

Fine Metal Technologies Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 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 30 June 2024; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2024, changes in equity and cash flows for the six-month period ended 30 June 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
9 August 2024

Fine Metal Technologies Public Company Limited

Statement of financial position

		30 June	31 December
Assets	Note	2024	2023
		(Unaudited)	
		(in thousand Baht)	
<i>Current assets</i>			
Cash and cash equivalents		59,530	63,563
Trade accounts receivable	3, 4	1,575,148	1,128,887
Other receivables	3	120,734	25,987
Inventories		1,180,448	1,073,892
Other current financial assets	8	55,456	75,959
Total current assets		2,991,316	2,368,288
<i>Non-current assets</i>			
Property, plant and equipment		346,686	348,308
Right-of-use assets		17,199	20,760
Intangible assets		30,010	26,450
Deferred tax assets		22,789	26,119
Other non-current assets		2,456	2,456
Total non-current assets		419,140	424,093
Total assets		3,410,456	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

		30 June	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	705,000	700,000
Trade accounts payable		891,458	172,526
Other payables	3	76,736	23,863
Current portion of lease liabilities		7,276	7,386
Income tax payable		81	6,109
Other current financial liabilities	8	41,454	74,309
Other current liabilities		17,286	16,942
Total current liabilities		1,739,291	1,001,135
<i>Non-current liabilities</i>			
Lease liabilities		10,479	13,863
Provision for employee benefits		122,994	127,315
Total non-current liabilities		133,473	141,178
Total liabilities		1,872,764	1,142,313

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Fine Metal Technologies Public Company Limited

Statement of financial position

	30 June	31 December
	2024	2023
	(Unaudited)	
	(in thousand Baht)	
Liabilities and equity		
<i>Equity</i>		
Share capital		
Authorised share capital		
(48,000,000 ordinary shares, par value at Baht 10 per share)	<u>480,000</u>	<u>480,000</u>
Issued and paid-up share capital		
(48,000,000 ordinary shares, par value at Baht 10 per share)	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	502,148	618,229
Other components of equity		
Gain (loss) on cash flow hedges	<u>44</u>	<u>(3,661)</u>
Total equity	<u>1,537,692</u>	<u>1,650,068</u>
Total liabilities and equity	<u>3,410,456</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	
		30 June	
	Note	2024	2023
		(in thousand Baht)	
Income			
Revenue from sale of goods	6	1,956,449	1,852,884
Gain on copper hedging and service fee		42,319	1,109
Net gain on foreign exchange		1,955	2,016
Other income		1,061	804
Total income		2,001,784	1,856,813
Expenses			
Cost of sale of goods		1,968,628	1,746,639
Distribution costs		28,537	29,633
Administrative expenses		25,010	26,371
Total expenses		2,022,175	1,802,643
Profit (loss) from operating activities		(20,391)	54,170
Finance costs		(12,347)	(11,900)
Hedging gain (loss) for hedge of group of items with off-setting risk positions		18,597	(6,402)
Profit (loss) before income tax expense		(14,141)	35,868
Tax income (expense)		2,821	(7,175)
Profit (loss) for the period		(11,320)	28,693
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain (loss) on cash flow hedges		(1,158)	14,093
Income tax relating to items that will be reclassified subsequently to profit or loss		232	(2,818)
Other comprehensive income (expense) for the period, net of tax		(926)	11,275
Total comprehensive income (expense) for the period		(12,246)	39,968
Basic earnings (loss) per share (in Baht)		(0.24)	0.60

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

Fine Metal Technologies Public Company Limited

Statement of comprehensive income (Unaudited)

		Six-month period ended	
		30 June	
	Note	2024	2023
		(in thousand Baht)	
Income			
Revenue from sale of goods	6	3,835,457	3,921,482
Gain on copper hedging and service fee		90,946	-
Net gain on foreign exchange		9,356	-
Other income		1,746	1,143
Total income		3,937,505	3,922,625
Expenses			
Cost of sale of goods		3,801,158	3,689,919
Distribution costs		58,445	61,799
Administrative expenses		50,512	59,040
Net loss on foreign exchange		-	1,309
Loss on copper hedging and service fee		-	10,974
Total expenses		3,910,115	3,823,041
Profit from operating activities		27,390	99,584
Finance costs		(22,697)	(17,461)
Hedging gain for hedge of group of items with off-setting risk positions		7,720	3,928
Profit before income tax expense		12,413	86,051
Tax expense		(2,494)	(17,122)
Profit for the period		9,919	68,929
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain on cash flow hedges		4,631	15,738
Income tax relating to items that will be reclassified subsequently to profit or loss		(926)	(3,147)
Other comprehensive income for the period, net of tax		3,705	12,591
Total comprehensive income for the period		13,624	81,520
Basic earnings per share (in Baht)		0.21	1.44

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
	Note			Legal reserve	Unappropriated <i>(in thousand Baht)</i>	Gain (loss) on cash flow hedges	
Six-month period ended 30 June 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		-	-	-	68,929	-	68,929
Other comprehensive income		-	-	-	-	12,591	12,591
Total comprehensive income for the period		-	-	-	68,929	12,591	81,520
Balance at 30 June 2023		480,000	507,500	48,000	590,703	3,411	1,629,614

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
	Note			Legal reserve	Unappropriated <i>(in thousand Baht)</i>	Gain (loss) on cash flow hedges	
Six-month period ended 30 June 2024							
Balance at 1 January 2024		480,000	507,500	48,000	618,229	(3,661)	1,650,068
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		-	-	-	9,919	-	9,919
Other comprehensive income		-	-	-	-	3,705	3,705
Total comprehensive income for the period		-	-	-	9,919	3,705	13,624
Balance at 30 June 2024		480,000	507,500	48,000	502,148	44	1,537,692

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	
	2024	2023
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	9,919	68,929
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	2,494	17,122
Finance costs	22,697	17,461
Depreciation and amortisation	28,413	25,899
Provision for employee benefits	5,019	5,039
Unrealised (gain) loss on foreign exchange	(75)	4,528
Unrealised gain on derivatives	(7,720)	(3,928)
Reversal of inventories devaluation	(45)	-
Gain on disposal of equipment	(1)	(45)
	<u>60,701</u>	<u>135,005</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(445,672)	(225,258)
Other receivables	(94,747)	32,794
Inventories	(106,511)	(148,887)
Trade accounts payable	718,416	40,357
Other payables	54,393	25,238
Other current liabilities	(4,832)	(6,631)
Net cash generated from (used in) operations	<u>181,748</u>	<u>(147,382)</u>
Employee benefit paid	(9,340)	(10,480)
Income tax paid	(6,118)	(9,666)
Net cash from (used in) operating activities	<u>166,290</u>	<u>(167,528)</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	
	2024	2023
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(23,138)	(18,132)
Cash payments to purchase of intangible assets	(5,625)	(4,508)
Cash receipts from sale of equipment	1	45
Net cash used in investing activities	(28,762)	(22,595)
<i>Cash flows from financing activities</i>		
Interest paid	(22,071)	(16,167)
Dividends paid	(120,824)	(131,942)
Proceeds from borrowings from financial institutions	1,595,000	4,420,000
Repayments of borrowings from financial institutions	(1,590,000)	(4,055,000)
Payment of lease liabilities	(3,666)	(2,962)
Net cash from (used in) financing activities	(141,561)	213,929
Net increase (decrease) in cash and cash equivalents	(4,033)	23,806
Cash and cash equivalents at beginning of the period	63,563	27,014
Cash and cash equivalents at ending of the period	59,530	50,820
<i>Non-cash transactions</i>		
Payable for fixed assets purchased	1,428	4,354
Increased in right-of-use assets	173	11,096

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 2024 (Unaudited)

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Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 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 9 August 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 and six-month periods ended 30 June with related parties were as follows:

<i>Three-month period ended 30 June</i>	2024	2023
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	347,628	356,538
Purchase of raw material and factory supplies	6,450	-
Technical assistance fee	2,488	1,993
Service fee and others	1,067	1,091
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	7,907	7,988
Post-employment benefits	-	79
Total key management personnel compensation	7,907	8,067

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2024 (Unaudited)

Six-month period ended 30 June

	2024	2023
	<i>(in thousand Baht)</i>	
Other related parties		
Revenue from sale of goods	677,107	787,450
Purchase of raw material and factory supplies	18,874	-
Technical assistance fee	4,958	5,510
Service fee and others	2,110	2,283

Key management personnel

Key management personnel compensation		
Short-term employee benefits	14,581	21,858
Post-employment benefits	-	159
Total key management personnel compensation	14,581	22,017

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	

Balances with related parties as at

Trade accounts receivable

Other related parties	361,763	269,842
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Other receivables

Other related parties	1,620	800
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Other payables

Other related parties	5,324	4,116
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4 Trade accounts receivable

	Note	30 June 2024	31 December 2023
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		361,763	269,842
	3	361,763	269,842
Other parties			
Within credit terms		1,208,584	854,744
Overdue:			
Less than 90 days		4,801	4,301
		1,213,385	859,045
Total		1,575,148	1,128,887

As at 30 June 2024 and 31 December 2023, 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 six-month periods ended 30 June 2024 (Unaudited)

Accounts receivable supplier agreement

For the six-month period ended 30 June 2024, the Company has assigned its right over collection from account receivable amounted of Baht 632.7 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 619.0 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.

5 Short-term borrowings from financial institutions

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
Current		
<i>Unsecured</i>		
Short-term borrowings from financial institutions	705,000	700,000

Short-term borrowings from financial institutions

As at 30 June 2024, short-term borrowings from financial institutions amounted to Baht 705 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 30 June 2024, the Company had unutilised credit facilities totalling U.S. Dollars 6 million and Baht 1,655 million (31 December 2023: U.S. Dollars 6 million and Baht 1,660 million).

6 Segment information and disaggregation of revenue

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024	2023	2024	2023
	<i>(in thousand Baht)</i>			
Disaggregation of revenue				
Primary geographical markets				
Thailand	1,048,451	1,224,727	2,157,423	2,549,980
Japan	111,647	119,413	208,570	185,455
Malaysia	105,240	97,161	202,103	210,791
Other countries	691,111	411,583	1,267,361	975,256
Total revenue	1,956,449	1,852,884	3,835,457	3,921,482

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 six-month periods ended 30 June 2024 (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)
2024				
2023 Annual dividend	29 April 2024	May 2024	<u>2.625</u>	<u>126,000</u>
2023				
2022 Annual dividend	28 April 2023	May 2023	<u>2.750</u>	<u>132,000</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 Hedging instruments	Level 1	Fair value (in thousand Baht)			Total
			Level 2	Level 3		
At 30 June 2024						
Financial assets						
Forward exchange contract used for hedging	437	-	437	-		437
Copper future contract used for hedging	<u>55,019</u>	-	<u>55,019</u>	-		<u>55,019</u>
Total financial assets	<u>55,456</u>					
Financial liabilities						
Forward exchange contract used for hedging	(2,214)	-	(2,214)	-		(2,214)
Copper future contract used for hedging	<u>(39,240)</u>	-	<u>(39,240)</u>	-		<u>(39,240)</u>
Total financial liabilities	<u>(41,454)</u>					
At 31 December 2023						
Financial assets						
Forward exchange contract used for hedging	2,461	-	2,461	-		2,461
Copper future contract used for hedging	<u>73,498</u>	-	<u>73,498</u>	-		<u>73,498</u>
Total financial assets	<u>75,959</u>					
Financial liabilities						
Forward exchange contract used for hedging	(4,936)	-	(4,936)	-		(4,936)
Copper future contract used for hedging	<u>(69,373)</u>	-	<u>(69,373)</u>	-		<u>(69,373)</u>
Total financial liabilities	<u>(74,309)</u>					

Fine Metal Technologies Public Company Limited
Notes to the condensed interim financial statements
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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.

9 Commitments with non-related parties

	30 June 2024 (in thousand Baht)
<i>Other commitments</i>	
Short-term lease and low-value assets commitments	887
Bank guarantees for electricity use	14,761
Total	15,648