

Fine Metal Technologies Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2022
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 June 2022; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022; the statements of changes in equity and cash flows for the six-month period ended 30 June 2022; 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".

(Songchai Wongpiriyaporn)
Certified Public Accountant
Registration No. 10996

KPMG Phoomchai Audit Ltd.
Bangkok
9 August 2022

Fine Metal Technologies Public Company Limited

Statement of financial position

		30 June	31 December
Assets	<i>Note</i>	2022	2021
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		101,346	104,012
Trade receivables	3, 4	1,427,341	1,606,493
Other receivables		33,107	60,920
Inventories		1,379,020	1,128,288
Other current financial assets	8	<u>211,800</u>	<u>16,691</u>
Total current assets		<u>3,152,614</u>	<u>2,916,404</u>
<i>Non-current assets</i>			
Property, plant and equipment		367,378	374,030
Right-of-use assets		4,002	6,208
Intangible assets		11,788	12,002
Deferred tax assets		12,356	27,634
Other non-current assets		<u>2,443</u>	<u>2,443</u>
Total non-current assets		<u>397,967</u>	<u>422,317</u>
Total assets		<u>3,550,581</u>	<u>3,338,721</u>

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

Fine Metal Technologies Public Company Limited

Statement of financial position

		30 June	31 December
Liabilities and equity	<i>Note</i>	2022	2021
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Short-term borrowings from financial institutions	5	1,015,000	888,000
Trade payables		446,926	476,357
Other payables	3	73,622	47,885
Current portion of lease liabilities		2,343	3,941
Income tax payable		14,755	30,642
Other current financial liabilities	8	140,433	18,310
Other current liabilities		10,748	16,971
Total current liabilities		<u>1,703,827</u>	<u>1,482,106</u>
<i>Non-current liabilities</i>			
Lease liabilities		1,931	2,732
Provision for employee benefits		132,734	135,946
Total non-current liabilities		<u>134,665</u>	<u>138,678</u>
Total liabilities		<u>1,838,492</u>	<u>1,620,784</u>

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

Fine Metal Technologies Public Company Limited

Statement of financial position

	30 June 2022 (Unaudited)	31 December 2021
Liabilities and equity		
	<i>(in thousand Baht)</i>	
Equity		
Share capital		
Authorised share capital <i>(48,000,000 ordinary shares, par value at Baht 10 per share)</i>	<u>480,000</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	668,801	680,820
Other components of equity		
Gain on cash flow hedges	<u>7,788</u>	<u>1,617</u>
Total equity	<u>1,712,089</u>	<u>1,717,937</u>
Total liabilities and equity	<u>3,550,581</u>	<u>3,338,721</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 June	
		2022	2021
<i>(in thousand Baht)</i>			
Revenues			
Revenue from sale of goods	6	1,920,295	1,817,116
Gain on copper hedging and service fee		9,497	46,103
Net gain on foreign exchange		5,287	658
Other income		664	6,458
Total revenues		1,935,743	1,870,335
Expenses			
Cost of sale of goods		1,851,566	1,808,235
Distribution costs		25,305	31,244
Administrative expenses		26,217	28,043
Total expenses		1,903,088	1,867,522
Profit from operating activities		32,655	2,813
Finance costs		(5,900)	(2,924)
Hedging gain for hedge of group of items with off-setting risk positions		73,474	19,728
Profit before income tax expense		100,229	19,617
Tax expense		(20,045)	(3,927)
Profit for the period		80,184	15,690
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on cash flow hedges		9,199	2,983
Income tax relating to items that will be reclassified subsequently to profit or loss		(1,839)	(597)
Other comprehensive income for the period, net of tax		7,360	2,386
Total comprehensive income for the period		87,544	18,076
Basic earnings per share (in Baht)		1.67	0.33

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Six-month period ended	
		30 June	
		2022	2021
		<i>(in thousand Baht)</i>	
Revenues			
Revenue from sale of goods	6	3,984,328	3,557,411
Gain on copper hedging and service fee		18,209	115,651
Net gain on foreign exchange		8,973	4,494
Other income		1,390	6,669
Total revenues		4,012,900	3,684,225
Expenses			
Cost of sale of goods		3,813,955	3,474,147
Distribution costs		59,782	64,223
Administrative expenses		51,879	57,204
Total expenses		3,925,616	3,595,574
Profit from operating activities		87,284	88,651
Finance costs		(10,079)	(5,206)
Hedging gain for hedge of group of items with off-setting risk positions		65,272	41,847
Profit before income tax expense		142,477	125,292
Tax expense		(28,496)	(25,055)
Profit for the period		113,981	100,237
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on cash flow hedges		7,713	12,080
Income tax relating to items that will be reclassified subsequently to profit or loss		(1,542)	(2,417)
Other comprehensive income for the period, net of tax		6,171	9,663
Total comprehensive income for the period		120,152	109,900
Basic earnings per share (in Baht)		2.37	2.09

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

Fine Metal Technologies Public Company Limited

Statement of changes in equity (Unaudited)

	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>			
Six-month period ended 30 June 2021						
Balance at 1 January 2021	480,000	507,500	48,000	542,686	(6,086)	1,572,100
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company	-	-	-	(78,000)	-	(78,000)
Total transactions with owners, recorded directly in equity	-	-	-	(78,000)	-	(78,000)
Comprehensive income for the period						
Profit	-	-	-	100,237	-	100,237
Other comprehensive income	-	-	-	-	9,663	9,663
Total comprehensive income for the period	-	-	-	100,237	9,663	109,900
Balance at 30 June 2021	480,000	507,500	48,000	564,923	3,577	1,604,000

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

Fine Metal Technologies Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity		Total equity
			Legal reserve	Unappropriated cash flow hedges	Gain on cash flow hedges		
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2022							
Balance at 1 January 2022	480,000	507,500	48,000	680,820	1,617		1,717,937
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	-	-	-	(126,000)	-		(126,000)
Total transactions with owners, recorded directly in equity	-	-	-	(126,000)	-		(126,000)
Comprehensive income for the period							
Profit	-	-	-	113,981	-		113,981
Other comprehensive income	-	-	-	-	6,171		6,171
Total comprehensive income for the period	-	-	-	113,981	6,171		120,152
Balance at 30 June 2022	480,000	507,500	48,000	668,801	7,788		1,712,089

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

Fine Metal Technologies Public Company Limited

Statement of cash flows (Unaudited)

	Six-month period ended	
	30 June	
	2022	2021
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	113,981	100,237
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	28,496	25,055
Finance costs	10,079	5,206
Depreciation and amortisation	33,277	35,630
Provision for employee benefits	5,455	6,378
Unrealised (gain) loss on foreign exchange	2,908	(3,373)
Unrealised gain on derivatives	(65,272)	(41,847)
Gain on disposal of equipment	-	(12)
	<u>128,924</u>	<u>127,274</u>
<i>Changes in operating assets and liabilities</i>		
Trade receivables	175,581	(354,625)
Other receivables	27,813	5,815
Inventories	(250,732)	(44,744)
Trade payables	(28,768)	333,780
Other payables	40,411	62,047
Other current liabilities	<u>(6,276)</u>	<u>(5,353)</u>
Net cash generated from operating	86,953	124,194
Employee benefit paid	(8,667)	(9,473)
Income tax paid	<u>(30,648)</u>	<u>(15,341)</u>
Net cash from operating activities	<u>47,638</u>	<u>99,380</u>

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

Fine Metal Technologies Public Company Limited

Statement of cash flows (Unaudited)

	Six-month period ended	
	30 June	
	2022	2021
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(38,091)	(12,028)
Cash payments to purchase of intangible assets	(1,233)	(2,480)
Cash receipts from sale of equipment	-	18
Net cash used in investing activities	<u>(39,324)</u>	<u>(14,490)</u>
<i>Cash flows from financing activities</i>		
Interest paid	(9,545)	(4,552)
Dividends paid	(125,947)	(77,925)
Proceeds from borrowings from financial institutions	1,555,000	1,155,000
Repayments of borrowings from financial institutions	(1,428,000)	(1,100,000)
Payment of lease liabilities	<u>(2,488)</u>	<u>(2,686)</u>
Net cash used in financing activities	<u>(10,980)</u>	<u>(30,163)</u>
Net increase (decrease) in cash and cash equivalents	(2,666)	54,727
Cash and cash equivalents at beginning of the period	<u>104,012</u>	<u>92,009</u>
Cash and cash equivalents at ending of the period	<u>101,346</u>	<u>146,736</u>
<i>Non-cash transaction</i>		
Payable for fixed assets purchased	1,935	5,519

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 six-month periods ended 30 June 2022 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade receivables
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 six-month periods ended 30 June 2022 (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 9 August 2022.

1 General information

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.

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 2021.

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 2021.

3 Related parties

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

<i>Three-month period ended 30 June</i>	2022	2021
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	388,042	390,998
Technical assistance fee	3,408	3,838
Service fee and others	1,609	1,159
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	7,990	8,753
Post-employment benefits	203	401
Total key management personnel compensation	8,193	9,154

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

<i>Six-month period ended 30 June</i>	2022	2021
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	848,602	757,465
Technical assistance fee	6,451	7,893
Service fee and others	3,192	2,548
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	15,960	17,483
Post-employment benefits	406	802
Total key management personnel compensation	16,366	18,285
	30 June	31 December
	2022	2021
	<i>(in thousand Baht)</i>	
Trade receivables		
Other related parties	424,966	402,240
Other payables		
Other related parties	6,473	7,044

4 Trade receivables

	Note	30 June	31 December
		2022	2021
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		424,966	402,240
	3	424,966	402,240
Other parties			
Within credit terms		1,002,375	1,202,827
Overdue:			
Less than 90 days		-	1,426
		1,002,375	1,204,253
Total		1,427,341	1,606,493

As at 30 June 2022 and 31 December 2021, the Company has no allowance for impairment loss of trade receivables.

Accounts receivable supplier agreement

For the six-month period ended 30 June 2022, the Company has assigned its right over collection from account receivable amounted of Baht 796.66 million (*31 December 2021: Baht 1,128.48 million*) to a financial institution according to the accounts receivable supplier agreement. The Company has already received from the financial institution amounted of Baht 791.84 million (*31 December 2021: Baht 1,125.23 million*). In this regards, the financial institution shall not have any rights of recourse against the Company.

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

5 Short-term borrowings from financial institutions

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<i>Current</i>		
<i>Unsecured</i>		
Short-term borrowings from financial institutions	<u>1,015,000</u>	<u>888,000</u>

Short-term borrowings from financial institutions

As at 30 June 2022, short-term borrowings from financial institutions amounted to Baht 1,015 million shall be repayable at call. These loans bear interest at the rate of 1.08% - 1.33% per annum (31 December 2021: 1.08% per annum).

Unutilised credit facilities

As at 30 June 2022, the Company had unutilised credit facilities totalling U.S. Dollars 6 million and Baht 1,362 million (31 December 2021: U.S. Dollars 1 million and Baht 1,679 million).

6 Segment information and disaggregation of revenue

	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>Disaggregation of revenue</i>				
<i>Primary geographical markets</i>				
Thailand	1,096,780	1,075,764	2,361,093	2,104,226
Malaysia	145,446	137,576	425,152	315,613
Japan	96,140	103,446	177,371	172,627
Other countries	581,929	500,330	1,020,712	964,945
Total revenue	<u>1,920,295</u>	<u>1,817,116</u>	<u>3,984,328</u>	<u>3,557,411</u>

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

7 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share <i>(Baht)</i>	Amount <i>(in thousand Baht)</i>
<i>2022</i>				
Annual dividend	29 April 2022	May 2022	<u>2.625</u>	<u>126,000</u>
<i>2021</i>				
Annual dividend	30 April 2021	May 2021	<u>1.625</u>	<u>78,000</u>

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

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 (in thousand Baht)	Level 2	Level 3	Total
At 30 June 2022							
Financial assets							
Forward exchange contract used for hedging	13,030	110	13,140	-	13,140	-	13,140
Copper future contract used for hedging	198,660	-	198,660	-	198,660	-	198,660
Total financial assets	211,690	110	211,800				
Financial liabilities							
Forward exchange contract used for hedging	(1,298)	(4,475)	(5,773)	-	(5,773)	-	(5,773)
Copper future contract used for hedging	(134,660)	-	(134,660)	-	(134,660)	-	(134,660)
Total financial liabilities	(135,958)	(4,475)	(140,433)				
At 31 December 2021							
Financial assets							
Forward exchange contract used for hedging	3,593	798	4,391	-	4,391	-	4,391
Copper future contract used for hedging	12,300	-	12,300	-	12,300	-	12,300
Total financial assets	15,893	798	16,691				
Financial liabilities							
Forward exchange contract used for hedging	(1,904)	(1,543)	(3,447)	-	(3,447)	-	(3,447)
Copper future contract used for hedging	(14,863)	-	(14,863)	-	(14,863)	-	(14,863)
Total financial liabilities	(16,767)	(1,543)	(18,310)				

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

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

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

9 Commitments with non-related parties

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<i>Other commitments</i>		
Short-term lease and low-value assets commitments	570	54
Bank guarantees for electricity use	13,369	13,369
Total	13,939	13,423

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.