

Fine Metal Technologies Public Company Limited

Condensed interim financial statements
for the three-month period ended
31 March 2024
and
Independent auditor's review report



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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 31 March 2024; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2024; 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
29 April 2024

Fine Metal Technologies Public Company Limited

Statement of financial position

		31 March	31 December
Assets	Note	2024	2023
		(Unaudited)	
		(in thousand Baht)	
Current assets			
Cash and cash equivalents		112,997	63,563
Trade accounts receivable	3, 4	1,540,992	1,128,887
Other receivables	3	55,139	25,987
Inventories		861,476	1,073,892
Other current financial assets	7	44,770	75,959
Total current assets		2,615,374	2,368,288
Non-current assets			
Property, plant and equipment		348,678	348,308
Right-of-use assets		19,042	20,760
Intangible assets		28,232	26,450
Deferred tax assets		26,608	26,119
Other non-current assets		2,456	2,456
Total non-current assets		425,016	424,093
Total assets		3,040,390	2,792,381

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

Fine Metal Technologies Public Company Limited

Statement of financial position

		31 March	31 December
	<i>Note</i>	2024	2023
Liabilities and equity		(Unaudited)	
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Short-term borrowings from financial institutions	5	475,000	700,000
Trade accounts payable	3	616,838	172,526
Other payables	3	55,771	23,863
Current portion of lease liabilities		7,368	7,386
Income tax payable		13,069	6,109
Other current financial liabilities	7	48,209	74,309
Other current liabilities		11,316	16,942
Total current liabilities		1,227,571	1,001,135
<i>Non-current liabilities</i>			
Lease liabilities		12,199	13,863
Provision for employee benefits		124,682	127,315
Total non-current liabilities		136,881	141,178
Total liabilities		1,364,452	1,142,313

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

Fine Metal Technologies Public Company Limited

Statement of financial position

	31 March 2024 (Unaudited)	31 December 2023
<i>(in thousand Baht)</i>		
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	639,468	618,229
Other components of equity		
Gain (loss) on cash flow hedges	<u>970</u>	<u>(3,661)</u>
Total equity	<u>1,675,938</u>	<u>1,650,068</u>
Total liabilities and equity	<u>3,040,390</u>	<u>2,792,381</u>

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income (Unaudited)

		Three-month period ended	
		31 March	
	Note	2024	2023
		(in thousand Baht)	
Income			
Revenue from sale of goods	6	1,879,008	2,068,598
Gain on copper hedging and service fee		48,627	-
Net gain on foreign exchange		7,401	-
Other income		685	339
Total income		1,935,721	2,068,937
Expenses			
Cost of sale of goods		1,832,530	1,943,280
Distribution costs		29,908	32,166
Administrative expenses		25,502	32,669
Net loss on foreign exchange		-	3,325
Loss on copper hedging and service fee		-	12,083
Total expenses		1,887,940	2,023,523
Profit from operating activities		47,781	45,414
Finance costs		(10,350)	(5,561)
Hedging gain (loss) for hedge of group of items with off-setting risk positions		(10,877)	10,330
Profit before income tax expense		26,554	50,183
Tax expense		(5,315)	(9,947)
Profit for the period		21,239	40,236
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on cash flow hedges		5,789	1,645
Income tax relating to items that will be reclassified subsequently to profit or loss		(1,158)	(329)
Other comprehensive income for the period, net of tax		4,631	1,316
Total comprehensive income for the period		25,870	41,552
Basic earnings per share (in Baht)		0.44	0.84

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		
				(in thousand Baht)			
Three-month period ended 31 March 2023							
Balance at 1 January 2023		480,000	507,500	48,000	653,774	(9,180)	1,680,094
Comprehensive income for the period							
Profit		-	-	-	40,236	-	40,236
Other comprehensive income		-	-	-	-	1,316	1,316
Total comprehensive income for the period		-	-	-	40,236	1,316	41,552
Balance at 31 March 2023		480,000	507,500	48,000	694,010	(7,864)	1,721,646

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 <i>(in thousand Baht)</i>	Gain (loss) on cash flow hedges	
Three-month period ended 31 March 2024						
Balance at 1 January 2024	480,000	507,500	48,000	618,229	(3,661)	1,650,068
Comprehensive income for the period						
Profit	-	-	-	21,239	-	21,239
Other comprehensive income	-	-	-	-	4,631	4,631
Total comprehensive income for the period	-	-	-	21,239	4,631	25,870
Balance at 31 March 2024	480,000	507,500	48,000	639,468	970	1,675,938

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

Fine Metal Technologies Public Company Limited

Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2024	2023
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	21,239	40,236
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	5,315	9,947
Finance costs	10,350	5,561
Depreciation and amortisation	13,939	12,667
Provision for employee benefits	2,767	2,474
Unrealised gain on foreign exchange	(2,666)	(588)
Unrealised (gain) loss on derivatives	10,877	(10,330)
Reversal of inventories devaluation	(45)	-
Gain on disposal of equipment	(1)	-
	<u>61,775</u>	<u>59,967</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(409,085)	(423,683)
Other receivables	(29,152)	19,129
Inventories	212,461	73,880
Trade accounts payable	443,959	(47,344)
Other payables	29,044	7,959
Other current liabilities	<u>(5,626)</u>	<u>(4,342)</u>
Net cash generated from (used in) operations	303,376	(314,434)
Employee benefit paid	(5,400)	(8,033)
Income tax paid	<u>(3)</u>	<u>-</u>
Net cash from (used in) operating activities	<u>297,973</u>	<u>(322,467)</u>

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

Fine Metal Technologies Public Company Limited

Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2024	2023
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(8,233)	(13,805)
Cash payments to purchase of intangible assets	(2,813)	(343)
Cash receipts from sale of equipment	<u>1</u>	<u>-</u>
Net cash used in investing activities	<u>(11,045)</u>	<u>(14,148)</u>
<i>Cash flows from financing activities</i>		
Interest paid	(10,669)	(5,976)
Proceeds from borrowings from financial institutions	670,000	2,635,000
Repayments of borrowings from financial institutions	(895,000)	(2,255,000)
Payment of lease liabilities	<u>(1,825)</u>	<u>(1,293)</u>
Net cash from (used in) financing activities	<u>(237,494)</u>	<u>372,731</u>
Net increase in cash and cash equivalents	49,434	36,116
Cash and cash equivalents at beginning of the period	<u>63,563</u>	<u>27,014</u>
Cash and cash equivalents at ending of the period	<u><u>112,997</u></u>	<u><u>63,130</u></u>
<i>Non-cash transactions</i>		
Payable for fixed assets purchased	6,757	3,195
Increased in right-of-use assets	143	128

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 period ended 31 March 2024 (Unaudited)

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Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2024 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 29 April 2024.

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 Company's major shareholder 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 2023.

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 2023.

3 Related parties

Significant transactions for the three-month period ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	2024	2023
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	329,479	430,912
Purchase of raw material and factory supplies	12,424	-
Technical assistance fee	2,470	3,517
Service fee and others	1,043	1,191
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	6,674	13,870
Post-employment benefits	-	80
Total key management personnel compensation	6,674	13,950

Fine Metal Technologies Public Company Limited
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For the three-month period ended 31 March 2024 (Unaudited)

	31 March 2024	31 December 2023
<i>Balances with related parties as at</i>		
	(in thousand Baht)	
Trade accounts receivable		
Other related parties	<u>377,032</u>	<u>269,842</u>
Other receivables		
Other related parties	<u>2,553</u>	<u>800</u>
Trade accounts payable		
Other related party	<u>6,225</u>	<u>-</u>
Other payables		
Other related parties	<u>3,477</u>	<u>4,116</u>

4 Trade accounts receivable

	Note	31 March 2024	31 December 2023
		(in thousand Baht)	
Related parties			
Within credit terms		371,868	269,842
Overdue:			
Less than 90 days		5,164	-
	3	<u>377,032</u>	<u>269,842</u>
Other parties			
Within credit terms		1,163,876	854,744
Overdue:			
Less than 90 days		84	4,301
		<u>1,163,960</u>	<u>859,045</u>
Total		<u>1,540,992</u>	<u>1,128,887</u>

As at 31 March 2024 and 31 December 2023, the Company has no allowance for impairment loss of trade accounts receivable.

Accounts receivable supplier agreement

For the three-month period ended 31 March 2024, the Company has assigned its right over collection from account receivable amounted of Baht 284.6 million (31 December 2023: Baht 1,236.9 million) to a financial institution according to the accounts receivable supplier agreement. The Company has already received from the financial institution amounted of Baht 278.4 million (31 December 2023: Baht 1,217.0 million). In this regards, the financial institution shall not have any rights of recourse against the Company.

Fine Metal Technologies Public Company Limited
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For the three-month period ended 31 March 2024 (Unaudited)

5 Short-term borrowings from financial institutions

	31 March 2024	31 December 2023
	<i>(in thousand Baht)</i>	
<i>Current</i>		
<i>Unsecured</i>		
Short-term borrowings from financial institutions	<u>475,000</u>	<u>700,000</u>

Short-term borrowings from financial institutions

As at 31 March 2024, short-term borrowings from financial institutions amounted to Baht 475 million (31 December 2023: Baht 700 million) shall be repayable at call. These loans bear interest at the rate of 3.08% - 3.30% per annum (31 December 2023: 1.83% - 3.30% per annum).

Unutilised credit facilities

As at 31 March 2024, the Company had unutilised credit facilities totalling U.S. Dollars 6 million and Baht 1,885 million (31 December 2023: U.S. Dollars 6 million and Baht 1,660 million).

6 Segment information and disaggregation of revenue

<i>Three-month period ended 31 March</i>	2024	2023
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
Primary geographical markets		
Thailand	1,108,972	1,325,253
Japan	96,923	113,630
Malaysia	96,863	66,042
Other countries	576,250	563,673
Total	<u>1,879,008</u>	<u>2,068,598</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 period ended 31 March 2024 (Unaudited)

7 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	Level 1	Level 2	Level 3	Total
			(in thousand Baht)		
<i>At 31 March 2024</i>					
<i>Financial assets</i>					
Forward exchange contract used for hedging	2,227	-	2,227	-	2,227
Copper future contract used for hedging	42,543	-	42,543	-	42,543
Total financial assets	44,770				
<i>Financial liabilities</i>					
Forward exchange contract used for hedging	(4,071)	-	(4,071)	-	(4,071)
Copper future contract used for hedging	(44,138)	-	(44,138)	-	(44,138)
Total financial liabilities	(48,209)				
<i>At 31 December 2023</i>					
<i>Financial assets</i>					
Forward exchange contract used for hedging	2,461	-	2,461	-	2,461
Copper future contract used for hedging	73,498	-	73,498	-	73,498
Total financial assets	75,959				
<i>Financial liabilities</i>					
Forward exchange contract used for hedging	(4,936)	-	(4,936)	-	(4,936)
Copper future contract used for hedging	(69,373)	-	(69,373)	-	(69,373)
Total financial liabilities	(74,309)				

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2024 (Unaudited)

The following table presents valuation technique of financial instruments measured at fair value in 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.

8 Commitments with non-related parties

	31 March 2024 (in thousand Baht)
<i>Other commitments</i>	
Short-term lease and low-value assets commitments	717
Bank guarantees for electricity use	14,761
Total	15,478

9 Event after the reporting period

At the annual general meeting of the shareholders of the Company held on 29 April 2024, the shareholders approved the appropriation of dividend of Baht 2.625 per share, amounting to Baht 126 million. The dividend will be paid to the shareholders during 2024.