltd.	Thailand	A common director and shareholder, 0.71% shareholding
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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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

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

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

<i>Year ended 31 December</i>	2019	2018
	<i>(in thousand Baht)</i>	
Parent		
Technical assistance fee	17,925	18,597
Loss on copper hedging and service fee	35,330	28,969
Other related parties		
Revenue from sales of goods	1,795,133	1,774,782
Purchase of raw material	897,973	1,485,655
Service fee and others	9,840	6,117
Interest expense	8,188	10,367
Directors' remuneration	3,382	3,212
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	34,633	32,620
Post-employment benefits	1,602	317
Total key management personnel compensation	36,235	32,937

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

	2019	2018
	<i>(in thousand Baht)</i>	
Trade accounts receivable		
Other related parties	<u>396,457</u>	<u>437,827</u>
Other receivables		
Parent	<u>1,599</u>	<u>-</u>
Trade accounts payable		
Other related party	<u>139,523</u>	<u>255,352</u>
Other payables		
Parent	8,087	17,603
Other related parties	<u>1,010</u>	<u>853</u>
Total	<u>9,097</u>	<u>18,456</u>

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

<i>Movements of borrowings from</i>	At 1 January	Increase	Decrease	At 31 December
		<i>(in thousand Baht)</i>		
2019				
Other related party	564,405	4,657,117	(4,815,744)	405,778
Total	<u>564,405</u>			<u>405,778</u>
2018				
Other related party	725,089	4,221,345	(4,382,029)	564,405
Total	<u>725,089</u>			<u>564,405</u>

As at 31 December 2019, short-term borrowings from related party bears interest at the rate of 1.25% per annum (2018: 1.75% per annum).

Commitments with related party

As at 31 December 2019, the Company had outstanding future contracts with Furukawa Electric Co., Ltd., a parent company, to hedge the copper cathode price of 2,890 tons, in amount of U.S. Dollars 17.0 million, equivalent to Baht 515.8 million (2018: 4,341 tons, in amount of U.S. Dollars 27.2 million, equivalent to Baht 888.0 million).

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.

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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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 2019, 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 2020.

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.

5 Cash and cash equivalents

	2019	2018
	<i>(in thousand Baht)</i>	
Cash on hand	113	113
Cash at banks - current accounts	11,679	4,246
Cash at banks - savings accounts	2,898	3,464
Total	14,690	7,823

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

6 Trade accounts receivable

	<i>Note</i>	2019 <i>(in thousand Baht)</i>	2018
Related parties			
Within credit terms	4	<u>396,457</u>	<u>437,827</u>
		396,457	437,827
Other parties			
Within credit terms		1,193,447	1,192,477
Overdue:			
Less than 3 months		<u>2,694</u>	<u>703</u>
		1,196,141	1,193,180
Total		<u>1,592,598</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.

7 Other receivables

	2019 <i>(in thousand Baht)</i>	2018
Refundable value added tax	27,195	62,056
Others	<u>3,915</u>	<u>3,379</u>
Total	<u>31,110</u>	<u>65,435</u>

8 Inventories

	2019 <i>(in thousand Baht)</i>	2018
Finished goods	270,161	283,525
Work in progress	94,006	190,602
Raw materials	85,492	63,651
Factory supplies	171,811	168,095
Goods in transit	<u>63,180</u>	<u>86,329</u>
Total	<u>684,650</u>	<u>792,202</u>
Inventories recognised as an expense in cost of sales of goods:		
- Cost	<u>5,601,829</u>	<u>6,044,012</u>

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

9 Property, plant and equipment

<i>Cost</i>	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
At 1 January 2018	180,983	582,865	4,385,335	42,595	4,429	15,990	5,212,197
Additions	123	528	3,836	2,306	236	36,242	43,271
Transfers	494	4,850	41,004	67	-	(46,415)	-
Disposals	-	-	(33,939)	(869)	(550)	-	(35,358)
At 31 December 2018 and 1 January 2019	181,600	588,243	4,396,236	44,099	4,115	5,817	5,220,110
Additions	-	1,018	3,974	1,107	114	17,010	23,223
Transfers	-	4,686	13,795	1,229	-	(19,710)	-
Disposals	-	-	(7,534)	(464)	(245)	-	(8,243)
At 31 December 2019	181,600	593,947	4,406,471	45,971	3,984	3,117	5,235,090
<i>Depreciation and impairment losses</i>							
At 1 January 2018	62,207	480,866	4,171,627	38,348	4,395	-	4,757,443
Depreciation charge for the year	2,695	18,248	45,973	1,931	33	-	68,880
Reversal of impairment losses	-	-	(3,580)	-	-	-	(3,580)
Disposals	-	-	(30,358)	(869)	(550)	-	(31,777)
At 31 December 2018 and 1 January 2019	64,902	499,114	4,183,662	39,410	3,878	-	4,790,966
Depreciation charge for the year	2,712	16,443	45,723	1,660	71	-	66,609
Disposals	-	-	(7,534)	(383)	(245)	-	(8,162)
At 31 December 2019	67,614	515,557	4,221,851	40,687	3,704	-	4,849,413
<i>Net book value</i>							
At 1 January 2018	118,776	101,999	213,708	4,247	34	15,990	454,754
At 31 December 2018 and 1 January 2019	116,698	89,129	212,574	4,689	237	5,817	429,144
At 31 December 2019	113,986	78,390	184,620	5,284	280	3,117	385,677

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 4,168 million (2018: Baht 4,133 million).

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

10 Intangible assets

	Computer software	Golf membership (in thousand Baht)	Computer software under installation	Total
Cost				
At 1 January 2018	134,119	2,200	-	136,319
Additions	2,011	-	1,549	3,560
Write-off	(406)	-	-	(406)
At 31 December 2018 and 1 January 2019	135,724	2,200	1,549	139,473
Additions	-	-	2,028	2,028
Transfers	2,248	-	(2,248)	-
At 31 December 2019	137,972	2,200	1,329	141,501
Amortisation				
At 1 January 2018	131,333	-	-	131,333
Amortisation for the year	1,953	-	-	1,953
Write-off	(406)	-	-	(406)
At 31 December 2018 and 1 January 2019	132,880	-	-	132,880
Amortisation for the year	1,089	-	-	1,089
At 31 December 2019	133,969	-	-	133,969
Net book value				
At 1 January 2018	2,786	2,200	-	4,986
At 31 December 2018 and 1 January 2019	2,844	2,200	1,549	6,593
At 31 December 2019	4,003	2,200	1,329	7,532

The gross amount of the Company's fully amortised intangible assets that was still in use as at 31 December 2019 amounted to Baht 132 million (2018: Baht 132 million).

11 Interest-bearing liabilities

	Note	2019 (in thousand Baht)	2018
Current			
Unsecured			
Short-term borrowings from financial institution		100,000	-
Short-term borrowings from related party	4	405,778	564,405
Total		505,778	564,405

Short-term borrowings from financial institution

As at 31 December 2019, short-term borrowings from financial institution amounted to Baht 100 million shall be repayable at call. These loans bears interest at the rate of 1.39% per annum (2018: nil).

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Unutilised credit facilities

As at 31 December 2019, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 3,347 million (2018: U.S. Dollars 1 million and Baht 3,447 million).

12 Other payables

	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Electricity and natural gas payable		11,690	12,507
Accrued technical assistance fee	4	7,991	8,388
Payable for fixed assets purchased		2,963	6,760
Payable for copper hedging and service fee	4	96	9,215
Others	4	9,313	7,605
Total		<u>32,053</u>	<u>44,475</u>

13 Provision for employee benefits

	2019	2018
	<i>(in thousand Baht)</i>	
Statement of financial position		
Provisions for:		
Post-employment benefits	120,775	91,024
Other long-term employee benefits	8,896	8,653
Others	7,943	7,776
Total	<u>137,614</u>	<u>107,453</u>
 <i>Year ended 31 December</i>		
Statement of comprehensive income		
Recognised in profit or loss:		
Post-employment benefits	39,870	8,188
Other long-term employee benefits	888	(665)
Others	1,760	1,505
Total	<u>42,518</u>	<u>9,028</u>
 Recognised in other comprehensive income:		
Actuarial gains recognised in the year	-	12,268
Cumulative actuarial gains recognised	<u>36,016</u>	<u>36,016</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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

<i>Present value of the defined benefit obligations</i>	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	91,024	102,520
Included in profit or loss:		
Current service cost	7,622	5,508
Past service cost	29,199	-
Interest on obligation	3,049	2,680
	<u>39,870</u>	<u>8,188</u>
Included in other comprehensive income		
Actuarial gain		
- Demographic assumptions	-	649
- Financial assumptions	-	(7,481)
- Experience adjustment	-	(5,436)
	<u>-</u>	<u>(12,268)</u>
Benefit paid	<u>(10,119)</u>	<u>(7,416)</u>
	<u>(10,119)</u>	<u>(7,416)</u>
At 31 December	<u>120,775</u>	<u>91,024</u>

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 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

<i>Principle actuarial assumptions</i>	2019	2018
	<i>(%)</i>	
Discount rate	2.8	2.8
Future salary growth	3 - 4	3 - 4
Employee turnover	0 - 14	0 - 14

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

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 8.8 years (2018: 8.8 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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	<i>(in thousand Baht)</i>	
	Increase	Decrease
At 31 December 2019		
Discount rate (1% movement)	(7,280)	8,066
Future salary growth (1% movement)	9,144	(8,370)
Employee turnover (20% movement)	(1,630)	1,705
Future mortality (1% movement)	(196)	182
At 31 December 2018		
Discount rate (1% movement)	(5,804)	6,448
Future salary growth (1% movement)	6,323	(5,806)
Employee turnover (20% movement)	(1,088)	1,133
Future mortality (1% movement)	(134)	125

14 Share capital

	Par value per share <i>(in Baht)</i>	2019		2018	
		Number	Baht	Number	Baht
<i>(thousand shares / in thousand Baht)</i>					
<i>Authorised/issued and paid-up shares</i>					
At 1 January					
- ordinary shares	10	48,000	480,000	48,000	480,000
At 31 December					
- ordinary shares	10	<u>48,000</u>	<u>480,000</u>	<u>48,000</u>	<u>480,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

15 Legal reserves

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

16 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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
Primary geographical markets		
Thailand	3,935,860	4,225,472
Malaysia	548,651	563,868
Japan	122,486	106,924
Singapore	116,977	132,787
Other countries	1,342,646	1,466,388
Total revenue	<u>6,066,620</u>	<u>6,495,439</u>
Timing of revenue recognition		
At a point in time	6,066,620	6,495,439
Total revenue	<u>6,066,620</u>	<u>6,495,439</u>

Major customer

Revenues from major customers represent approximately Baht 2,818 million (2018: Baht 2,579 million) of the Company's total revenues.

17 Distribution costs

	2019	2018
	<i>(in thousand Baht)</i>	
Packaging and supplies	64,174	49,319
Freight charge	42,460	43,511
Employee benefit expenses	24,551	24,469
Others	9,401	10,490
Total	<u>140,586</u>	<u>127,789</u>

18 Administrative expenses

	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Employee benefit expenses		71,735	68,987
Technical assistance fee	4	17,925	18,597
Professional fee and training expenses		7,859	5,672
Others		24,666	27,228
Total		<u>122,185</u>	<u>120,484</u>

19 Employee benefit expenses

	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Wages, salaries and welfare		339,195	327,598
Defined benefit plans	13	42,518	9,028
Defined contribution plans		6,470	6,906
Total		<u>388,183</u>	<u>343,532</u>

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Defined contribution plans

The defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 4% to 8% of their basic salaries and by the Company at rates ranging from 4% to 8% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

20 Expenses by nature

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	109,960	261,859
Raw materials and consumables used	4,891,558	5,223,947
Employee benefit expenses	291,896	250,076
Depreciation of plant and equipment	65,027	67,359
Amortisation of intangible assets	862	1,731
<i>Included in distribution costs:</i>		
Depreciation of plant and equipment	284	284
<i>Included in administrative expenses:</i>		
Depreciation of plant and equipment	1,298	1,238
Amortisation of intangible assets	227	222

21 Income tax

Income tax recognised in profit or loss

	2019	2018
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	36,973	35,695
Over provided in prior year	(12)	-
	<u>36,961</u>	<u>35,695</u>
Deferred tax expense		
Movements in temporary differences	(6,032)	1,310
Total	<u>30,929</u>	<u>37,005</u>

Income tax recognised in other comprehensive income

	Before tax	2019 Tax expense	Net of tax	Before tax	2018 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	-	-	-	12,268	(2,454)	9,814
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,268</u>	<u>(2,454)</u>	<u>9,814</u>

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

<i>Reconciliation of effective tax rate</i>	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		155,136		181,620
Income tax using the Thai corporation tax rate	20	31,027	20	36,324
Expenses additionally deductible for tax purposes		(146)		(16)
Expenses not deductible for tax purposes		60		697
Over provided in prior year		(12)		-
Total	20	30,929	20	37,005

<i>Deferred tax assets</i> <i>At 31 December</i>	Assets		Liabilities	
	2019	2018	2019	2018
		(in thousand Baht)		
Total	27,551	21,519	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	27,551	21,519	-	-

<i>Deferred tax assets</i>	(Charged) / credited to		At 31 December 2019
	At 1 January 2019	Other comprehensive income	
Provision for employee benefits	21,491	6,032	27,523
Others	28	-	28
Total	21,519	6,032	27,551

<i>Deferred tax assets</i>	(Charged) / credited to		At 31 December 2018
	At 1 January 2018	Other comprehensive income	
Impairment loss of fixed assets	716	(716)	-
Provision for employee benefits	24,539	(594)	21,491
Others	28	-	28
Total	25,283	(1,310)	21,519

22 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 January 2017 to 13 January 2020.
- exemption from the payment of import duty on item which the promoted company imports for re-export, from 14 January 2017 to 13 January 2020.

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

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

23 Basic earnings per share

	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>		
Profit attributable to ordinary shareholders of the Company (basic)	<u>124,207</u>	<u>144,614</u>
Number of ordinary shares outstanding	<u>48,000</u>	<u>48,000</u>
Earnings per share (basic) (in Baht)	<u>2.59</u>	<u>3.01</u>

24 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2019				
Annual dividend	29 April 2019	May 2019	<u>1.625</u>	<u>78,000</u>
2018				
Annual dividend	27 April 2018	May 2018	<u>1.50</u>	<u>72,000</u>

25 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

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 are mainly fixed. The Company is primarily exposed to interest rate risk from its borrowings (see note 11). The Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

<i>At 31 December</i>	Maturity period			Total
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	
2019				
Financial liabilities				
Short-term borrowings from financial institution	1.39	100,000	-	100,000
Short-term borrowings from related party	1.25	405,778	-	405,778
Total		505,778	-	505,778
2018				
Financial liabilities				
Short-term borrowings from related party	1.75	564,405	-	564,405
Total		564,405	-	564,405

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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.

<i>Assets and liabilities denominated in foreign currencies at 31 December</i>	2019			2018			Total
	United States Dollars	Japanese Yen	Euro	United States Dollars (in thousand Baht)	Japanese Yen	Euro	
Trade accounts receivable	166,039	7,615	-	198,347	9,041	-	207,388
Trade accounts payable	(294,639)	(17,260)	-	(482,485)	(25,245)	(706)	(508,436)
Other payables	(96)	(67)	-	(9,215)	(123)	-	(9,338)
Gross statement of financial position exposure	(128,696)	(9,712)	-	(293,353)	(16,327)	(706)	(310,386)
Estimated forecast purchases	(287,090)	-	-	(217,599)	-	-	(217,599)
Gross exposure	(415,786)	(9,712)	-	(510,952)	(16,327)	(706)	(527,985)
Currency forwards purchase	530,505	14,419	-	670,055	16,643	-	686,698
Currency forwards sales	(154,853)	(7,740)	-	(84,122)	(9,119)	-	(93,241)
Net exposure	(40,134)	(3,033)	-	74,981	(8,803)	(706)	65,472

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

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.

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 December 2019					
<i>Financial asset and financial liabilities not measured at fair value</i>					
Foreign Currency forward contracts	-	-	(11,175)	-	(11,175)
Copper future contracts	-	-	24,198	-	24,198
31 December 2018					
<i>Financial asset and financial liabilities not measured at fair value</i>					
Foreign Currency forward contracts	-	-	(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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

26 Commitments with non-related parties

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Future minimum lease payments under non-cancellable operating lease commitments</i>		
Within 1 year	5,181	3,952
1 - 5 years	7,716	755
Total	<u>12,897</u>	<u>4,707</u>
<i>Other commitments</i>		
Bank guarantees for electricity use	<u>13,369</u>	<u>13,369</u>

Lease and service agreements

As at 31 December 2019, the Company had lease agreements covering office premise and related service, vehicle and equipment for periods 5 years up to 2024.

Forward contracts

As at 31 December 2019, the Company had outstanding sale forward contracts amounting to U.S. Dollars 5.2 million and Yen 28.0 million, equivalent to Baht 162.6 million (2018: U.S. Dollars 2.6 million and Yen 31.3 million, equivalent to Baht 93.2 million). The contracts will be due during January to April 2020.

As at 31 December 2019, the Company had outstanding purchase forward contracts amounting to U.S. Dollars 17.3 million and Yen 51.1 million, equivalent to Baht 544.9 million (2018: U.S. Dollars 20.5 million and Yen 56.6 million, equivalent to Baht 686.7 million). The contracts will be due during January to November 2020.

27 Events after the reporting period

At the Board of Directors' meeting held on 26 February 2020, the directors resolved to propose the dividend payment at Baht 1.625 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

28 Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRS, which are relevant to the Company's operations, expected to have material impact on the Company's financial statements when initially adopted, and will become effective for the financial statements in annual 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

* TFRS - Financial instruments standards

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(a) *TFRS - Financial instruments standards*

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Company will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 12.9 million, on an undiscounted basis. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.