

Fine Metal Technologies Public Company Limited

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2023
and
Independent auditor's review report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Fine Metal Technologies Public Company Limited

I have reviewed the accompanying statement of financial position of Fine Metal Technologies Public Company Limited as at 30 September 2023; the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2023; the statements of changes in equity and cash flows for the nine-month period ended 30 September 2023; 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”.

(Jamjuree Sathapornchaiwat)
Certified Public Accountant
Registration No. 11567

KPMG Phoomchai Audit Ltd.
Bangkok
10 November 2023

Fine Metal Technologies Public Company Limited

Statement of financial position

Assets	<i>Note</i>	30 September 2023 (Unaudited)	31 December 2022
<i>(in thousand Baht)</i>			
<i>Current assets</i>			
Cash and cash equivalents		32,033	27,014
Trade accounts receivable	3, 4	1,239,039	1,389,414
Other receivables	3	67,063	63,319
Inventories		1,432,259	1,112,334
Other current financial assets	8	<u>61,667</u>	<u>23,457</u>
Total current assets		<u>2,832,061</u>	<u>2,615,538</u>
<i>Non-current assets</i>			
Property, plant and equipment		354,694	361,104
Right-of-use assets		21,443	13,748
Intangible assets		15,778	12,351
Deferred tax assets		24,515	30,046
Other non-current assets		<u>2,456</u>	<u>2,447</u>
Total non-current assets		<u>418,886</u>	<u>419,696</u>
Total assets		<u>3,250,947</u>	<u>3,035,234</u>

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

Fine Metal Technologies Public Company Limited

Statement of financial position

		30 September	31 December
Liabilities and equity	<i>Note</i>	2023	2022
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Short-term borrowings from financial institutions	5	885,000	615,000
Trade accounts payable	3	426,002	472,284
Other payables	3	85,596	53,233
Current portion of lease liabilities		7,179	4,898
Income tax payable		919	9,755
Other current financial liabilities	8	55,424	40,609
Other current liabilities		12,491	17,577
Total current liabilities		<u>1,472,611</u>	<u>1,213,356</u>
<i>Non-current liabilities</i>			
Lease liabilities		14,674	9,087
Provision for employee benefits		128,267	132,697
Total non-current liabilities		<u>142,941</u>	<u>141,784</u>
Total liabilities		<u>1,615,552</u>	<u>1,355,140</u>

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

Fine Metal Technologies Public Company Limited

Statement of financial position

	30 September 2023 (Unaudited)	31 December 2022
Liabilities and equity		
<i>Equity</i>		
Share capital		
Authorised share capital <i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>	<u>480,000</u>	<u>480,000</u>
Issued and paid-up share capital <i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>	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	598,228	653,774
Other components of equity		
Gain (loss) on cash flow hedges	<u>1,667</u>	<u>(9,180)</u>
Total equity	<u>1,635,395</u>	<u>1,680,094</u>
Total liabilities and equity	<u>3,250,947</u>	<u>3,035,234</u>

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		30 September	
		2023	2022
<i>(in thousand Baht)</i>			
Income			
Revenue from sale of goods	6	1,431,317	2,027,582
Net gain on foreign exchange		-	6,666
Other income		338	299
Total income		1,431,655	2,034,547
Expenses			
Cost of sale of goods		1,363,863	1,898,073
Distribution costs		23,065	30,472
Administrative expenses		26,505	26,341
Net loss on foreign exchange		682	-
Loss on copper hedging and service fee		2,992	64,290
Total expenses		1,417,107	2,019,176
Profit from operating activities		14,548	15,371
Finance costs		(11,045)	(7,300)
Hedging gain (loss) for hedge of group of items with off-setting risk positions		5,909	(52,307)
Profit (loss) before income tax		9,412	(44,236)
Tax expense (income)		(1,887)	8,847
Profit (loss) for the period		7,525	(35,389)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain (loss) on cash flow hedges		(2,179)	19,775
Income tax relating to items that will be reclassified subsequently to profit or loss		435	(3,955)
Other comprehensive income (expense) for the period, net of tax		(1,744)	15,820
Total comprehensive income (expense) for the period		5,781	(19,569)
Basic earnings (loss) per share (in Baht)		0.16	(0.74)

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Nine-month period ended	
		30 September	
		2023	2022
<i>(in thousand Baht)</i>			
Income			
Revenue from sale of goods	6	5,352,799	6,011,910
Net gain on foreign exchange		-	15,639
Other income		1,481	1,689
Total income		5,354,280	6,029,238
Expenses			
Cost of sale of goods		5,053,782	5,712,028
Distribution costs		84,864	90,254
Administrative expenses		85,545	78,220
Net loss on foreign exchange		1,991	-
Loss on copper hedging and service fee		13,966	46,081
Total expenses		5,240,148	5,926,583
Profit from operating activities		114,132	102,655
Finance costs		(28,506)	(17,379)
Hedging gain for hedge of group of items with off-setting risk positions		9,837	12,965
Profit before income tax		95,463	98,241
Tax expense		(19,009)	(19,649)
Profit for the period		76,454	78,592
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on cash flow hedges		13,559	27,488
Income tax relating to items that will be reclassified subsequently to profit or loss		(2,712)	(5,497)
Other comprehensive income for the period, net of tax		10,847	21,991
Total comprehensive income for the period		87,301	100,583
Basic earnings per share (in Baht)		1.59	1.64

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

Fine Metal Technologies Public Company Limited
Statement of changes in equity (Unaudited)

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity		Total equity
				Legal reserve	Unappropriated	Gain on cash flow hedges		
<i>(in thousand Baht)</i>								
Nine-month period ended 30 September 2022								
Balance at 1 January 2022		480,000	507,500	48,000	680,820	1,617		1,717,937
Transaction with owners, recorded directly in equity								
Dividends to owners of the Company	7	-	-	-	(126,000)	-		(126,000)
Total transaction with owners, recorded directly in equity		-	-	-	(126,000)	-		(126,000)
Comprehensive income for the period								
Profit		-	-	-	78,592	-		78,592
Other comprehensive income		-	-	-	-	21,991		21,991
Total comprehensive income for the period		-	-	-	78,592	21,991		100,583
Balance at 30 September 2022		480,000	507,500	48,000	633,412	23,608		1,692,520

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

Fine Metal Technologies Public Company Limited
Statement of changes in equity (Unaudited)

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Gain (loss) on cash flow hedges	Total equity
				Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>							
Nine-month period ended 30 September 2023							
Balance at 1 January 2023		480,000	507,500	48,000	653,774	(9,180)	1,680,094
Transaction with owners, recorded directly in equity							
Dividends to owners of the Company	7	-	-	-	(132,000)	-	(132,000)
Total transaction with owners, recorded directly in equity		-	-	-	(132,000)	-	(132,000)
Comprehensive income for the period							
Profit		-	-	-	76,454	-	76,454
Other comprehensive income		-	-	-	-	10,847	10,847
Total comprehensive income for the period		-	-	-	76,454	10,847	87,301
Balance at 30 September 2023		480,000	507,500	48,000	598,228	1,667	1,635,395

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

Fine Metal Technologies Public Company Limited

Statement of cash flows (Unaudited)

Nine-month period ended

30 September

2023

2022

(in thousand Baht)

Cash flows from operating activities

Profit for the period	76,454	78,592
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	19,009	19,649
Finance costs	28,506	17,379
Depreciation and amortisation	39,255	49,800
Provision for employee benefits	7,694	8,191
Unrealised loss on foreign exchange	4,455	10,042
Unrealised gain on derivatives	(9,836)	(12,965)
Gain on disposal of equipment	(45)	(10)
	<u>165,492</u>	<u>170,678</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	146,444	191,701
Other receivables	(3,744)	(31,181)
Inventories	(319,925)	79,343
Other non-current assets	(9)	(4)
Trade accounts payable	(46,805)	(66,202)
Other payables	35,070	80,079
Other current liabilities	(5,113)	(4,606)
Net cash generated from (used in) operations	<u>(28,590)</u>	<u>419,808</u>
Employee benefit paid	(12,124)	(13,795)
Income tax paid	<u>(25,027)</u>	<u>(45,403)</u>
Net cash from (used in) operating activities	<u>(65,741)</u>	<u>360,610</u>

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

Fine Metal Technologies Public Company Limited

Statement of cash flows (Unaudited)

	Nine-month period ended	
	30 September	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(27,886)	(44,512)
Cash payments to purchase of intangible assets	(5,758)	(2,822)
Cash receipts from sale of equipment	45	10
Net cash used in investing activities	(33,599)	(47,324)
<i>Cash flows from financing activities</i>		
Interest paid	(28,825)	(18,348)
Dividends paid	(131,973)	(125,975)
Proceeds from borrowings from financial institutions	7,150,000	3,845,000
Repayments of borrowings from financial institutions	(6,880,000)	(4,008,000)
Payment of lease liabilities	(4,843)	(3,828)
Net cash from (used in) financing activities	104,359	(311,151)
Net increase in cash and cash equivalents	5,019	2,135
Cash and cash equivalents at beginning of the period	27,014	104,012
Cash and cash equivalents at ending of the period	32,033	106,147
<i>Non-cash transactions</i>		
Payable for fixed assets purchased	2,663	3,750
Increased in right-of-use assets	12,710	12,124

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

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade accounts receivable
5	Short-term borrowings from financial institutions
6	Segment information and disaggregation of revenue
7	Dividends
8	Financial instruments
9	Commitments with non-related parties

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 10 November 2023.

1 General information

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

The immediate and ultimate parent company during the financial period was CTJ Holdings², Ltd. (42.25% shareholding), a company incorporated in Japan.

2 Basis of preparation of the interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements together with notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The interim financial statements focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022.

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2022.

3 Related parties

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

<i>Three-month period ended 30 September</i>	2023	2022
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	227,211	390,256
Purchase of raw material and factory supplies	5,499	-
Technical assistance fee	2,853	3,741
Service fee and others	1,139	1,394
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	6,917	7,905
Post-employment benefits	80	203
Total key management personnel compensation	6,997	8,108

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

<i>Nine-month period ended 30 September</i>	2023	2022
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	1,014,661	1,238,858
Purchase of raw material and factory supplies	5,499	-
Technical assistance fee	8,363	10,192
Service fee and others	3,390	4,095
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	28,775	23,865
Post-employment benefits	239	609
Total key management personnel compensation	29,014	24,474

<i>Balances with related parties as at</i>	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Trade accounts receivable		
Other related parties	314,300	423,363
Other receivables		
Other related party	1,949	831
Trade accounts payable		
Other related party	5,631	-
Other payables		
Other related parties	3,209	7,355

4 Trade accounts receivable

	Note	30 September 2023	31 December 2022
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		311,953	423,363
Overdue:			
Less than 90 days		2,347	-
	3	314,300	423,363
Other parties			
Within credit terms		918,145	963,829
Overdue:			
Less than 90 days		6,594	2,222
		924,739	966,051
Total		1,239,039	1,389,414

As at 30 September 2023 and 31 December 2022, the Company has no allowance for impairment loss of trade accounts receivable.

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

Accounts receivable supplier agreement

For the nine-month period ended 30 September 2023, the Company has assigned its right over collection from account receivable amounted of Baht 906.1 million (31 December 2022: Baht 2,078.1 million) to a financial institution according to the accounts receivable supplier agreement. The Company has already received from the financial institution amounted of Baht 893.0 million (31 December 2022: Baht 2,063.1 million). In this regards, the financial institution shall not have any rights of recourse against the Company.

5 Short-term borrowings from financial institutions

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
<i>Current</i>		
<i>Unsecured</i>		
Short-term borrowings from financial institutions	<u>885,000</u>	<u>615,000</u>

Short-term borrowings from financial institutions

As at 30 September 2023, short-term borrowings from financial institutions amounted to Baht 885 million shall be repayable at call. These loans bear interest at the rate of 2.58% - 3.08% per annum (31 December 2022: 1.08% - 2.05% per annum).

Unutilised credit facilities

As at 30 September 2023, the Company had unutilised credit facilities totalling U.S. Dollars 6 million and Baht 1,477 million (31 December 2022: U.S. Dollars 6 million and Baht 1,747 million).

6 Segment information and disaggregation of revenue

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Disaggregation of revenue</i>				
Primary geographical markets				
Thailand	788,476	1,038,468	3,338,456	3,399,562
Japan	128,206	91,637	313,660	269,008
Malaysia	81,318	201,512	292,109	626,664
Other countries	433,317	695,965	1,408,574	1,716,676
Total	<u>1,431,317</u>	<u>2,027,582</u>	<u>5,352,799</u>	<u>6,011,910</u>

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

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

7 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2023				
2022 Annual dividend	28 April 2023	May 2023	<u>2.750</u>	<u>132,000</u>
2022				
2021 Annual dividend	29 April 2022	May 2022	<u>2.625</u>	<u>126,000</u>

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

	Carrying amount			Fair value			
	Hedging instruments	Financial instruments measured at FVTPL	Total	Level 1	Level 2	Level 3	Total
<i>At 30 September 2023</i>							
Financial assets							
Forward exchange contract used for hedging	4,199	-	4,199	-	4,199	-	4,199
Copper future contract used for hedging	<u>57,468</u>	<u>-</u>	<u>57,468</u>	-	57,468	-	57,468
Total financial assets	<u>61,667</u>	<u>-</u>	<u>61,667</u>				
Financial liabilities							
Forward exchange contract used for hedging	(4,117)	-	(4,117)	-	(4,117)	-	(4,117)
Copper future contract used for hedging	<u>(51,307)</u>	<u>-</u>	<u>(51,307)</u>	-	(51,307)	-	(51,307)
Total financial liabilities	<u>(55,424)</u>	<u>-</u>	<u>(55,424)</u>				

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

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

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

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

9 Commitments with non-related parties

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Other commitments		
Short-term lease and low-value assets commitments	355	899
Bank guarantees for electricity use	13,369	13,369
Total	13,724	14,268

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

Significant agreement with non-related parties

Hedge Agreement

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

Contracts to purchase of Copper Cathodes

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