

**Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public
Company Limited)**

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report



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Independent Auditor's Report

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

Opinion

I have audited the financial statements of Fine Metal Technologies Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, 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 2020, 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.



Valuation of inventories	
Refer to Notes 4(e) and 9 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.

A handwritten signature in blue ink, appearing to read 'Songchai Wongpiriyaporn', with a stylized flourish at the end.

(Songchai Wongpiriyaporn)
Certified Public Accountant
Registration No. 10996

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2021

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)
Statement of financial position

Assets	<i>Note</i>	31 December 2020	31 December 2019 (Restated) <i>(in Baht)</i>	1 January 2019 (Restated)
<i>Current assets</i>				
Cash and cash equivalents	7	92,009,488	14,690,278	7,822,979
Trade receivables	6, 27	1,532,168,847	1,592,597,861	1,631,006,772
Other receivables	6, 8	55,787,904	31,110,195	65,434,874
Inventories	9	899,258,756	684,650,213	792,202,023
Other current financial assets	3, 27	87,482,718	-	-
Total current assets		<u>2,666,707,713</u>	<u>2,323,048,547</u>	<u>2,496,466,648</u>
<i>Non-current assets</i>				
Property, plant and equipment	10	355,972,974	385,676,575	429,144,377
Right-of-use assets	3, 11	7,829,201	11,680,502	5,481,891
Intangible assets	12	8,426,460	7,531,705	6,592,887
Deferred tax assets	3, 23	36,970,652	27,658,051	21,789,222
Other non-current assets		2,441,753	2,441,453	2,373,489
Total non-current assets		<u>411,641,040</u>	<u>434,988,286</u>	<u>465,381,866</u>
Total assets		<u>3,078,348,753</u>	<u>2,758,036,833</u>	<u>2,961,848,514</u>

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)

Statement of financial position

		31 December	31 December	1 January
Liabilities and equity	<i>Note</i>	2020	2019	2019
			(Restated)	(Restated)
			(in Baht)	
<i>Current liabilities</i>				
Short-term borrowings				
from financial institutions	13, 27	825,000,000	100,000,000	-
Trade payables	6, 27	339,734,556	437,677,625	649,337,345
Other payables	6, 14, 27	29,933,016	32,052,843	44,475,399
Current portion of lease liabilities	3, 27	4,286,444	4,333,606	5,143,363
Short-term borrowings from related party	6, 13, 27	-	405,777,700	564,405,278
Income tax payable		15,339,494	13,580,311	20,125,884
Other current financial liabilities	3, 27	133,204,950	-	-
Other current liabilities		16,218,856	13,809,380	10,768,838
Total current liabilities		1,363,717,316	1,007,231,465	1,294,256,107
<i>Non-current liabilities</i>				
Lease liabilities	3, 27	4,391,176	7,881,949	1,690,074
Provision for employee benefits	15	138,141,011	137,613,600	107,452,964
Total non-current liabilities		142,532,187	145,495,549	109,143,038
Total liabilities		1,506,249,503	1,152,727,014	1,403,399,145

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Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)

Statement of financial position

		31 December	31 December	1 January
Liabilities and equity	<i>Note</i>	2020	2019	2019
			(Restated)	(Restated)
			(in Baht)	
Equity				
Share capital	16			
Authorised share capital		<u>480,000,000</u>	<u>480,000,000</u>	<u>480,000,000</u>
Issued and paid-up share capital		480,000,000	480,000,000	480,000,000
Share premium :				
Share premium on ordinary shares	16	507,500,000	507,500,000	507,500,000
Retained earnings				
Appropriated				
Legal reserve	17	48,000,000	48,000,000	48,000,000
Unappropriated	3	542,685,657	569,809,819	522,949,369
Other components of equity				
Loss on cash flow hedges	3, 17	<u>(6,086,407)</u>	<u>-</u>	<u>-</u>
Total equity		<u>1,572,099,250</u>	<u>1,605,309,819</u>	<u>1,558,449,369</u>
Total liabilities and equity		<u>3,078,348,753</u>	<u>2,758,036,833</u>	<u>2,961,848,514</u>

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)
Statement of comprehensive income

		For the year ended	
		31 December	
	<i>Note</i>	2020	2019
			(Restated)
		<i>(in Baht)</i>	
Revenues			
Revenue from sale of goods	6, 18	4,802,012,744	6,066,619,519
Net gain on foreign exchange		9,016,651	-
Other income		6,744,661	5,242,495
Total revenues		4,817,774,056	6,071,862,014
Expenses			
Cost of sale of goods	3, 6, 9	4,467,344,209	5,601,023,037
Distribution costs	3, 19	102,110,082	140,490,990
Administrative expenses	3, 6, 20	107,888,002	121,820,496
Net loss on foreign exchange		-	5,940,552
Loss on copper hedging and service fee	6	30,494,387	35,329,620
Total expenses		4,707,836,680	5,904,604,695
Profit from operating activities		109,937,376	167,257,319
Finance costs	3, 6	(8,385,137)	(11,304,915)
Hedging loss for hedge of group of items with off-setting risk positions		(42,873,897)	-
Profit before income tax		58,678,342	155,952,404
Tax expense	3, 23	(11,610,243)	(31,091,954)
Profit for the year		47,068,099	124,860,450

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)
Statement of comprehensive income

		For the year ended	
		31 December	
	<i>Note</i>	2020	2019
			(Restated)
		<i>(in Baht)</i>	
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Gain on cash flow hedges	27	148,192	-
Income tax relating to items that will be reclassified	23	<u>(29,638)</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>118,554</u>	<u>-</u>
Total comprehensive income for the year		<u><u>47,186,653</u></u>	<u><u>124,860,450</u></u>
Basic earnings per share	25	<u><u>0.98</u></u>	<u><u>2.60</u></u>

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

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

		Issued and paid-up share capital	Share premium	Retained earnings		Total equity
	Note			Legal reserve <i>(in Baht)</i>	Unappropriated	
Year ended 31 December 2019						
Balance at 1 January 2019 - as reported		480,000,000	507,500,000	48,000,000	524,030,606	1,559,530,606
Impact of changes in accounting policies						
- adoption of TFRS 16	3	-	-	-	(1,081,237)	(1,081,237)
Balance at 1 January 2019 - restated		480,000,000	507,500,000	48,000,000	522,949,369	1,558,449,369
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company	26	-	-	-	(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		-	-	-	124,860,450	124,860,450
Total comprehensive income for the year		-	-	-	124,860,450	124,860,450
Balance at 31 December 2019		480,000,000	507,500,000	48,000,000	569,809,819	1,605,309,819

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)

Statement of changes in equity

		Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total equity
	Note			Legal reserve	Unappropriated	Gain (loss) on cash flow hedges	
				<i>(in Baht)</i>			
Year ended 31 December 2020							
Balance at 31 December 2019 - as reported		480,000,000	507,500,000	48,000,000	570,237,861	-	1,605,737,861
Impact of changes in accounting policies							
- adoption of TFRS 16	3	-	-	-	(428,042)	-	(428,042)
Balance at 31 December 2019 - restated		480,000,000	507,500,000	48,000,000	569,809,819	-	1,605,309,819
Impact of changes in accounting policies							
- adoption of TFRS - Financial instruments standards	3	-	-	-	3,807,739	(6,204,961)	(2,397,222)
Balance at 1 January 2020 - as restated		480,000,000	507,500,000	48,000,000	573,617,558	(6,204,961)	1,602,912,597
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	26	-	-	-	(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		-	-	-	47,068,099	-	47,068,099
Other comprehensive income		-	-	-	-	118,554	118,554
Total comprehensive income for the year		-	-	-	47,068,099	118,554	47,186,653
Balance at 31 December 2020		480,000,000	507,500,000	48,000,000	542,685,657	(6,086,407)	1,572,099,250

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)

Statement of cash flows

		For the year ended	
		31 December	
	<i>Note</i>	2020	2019
			(Restated)
		<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>			
Profit for the year	3	47,068,099	124,860,450
<i>Adjustments to reconcile profit to cash receipts (payments)</i>			
Tax expense	3	11,610,243	31,091,954
Finance costs	3	8,385,137	11,304,915
Depreciation and amortisation		71,528,545	73,137,709
Provision for employee benefits		12,943,191	42,517,856
Unrealised loss (gain) on foreign exchange		1,033,889	(769,382)
Unrealised loss on derivatives		42,873,897	-
Gain on disposal of equipment		(3,892)	(201,965)
		<u>195,439,109</u>	<u>281,941,537</u>
<i>Changes in operating assets and liabilities</i>			
Trade receivables		58,226,233	37,813,277
Other receivables		(24,677,709)	34,324,679
Inventories		(214,608,543)	107,551,810
Other non-current assets		(300)	(67,964)
Trade payables		(96,774,178)	(210,294,704)
Other payables		(2,239,838)	(8,284,162)
Other current liabilities		(78,470)	581,232
Cash generated from (used in) operating		<u>(84,713,696)</u>	<u>243,565,705</u>
Employee benefit paid		(12,415,780)	(12,357,220)
Income tax paid		<u>(18,593,994)</u>	<u>(43,506,355)</u>
Net cash from (used in) operating activities		<u>(115,723,470)</u>	<u>187,702,130</u>

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)

Statement of cash flows

	For the year ended	
	31 December	
<i>Note</i>	2020	2019
		(Restated)
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payments to purchase of equipment	(35,602,453)	(27,019,658)
Cash payments to purchase of intangible assets	(2,497,326)	(2,027,891)
Cash receipts from sale of equipment	6,075	282,874
Net cash used in investing activities	<u>(38,093,704)</u>	<u>(28,764,675)</u>
<i>Cash flows from financing activities</i>		
Interest paid	(8,331,428)	(11,197,240)
Dividends paid	(75,512,054)	(75,540,690)
Proceeds from borrowings from financial institution	6,780,000,000	2,600,000,000
Repayment of borrowings from financial institution	(6,055,000,000)	(2,500,000,000)
Proceeds from borrowings from related party	1,314,686,005	4,657,117,214
Repayment of borrowings from related party	(1,720,463,705)	(4,815,744,792)
Payment of lease liabilities	3 (4,242,434)	(6,704,648)
Net cash from (used in) financing activities	<u>231,136,384</u>	<u>(152,070,156)</u>
Net increase in cash and cash equivalents	77,319,210	6,867,299
Cash and cash equivalents at 1 January	14,690,278	7,822,979
Cash and cash equivalents at 31 December	<u>7 92,009,488</u>	<u>14,690,278</u>
<i>Non-cash transaction</i>		
Payable for fixed assets purchased	3,029,141	2,962,839

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

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)
Notes to the financial statements
For the year ended 31 December 2020

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Fine Metal Technologies Public Company Limited
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Notes to the financial statements
For the year ended 31 December 2020

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 19 February 2021.

1 General information

Fine Metal Technologies Public Company Limited (Formerly 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

On 1 June 2020, the Company’s shares of 20,280,280 (42.25% of all paid-up ordinary and issue shares) were acquired by CTJ Holdings2, Ltd., a Japanese Company, from Furukawa Electric Co., Ltd. who was formerly the major shareholder. As a result, the new immediate and ultimate controlling party of the Company has changed to CTJ Holdings2, Ltd.

At the extraordinary shareholders meeting of the Company held on 9 November 2020, the shareholders approved the name change to “Fine Metal Technologies Public Company Limited”. The Company was registered with the Department of Business Development, Ministry of Commerce on 18 November 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 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 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies.

The Company has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Company has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Company has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)
Notes to the financial statements
For the year ended 31 December 2020

(b) *Functional and presentation currency*

The financial statements are presented 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.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- 4(h) and 11 Leases:
- whether an arrangement contains a lease;
 - whether the Company is reasonably certain to exercise extension options;
 - whether the Company exercise termination options.

5 Impact of COVID-19 Outbreak

(ii) Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

15 Measurement of defined benefit obligations: key actuarial assumptions;

27 Determining the fair value of financial instruments on the basis of significant unobservable inputs.

3 Changes in accounting policies

From 1 January 2020, the Company has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies on shareholders' equity are as follows:

	<i>Note</i>	Retained earnings <i>(in thousand Baht)</i>	Other components of equity
At 1 January 2019 - as reported		524,031	-
<i>Increase (decrease) due to:</i>			
Adoption of TFRS 16	<i>(b)</i>	(1,351)	-
Related tax	<i>(b)</i>	270	-
At 1 January 2019 - restated		522,950	-

Fine Metal Technologies Public Company Limited
(Formerly Furukawa Metal (Thailand) Public Company Limited)
Notes to the financial statements
For the year ended 31 December 2020

	Note	Retained earnings (in thousand Baht)	Other components of equity
At 31 December 2019 - as reported		570,238	-
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Derivative and hedge accounting	(a.2)	4,760	(7,756)
Adoption of TFRS 16	(b)	(535)	-
Related tax	(a), (b)	(845)	1,551
At 1 January 2020 - restated		<u>573,618</u>	<u>(6,205)</u>

(a) TFRS - Financial instruments standards

The Company has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other component of equity on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

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. The detail of accounting policies are disclosure in note 4(b) and 4(i). The impact from adoption of TFRS - Financial instruments standards are as follows:

(a.1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, derivatives are measured at FVTPL. Previously, the Company recognised the derivatives when they were exercised.

The following table shows measurement categories under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Company's financial assets and financial liabilities as at 1 January 2020.

Classification under previous standards 31 December 2019	Classification under TFRS 9 at 1 January 2020			
Carrying amounts	Fair value - applied hedge accounting	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net
	<i>(in thousand Baht)</i>			
Financial assets				
Other current financial assets	-	39,743	-	-
Total financial assets	-	<u>39,743</u>	-	-

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Classification under previous standards 31 December 2019	Classification under TFRS 9 at 1 January 2020			
Carrying amounts	Fair value - applied hedge accounting	Fair value through profit or loss <i>(in thousand Baht)</i>	Fair value through other comprehensive income	Amortised cost - net
Financial liabilities				
Other current financial liabilities	-	(40,610)	(2,129)	-
Total financial liabilities	-	(40,610)	(2,129)	-

(a.2) Derivatives and hedge accounting

Under TFRS 9, all derivatives are measured at fair value in the statement of financial position.

The Company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. The Company documents the relationship between the hedging instruments and hedged items, including the risk management objective, strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment of the effectiveness, both at inception of the hedge relationship and on an ongoing basis.

These hedging relationships are fair value hedges and cash flow hedges.

Previously, TFRS were silent on the requirements of hedge accounting and derivatives held for risk management purposes. In 2019, the Company accounted for these transactions as described in accounting policies in note 4(b).

The impact from adoption of derivatives and hedge accounting on the financial statements is as follows:

Statement of financial position

	<i>(in thousand Baht)</i>
At 1 January 2020	
Increase in other current financial assets	39,743
Increase in deferred tax assets	599
Increase in other current financial liabilities	(42,739)
Increase in retained earnings	(3,808)
Decrease in other component of equity – cash flow hedge reserve	6,205

(b) **TFRS 16 Leases**

From 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price

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(transaction price). At the commencement date, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Company also elected to use practical expedient to not recognise right-to-use assets and lease liabilities for leases with less than 12 months of lease term.

The impact from adoption of TFRS 16 on the financial statements is as follows:

<i>Statement of financial position</i>	As previous reported	Adjustments <i>(in thousand Baht)</i>	As restated
<i>At 1 January 2019</i>			
Right-of-use assets	-	5,482	5,482
Deferred tax assets	21,519	270	21,789
Current portion of lease liabilities	-	(5,143)	(5,143)
Lease liabilities	-	(1,690)	(1,690)
Unappropriated retained earnings	(524,031)	1,081	(522,950)
<i>At 31 December 2019</i>			
Right-of-use assets	-	11,681	11,681
Deferred tax assets	27,551	107	27,658
Current portion of lease liabilities	-	(4,334)	(4,334)
Lease liabilities	-	(7,882)	(7,882)
Unappropriated retained earnings	(570,238)	428	(569,810)
<i>Statements of comprehensive income</i>			
<i>For the year ended 31 December 2019</i>			
Cost of sales of goods	5,601,828	(805)	5,601,023
Distribution cost	140,586	(95)	140,491
Administrative expenses	122,185	(365)	121,820
Finance costs	10,856	449	11,305
Tax expense	30,929	163	31,092
Profit for the year	124,207	653	124,860
Basic earnings per share <i>(in Baht)</i>	2.59	0.01	2.60
<i>Statements of cash flows</i>			
<i>For the year ended 31 December 2019</i>			
Cash flows from operating activities	180,997	6,705	187,702
Cash flows used in investing activities	(28,765)	-	(28,765)
Cash flows used in financing activities	(145,365)	(6,705)	(152,070)

Right-of-use assets and lease liabilities shown above were presented as part of seamless copper tube segments.

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4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 3.

(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. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent the hedge is effective are recognised in other comprehensive income.

(b) Financial instruments

Accounting policies applicable from 1 January 2020

(b.1) Recognition and initial measurement

Trade receivables and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

(b.2) Classification and subsequent measurement

Financial assets – classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. See note 4(b.5) and 4(b.6) for financial assets designated as hedging instruments.

Financial assets – business model assessment

The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses are recognised in profit or loss. However, see note 4(b.5) for derivatives designated as hedging instruments.

Other financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See note 4(b.5) and 4(b.6) for financial liabilities designated as hedging instruments.

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(b.3) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(b.4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b.5) Derivatives

Derivative are recognised at fair value. At the end of each reporting period the fair value is measured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or fair value hedges of commodity price risk in which case recognition of any resultant gain or loss depends on nature of the item being hedged (see note 4(b.6)).

(b.6) Hedging

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and certain derivatives and non-derivative financial liabilities as hedges of commodity price risk.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Accounting policies applicable before 1 January 2020

Derivatives

Derivatives were recognised when they were exercised.

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(c) 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.

(d) Trade and other receivables

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

A receivable is measured at transaction price less allowance for expected credit loss (2019: 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.

(e) 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.

(f) 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.

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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.

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.

(g) *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.

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(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

As a lessee, at commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, amount under option if the Company is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(i) Impairment of financial assets

Accounting policies applicable from 1 January 2020

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 90 days past due, probable the debtor will enter bankruptcy.

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Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Accounting policies applicable before 1 January 2020

A receivable is measured at transaction price less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments.

(j) Impairment of non-financial assets.

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.

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.

(k) 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.

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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.

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.

(l) 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.

(m) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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).

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.

(n) Revenue

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.

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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.

(o) Interest

Accounting policies applicable from 1 January 2020

Effective Interest Rate (EIR)

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Accounting policies applicable before 1 January 2020

Interest income is recognised in profit or loss at the rate specified in the contract.

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.

(p) 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.

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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.

(q) *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.

(r) *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.

(s) *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.

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5 Impact of COVID-19 Outbreak

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Company's staff and to manage the negative impact on the business as much as possible.

At 31 December 2020, the situation of COVID-19 outbreak is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Company elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 outbreak on impairment of trade receivables under simplified approach using historical loss rate and did not take forward-looking information into account.

6 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
CTJ Holding ² , Ltd.	Japan	Parent, 42.25% shareholding from 1 June 2020
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 6.08% 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
Furukawa Electric Co., Ltd.	Japan	The entity which provides key management service to the Company, formerly the major shareholder until 31 May 2020
Daishin P&T Co., Ltd.	Japan	Subsidiary of the parent company, 100% shareholding
Okumura Metals (Thailand) Co., Ltd.	Thailand	100% indirect shareholding by the parent company
Okumura Metals (Malaysia) Sdn. Bhd.	Malaysia	100% indirect shareholding by the parent company
Furukawa (Thailand) Co., Ltd.	Thailand	A group member of the entity which provides key management service to the Company
Furukawa logistic Corporation	Japan	A group member of the entity which provides key management service to the Company
Tani International Trading Co., Ltd.	Thailand	A group member of the entity which provides key management service to the Company

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Furukawa Sangyo Kaisha (Thailand) Ltd.	Thailand	A group member of the entity which provides key management service to the Company
Furukawa Electric Singapore Pte. Ltd.	Singapore	A group member of the entity which provides key management service to the Company
P.T. Furukawa Electric Indonesia	Indonesia	A group member of the entity which provides key management service to the Company
Furukawa Sangyo Kaisha (Malaysia) Sdn. Bhd.	Malaysia	A group member of the entity which provides key management service to the Company
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.

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:

Year ended 31 December	2020	2019
	<i>(in thousand Baht)</i>	
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)		
Technical assistance fee	4,807	17,925
Loss on copper hedging and service fee	45,568	35,330
Other related parties		
Revenue from sales of goods	1,402,885	1,795,133
Gain on copper hedging and service fee	15,074	-
Purchase of raw material	626,241	897,973
Technical assistance fee	9,090	-
Service fee and others	12,059	9,840
Interest expense	1,204	8,188
Directors' remuneration	3,435	3,382

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<i>Year ended 31 December</i>	2020	2019
	<i>(in thousand Baht)</i>	
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	36,854	34,633
Post-employment benefits	<u>1,602</u>	<u>1,602</u>
Total key management personnel compensation	<u>38,456</u>	<u>36,235</u>

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

	2020	2019
	<i>(in thousand Baht)</i>	
Trade receivables		
Other related parties	<u>363,846</u>	<u>396,457</u>
Other receivables		
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)	-	1,599
Other related party	<u>21,596</u>	<u>-</u>
Total	<u>21,596</u>	<u>1,599</u>
Trade payables		
Other related party	<u>33,699</u>	<u>139,523</u>
Other payables		
Parent (Furukawa Electric Co., Ltd., formerly the major shareholder)	-	8,087
Other related parties	<u>7,156</u>	<u>1,010</u>
Total	<u>7,156</u>	<u>9,097</u>

<i>Short-term borrowings from</i>	At 1 January	Increase	Decrease	At 31 December
		<i>(in thousand Baht)</i>		
2020				
Other related party	<u>405,778</u>	1,314,686	(1,720,464)	<u>-</u>
Total	<u>405,778</u>			<u>-</u>
2019				
Other related party	<u>564,405</u>	4,657,117	(4,815,744)	<u>405,778</u>
Total	<u>564,405</u>			<u>405,778</u>

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

Commitments with related party

As at 31 December 2020, the Company had outstanding future contracts with Furukawa Electric Co., Ltd., a related company, to hedge the copper cathode price of 1,400 tons, in amount of U.S. Dollars 8.0 million, equivalent to Baht 240.7 million (2019: 2,890 tons, in amount of U.S. Dollars 17.0 million, equivalent to Baht 515.8 million).

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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 related 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.

Technical Collaboration Agreement

On 1 April 2020, the Company entered into technical collaboration agreement with Daishin P&T Co., Ltd., the related party, for a period of 1 year effective on 1 April 2020. The agreement shall be automatically extended for successive periods of one year each. Under the terms of the agreement, Daishin P&T 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 2020, 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 2021.

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.

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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 and the related company agreed to terminated this agreement in April 2020.

7 Cash and cash equivalents

	2020	2019
	<i>(in thousand Baht)</i>	
Cash on hand	115	113
Cash at banks - current accounts	91,856	11,679
Cash at banks - savings accounts	38	2,898
Total	<u>92,009</u>	<u>14,690</u>

8 Other receivables

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
Refundable value added tax		29,898	27,195
Receivable for copper hedging and service fee	6	21,596	1,599
Others		4,294	2,316
Total		<u>55,788</u>	<u>31,110</u>

9 Inventories

	2020	2019
	<i>(in thousand Baht)</i>	
Finished goods	259,854	270,161
Work in progress	258,752	94,006
Raw materials	80,504	85,492
Factory supplies	178,131	171,811
Goods in transit	122,018	63,180
Total	<u>899,259</u>	<u>684,650</u>
Inventories recognised as an expense in cost of sales of goods:		
- Cost	<u>4,467,344</u>	<u>5,601,023</u>

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10 Property, plant and equipment

	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
<i>Cost</i>							
At 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 and 1 January 2020	181,600	593,947	4,406,471	45,971	3,984	3,117	5,235,090
Additions	-	424	4,243	667	180	30,155	35,669
Transfers	-	861	21,665	-	-	(22,526)	-
Disposals	-	-	-	(381)	(630)	-	(1,011)
At 31 December 2020	181,600	595,232	4,432,379	46,257	3,534	10,746	5,269,748
<i>Depreciation and impairment losses</i>							
At 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 and 1 January 2020	67,614	515,557	4,221,851	40,687	3,704	-	4,849,413
Depreciation charge for the year	2,660	16,056	44,776	1,799	80	-	65,371
Disposals	-	-	-	(379)	(630)	-	(1,009)
At 31 December 2020	70,274	531,613	4,266,627	42,107	3,154	-	4,913,775
<i>Net book value</i>							
At 31 December 2019	113,986	78,390	184,620	5,284	280	3,117	385,677
At 31 December 2020	111,326	63,619	165,752	4,150	380	10,746	355,973

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2020 amounted to Baht 4,196 million (2019: Baht 4,168 million).

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11 Leases

At 31 December	<i>Note</i>	2020	2019 (Restated)
		<i>(in thousand Baht)</i>	
<i>Right-of-use assets</i>			
Buildings		3,982	6,371
Equipment		1,564	2,245
Vehicles		2,283	3,065
Total	3	<u>7,829</u>	<u>11,681</u>

In 2020, additions to the right-of-use assets of the Company were Baht 0.7 million.

The Company leases a number of office building and office premises for 3 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of Baht 7.4 million.

For the year ended 31 December	2020	2019 (Restated)
	<i>(in thousand Baht)</i>	
<i>Amount recognised in profit or loss</i>		
Depreciation of right-of-use assets		
- Buildings	2,389	2,182
- Equipment	1,385	2,478
- Vehicles	782	778
Interest on lease liabilities	413	449
Expenses relating to short-term leases	698	638
Expenses relating to low-value assets	164	143

In 2020, total cash outflow for leases of the Company were Baht 4.2 million. (2019: Baht 6.7 million)

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12 Intangible assets

	Computer software	Golf membership (in thousand Baht)	Computer software under installation	Total
Cost				
At 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 and 1 January 2020	137,972	2,200	1,329	141,501
Additions	22	-	2,475	2,497
Transfers	3,612	-	(3,612)	-
Write-off	(126)	-	-	(126)
At 31 December 2020	141,480	2,200	192	143,872
Amortisation				
At 1 January 2019	132,880	-	-	132,880
Amortisation for the year	1,089	-	-	1,089
At 31 December 2019 and 1 January 2020	133,969	-	-	133,969
Amortisation for the year	1,603	-	-	1,603
Write-off	(126)	-	-	(126)
At 31 December 2020	135,446	-	-	135,446
Net book value				
At 31 December 2019	4,003	2,200	1,329	7,532
At 31 December 2020	6,034	2,200	192	8,426

13 Interest-bearing liabilities

	Note	2020 (in thousand Baht)	2019
Current			
Unsecured			
Short-term borrowings from financial institutions		825,000	100,000
Short-term borrowings from related party	6	-	405,778
Total		825,000	505,778

Short-term borrowings from financial institutions

As at 31 December 2020, short-term borrowings from financial institutions amounted to Baht 825 million shall be repayable within June 2021. These loans bears interest at the rate of 1.08% per annum (31 December 2019: Baht 100 million repayable at call at 1.39% per annum).

Unutilised credit facilities

As at 31 December 2020, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 2,622 million (2019: U.S. Dollars 1 million and Baht 3,447 million).

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14 Other payables

	<i>Note</i>	2020 <i>(in thousand Baht)</i>	2019
Electricity and natural gas payable		12,408	11,690
Accrued technical assistance fee	6	6,937	7,991
Payable for fixed assets purchased		3,029	2,963
Others	6	7,559	9,409
Total		<u>29,933</u>	<u>32,053</u>

15 Provision for employee benefits

	2020 <i>(in thousand Baht)</i>	2019
Post-employment benefits	123,113	120,775
Other long-term employee benefits	6,850	8,896
Others	8,178	7,943
Total	<u>138,141</u>	<u>137,614</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.

<i>Present value of the defined benefit obligations</i>	2020 <i>(in thousand Baht)</i>	2019
At 1 January	120,775	91,024
Included in profit or loss:		
Current service cost	7,342	7,622
Past service cost	-	29,199
Interest on obligation	3,137	3,049
	<u>10,479</u>	<u>39,870</u>
Benefit paid	<u>(8,141)</u>	<u>(10,119)</u>
At 31 December	<u>123,113</u>	<u>120,775</u>

<i>Principle actuarial assumptions</i>	2020	2019
		(%)
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 2020, the weighted-average duration of the defined benefit obligation was 7.8 years (2019: 8.8 years).

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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.

<i>Effect to the defined benefit obligation At 31 December</i>	increase in assumption		decrease in assumption	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Discount rate (1% movement)	(6,854)	(7,280)	7,578	8,066
Future salary growth (1% movement)	9,936	9,144	(9,062)	(8,370)
Employee turnover (20% movement)	(1,822)	(1,630)	1,910	1,705
Future mortality (1% movement)	(216)	(196)	200	182

16 Share capital

	Par value per share <i>(in Baht)</i>	2020		2019	
		Number	Baht	Number	Baht
<i>Authorised/issued and paid-up shares</i>		<i>(thousand shares / in thousand Baht)</i>			
At 1 January					
- ordinary shares	10	48,000	480,000	48,000	480,000
At 31 December					
- ordinary shares	10	48,000	480,000	48,000	480,000

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.

17 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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.

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Other components of equity

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

18 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.

	2020	2019
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
Primary geographical markets		
Thailand	3,061,539	3,935,860
Malaysia	439,086	548,651
Japan	114,639	122,486
Singapore	78,585	116,977
Other countries	1,108,164	1,342,646
Total revenue	<u>4,802,013</u>	<u>6,066,620</u>
Timing of revenue recognition		
At a point in time	4,802,013	6,066,620
Total revenue	<u>4,802,013</u>	<u>6,066,620</u>

Major customer

Revenues from major customers represent approximately Baht 2,310 million (2019: Baht 2,818 million) of the Company's total revenues.

19 Distribution costs

	2020	2019
		(Restated)
	<i>(in thousand Baht)</i>	
Packaging and supplies	39,482	64,174
Freight charge	35,444	42,460
Employee benefit expenses	18,913	24,551
Others	8,271	9,306
Total	<u>102,110</u>	<u>140,491</u>

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20 Administrative expenses

	<i>Note</i>	2020	2019 (Restated)
		<i>(in thousand Baht)</i>	
Employee benefit expenses		63,660	71,735
Technical assistance fee	6	13,897	17,925
Professional fee and training expenses		9,341	7,859
Others		20,990	24,302
Total		<u>107,888</u>	<u>121,821</u>

21 Employee benefit expenses

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
Wages, salaries and welfare		318,142	339,195
Defined benefit plans	15	12,943	42,518
Defined contribution plans		6,524	6,470
Total		<u>337,610</u>	<u>388,183</u>

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.

22 Expenses by nature

	2020	2019 (Restated)
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	(154,439)	109,960
Raw materials and consumables used	4,022,562	4,891,558
Employee benefit expenses	255,037	291,896
Depreciation of plant and equipment	63,765	65,027
Amortisation of intangible assets	1,275	862
<i>Included in distribution costs:</i>		
Depreciation of plant and equipment	192	284
<i>Included in administrative expenses:</i>		
Depreciation of plant and equipment	1,414	1,298
Amortisation of intangible assets	328	227

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23 Income tax

Income tax recognised in profit or loss

	2020	2019 (Restated)
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	20,364	36,973
Over provided in prior year	(10)	(12)
	<u>20,354</u>	<u>36,961</u>
Deferred tax expense		
Movements in temporary differences	(8,744)	(5,869)
Total	<u>11,610</u>	<u>31,092</u>

Income tax recognised in other comprehensive income

	Before tax	2020 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2019 Tax expense	Net of tax
Cash flow hedges reserve	148	(30)	118	-	-	-

Reconciliation of effective tax rate

	2020		2019 (Restated)	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		58,678		155,952
Income tax using the Thai corporation tax rate	20	11,736	20	31,190
Expenses additionally deductible for tax purposes		(148)		(146)
Expenses not deductible for tax purposes		32		60
Over provided in prior year		(10)		(12)
Total	<u>20</u>	<u>11,610</u>	<u>20</u>	<u>31,092</u>

Deferred tax

At 31 December

	Assets		Liabilities	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Total	36,971	27,658	-	-
Net deferred tax assets	<u>36,971</u>	<u>27,658</u>	<u>-</u>	<u>-</u>

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		At 1 January 2020 (Restated)	(Charged) / credited to		At 31 December 2020
	Note		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>					
Deferred tax assets					
Right-of-use assets	3	107	63	-	170
Derivatives and hedge accounting	3	599	8,576	(30)	9,145
Provision for employee benefits		27,523	105	-	27,628
Others		28	-	-	28
Total		28,257	8,744	(30)	36,971

		At 1 January 2019 (Restated)	(Charged) / credited to		At 31 December 2019 (Restated)
	Note		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>					
Deferred tax assets					
Right-of-use assets	3	270	(163)	-	107
Provision for employee benefits		21,491	6,032	-	27,523
Others		28	-	-	28
Total		21,789	5,869	-	27,658

24 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:

- (a) 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.
- (b) 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.

25 Basic earnings per share

	2020	2019 (Restated)
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to ordinary shareholders for the year ended 31 December		
Profit attributable to ordinary shareholders of the Company (basic)	47,068	124,860
Number of ordinary shares outstanding	48,000	48,000
Earnings per share (basic) (in Baht)	0.98	2.60

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26 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2020				
Annual dividend	29 April 2020	May 2020	<u>1.625</u>	<u>78,000</u>
2019				
Annual dividend	29 April 2019	May 2019	<u>1.625</u>	<u>78,000</u>

27 Financial instruments

(a) Carrying amounts 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 measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

At 31 December 2020	Hedging instruments	Carrying amount			Total	Fair value			Total
		Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost (in thousand Baht)		Level 1	Level 2	Level 3	
Financial assets									
Copper future contract used for hedging	<u>87,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,483</u>	-	87,483	-	87,483
Total financial assets	<u>87,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,483</u>				
Financial liabilities									
Forward exchange contract used for hedging	(7,608)	(500)	-	-	(8,108)	-	(8,108)	-	(8,108)
Copper future contract used for hedging	<u>(125,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,097)</u>	-	(125,097)	-	(125,097)
Total financial liabilities	<u>(132,705)</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>(133,205)</u>				

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Financial instruments 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.

(b) Financial risk management policies

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(b.1.1) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 18.

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Loss rates are based on actual credit loss experience over the past four years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected and current conditions.

As at 31 December 2020 and 2019, the Company has no allowance for impairment loss of trade receivables.

<i>Trade receivables</i>	<i>Note</i>	2020 <i>(in thousand Baht)</i>	2019
Related parties			
Within credit terms		363,846	396,457
	6	<u>363,846</u>	<u>396,457</u>
Other parties			
Within credit terms		1,162,329	1,193,447
Overdue:			
Less than 3 months		5,994	2,694
		<u>1,168,323</u>	<u>1,196,141</u>
Total		<u><u>1,532,169</u></u>	<u><u>1,592,598</u></u>

(b.1.2) Cash and cash equivalent and derivatives

The Company's exposure to credit risk arising from cash and cash equivalents and derivatives is limited because the counterparties are creditworthy as banks, financial institutions and a related party.

(b.2) *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.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

<i>At 31 December 2020</i>	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
Non-derivative financial liabilities						
Trade payables	(339,735)	(339,735)	-	-	-	(339,735)
Other payables	(29,933)	(29,933)	-	-	-	(29,933)
Lease liabilities	(8,678)	(4,545)	(3,306)	(1,240)	-	(9,091)
Loans from financial institutions	(825,000)	(829,484)	-	-	-	(829,484)
	<u>(1,203,346)</u>	<u>(1,203,697)</u>	<u>(3,306)</u>	<u>(1,240)</u>	<u>-</u>	<u>(1,208,243)</u>

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<i>At 31 December 2020</i>	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
Derivative financial liabilities						
Copper future contracts used for hedging	(125,097)	(37,615)	-	-	-	(37,615)
Forward exchange contracts used for hedging:	(8,108)					
- Cash outflow		(389,592)	-	-	-	(389,592)
- Cash inflow		383,814	-	-	-	383,814
	<u>(133,205)</u>	<u>(43,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,393)</u>

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(b.3) Market risk

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.

(b.3.1) 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.

The Company is exposed to the transactions with foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables are denominated and the respective functional currencies of the Company. The functional currencies of the Company are primarily Thai Baht (THB). The currencies in which these transactions are primarily denominated are Euro, US dollars, and Japan Yen.

The Company's risk management policy is to hedge 70% to 90% its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, mostly with less-than-one-year maturity from the reporting date. These contracts are generally designated as cash flow hedges.

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The Company designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Company's policy specifies the critical terms of the forward exchange contracts to align with the hedged item.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

The Company assesses whether the derivative designated in each hedging relationship is effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Company's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- differences in the timing of the hedged transactions

<i>Exposure to foreign currency at 31 December</i>	2020			2019		
	USD	JPY	Total	USD	JPY	Total
			<i>(in thousand Baht)</i>			
Trade receivables	175,396	12,662	188,058	166,039	7,615	173,654
Other receivables	21,596	-	21,596	-	-	-
Trade payables	(52,827)	(16,748)	(69,575)	(294,639)	(17,260)	(311,899)
Other payables	(113)	-	(113)	(96)	(67)	(163)
Net statement of financial position exposure	144,052	(4,086)	139,966	(128,696)	(9,712)	(138,408)
Sales forecast	237,951	-	237,951	509,720	-	509,720
Purchases forecast	(142,719)	-	(142,719)	(361,620)	-	(361,620)
Net forecast transaction exposure	239,284	(4,086)	235,198	19,404	(9,712)	9,692
Forward exchange purchase contracts	193,084	9,521	202,605	530,505	14,419	544,924
Forward exchange selling contracts	(175,513)	(12,720)	(188,233)	(154,853)	(7,740)	(162,593)
Net exposure	256,855	(7,285)	249,570	395,056	(3,033)	392,023

(b.3.1) 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 13). The Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

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<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)	
2020				
Financial liabilities				
Short-term borrowings from financial institutions	1.08	825,000	-	825,000
Total		825,000	-	825,000
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

(b.4) Cash flow hedge

At 31 December 2020, the Company held the following financial instruments to hedge exposures to changes in foreign currency.

<i>At 31 December 2020</i>	1-6 months	Maturity 6-12 months	More than one year
Foreign currency risk			
<i>Forward exchange contracts</i>			
Net exposure (in thousand Baht)	105,494	51,025	-
Average THB:USD forward contracts rate	31.79	31.27	-

The amounts at the reporting date relating to items designated as hedged items were as follows.

<i>At 31 December 2020</i>	Change in value used for calculating hedge ineffectiveness	Cash flow hedge reserve (in thousand Baht)	Costs of hedging reserve	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Foreign currency risk				
Inventory purchases	-	(7,608)	-	-

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The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

(in thousand Baht)

Foreign currency risk

At 31 December 2020

Forward exchange contracts – nominal amount	156,519
Carrying amount included in:	
- trade and other payables	(580)
- other current financial liabilities	(7,608)

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Recognised in OCI

- changes in value of the hedging instrument	(7,608)
- hedging reserve transferred to profit or loss	7,757

Recognised in profit or loss

- hedge ineffectiveness included in	-
- reclassified from hedging reserve and included in cost of goods sold	7,757

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Cash flow hedge reserve
	<i>(in thousand Baht)</i>
Balance at 1 January 2020	(6,205)
Cash flow hedges	
Changes in fair value:	
Foreign currency risk	
- inventory purchases	(7,608)
Amount reclassified to profit or loss:	
Foreign currency risk – inventory purchase	7,757
Tax on movements on reserves during the year	(30)
Balance at 31 December 2020	6,086

(b.5) Fair value hedge

Copper future contracts - Master hedge agreements

The Company is exposed to copper price risk arising from sales commitment with customers. The Company entered into copper future contracts in order to hedge the commodities price risk and determines the economic relationship between the hedging instrument and the hedged items and apply this strategy to all similar exposures.

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At 31 December 2020, the Company held the following financial instruments to hedge exposures to changes in commodity price.

	1-6 months	Maturity 6-12 months	More than one year
<i>At 31 December 2020</i>			
Commodity price risk			
<i>Copper future contracts</i>			
Net exposure (<i>in thousand Baht</i>)	216,939	23,716	-
Average copper contracts rate per metric tons (<i>in thousand Baht</i>)	189.73	170.15	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	<i>(in thousand Baht)</i>
Commodity price risk	
<i>At 31 December 2020</i>	
Copper future contracts – nominal amount	240,655
Carrying amount included in:	
- other current financial assets	87,483
- other current financial liabilities	(125,097)
<i>For the year ended 31 December 2020</i>	
<i>Recognised in profit or loss</i>	
- hedge ineffectiveness included in hedging loss for hedge of group of items with off-setting risk positions	(197)

28 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.

29 Commitments with non-related parties

	2020	2019
	<i>(in thousand Baht)</i>	
Other commitments		
Short-term lease and low-value assets commitments	190	640
Bank guarantees for electricity use	13,369	13,369
Total	<u>13,559</u>	<u>14,009</u>

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30 Events after the reporting period

- 30.1 At the Board of Directors' meeting held on 19 February 2021, 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.
- 30.2 As disclosed in note 5, the Company has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020.

The COVID-19 pandemic continued subsequent to the expiration of the guidance as increasingly affected cases were found and spread all over Thailand. In response to the situation, Thailand has enacted measures to monitor and control the spread, encouraging people to keep social distancing, avoid crowded gathering and travel less. Meanwhile, according to information from the World Health Organization (WHO), vaccines for COVID-19 have become available and are being rolled out around the world. However, it is still not possible to predict for how long and to what extent the vaccines will provide protection and when the spread will be over.

As the situation is highly uncertain and fluid, it is currently not possible to determine the impact of the continued pandemic, government measures and roll out of the vaccination on the business of the Company. Management is closely monitoring the situation and managing to lessen the impact as much as possible.