

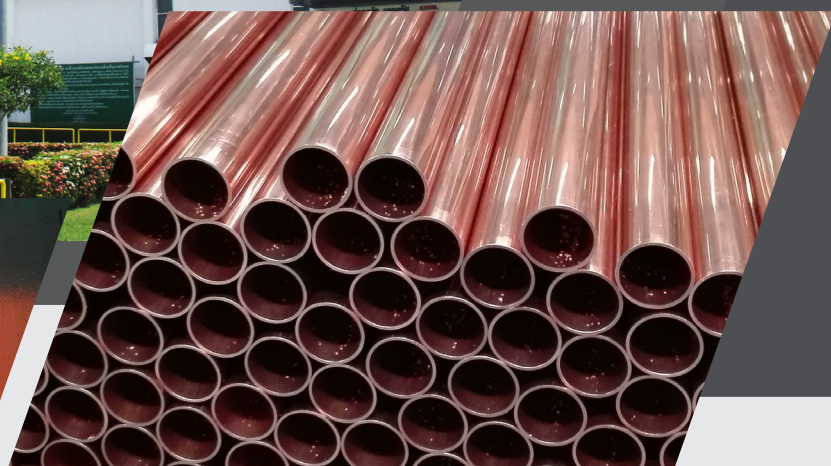
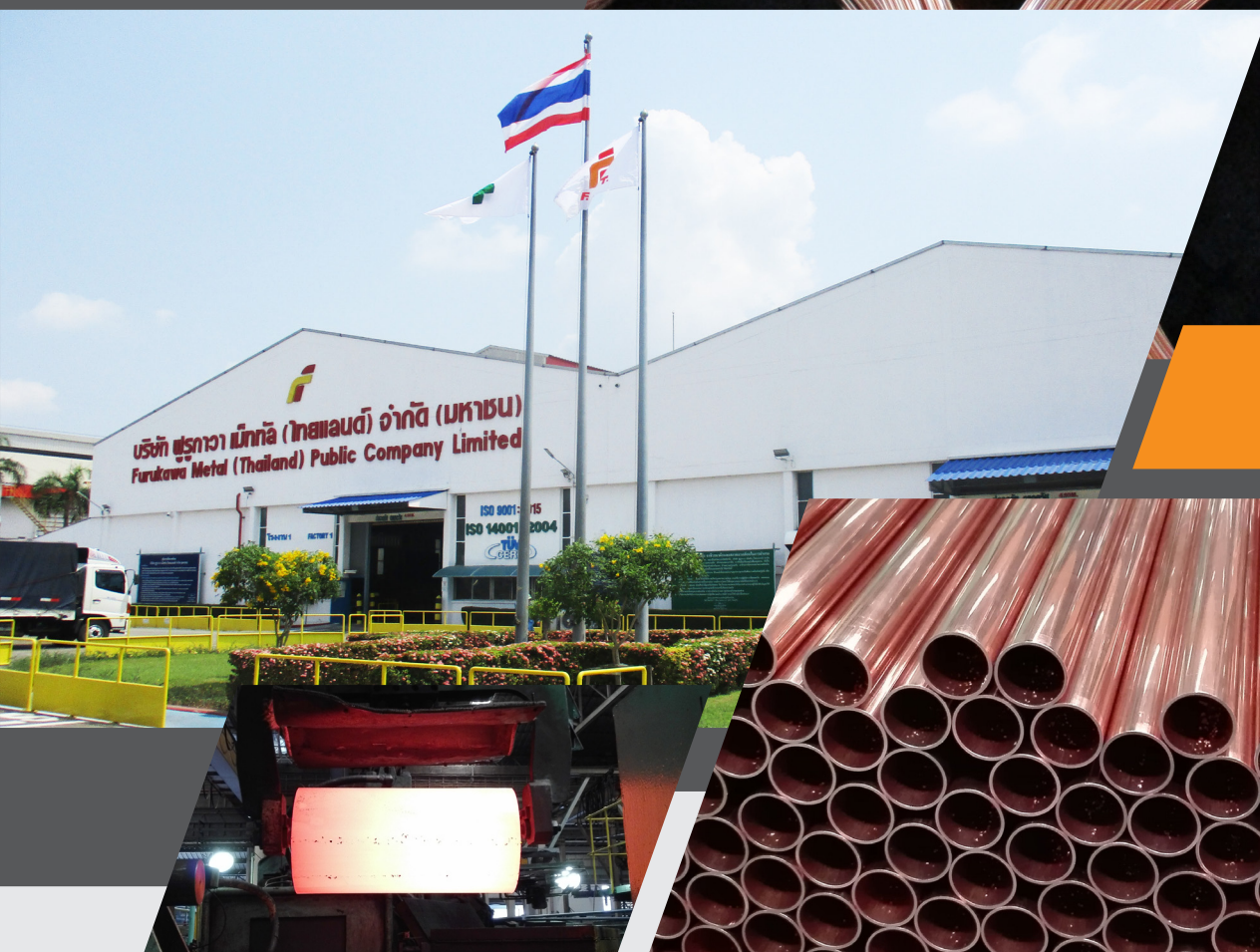
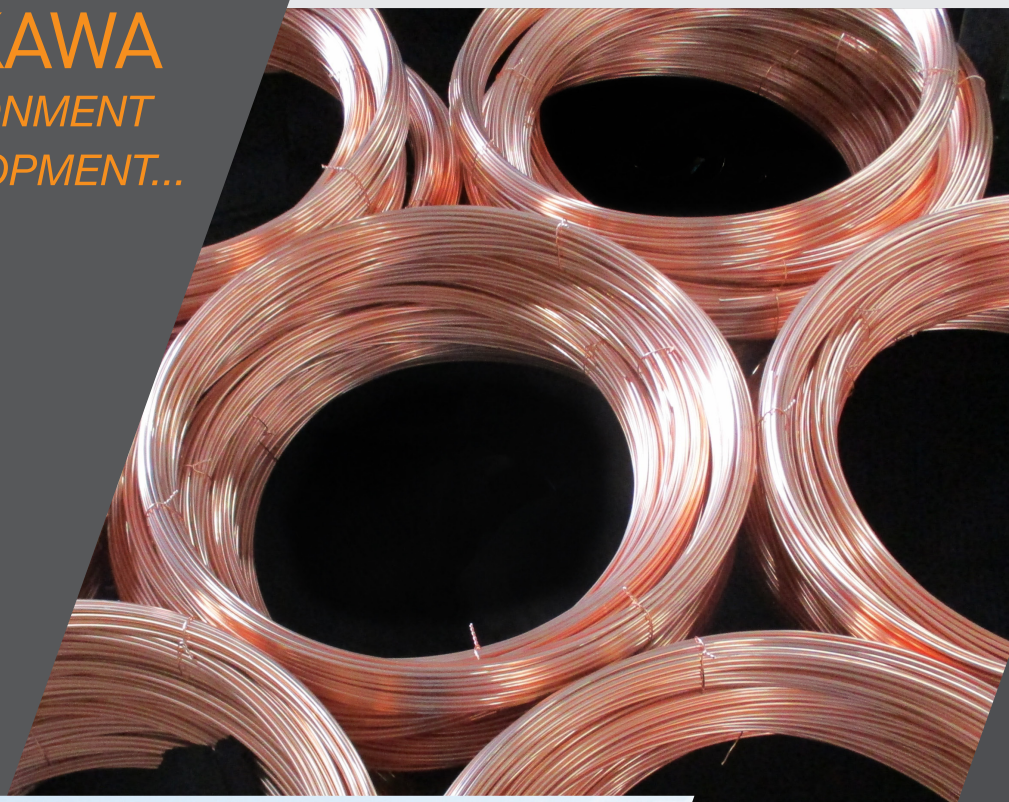
2017 ANNUAL REPORT

FOR LIFE

FOR ENVIRONMENT
AND DEVELOPMENT



บริษัท ฟุรุคาวา เมทัล (ไทยแลนด์) จำกัด (มหาชน)
FURUKAWA METAL (THAILAND) PUBLIC COMPANY LIMITED



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Financial Highlight

(Unit : Million Baht)

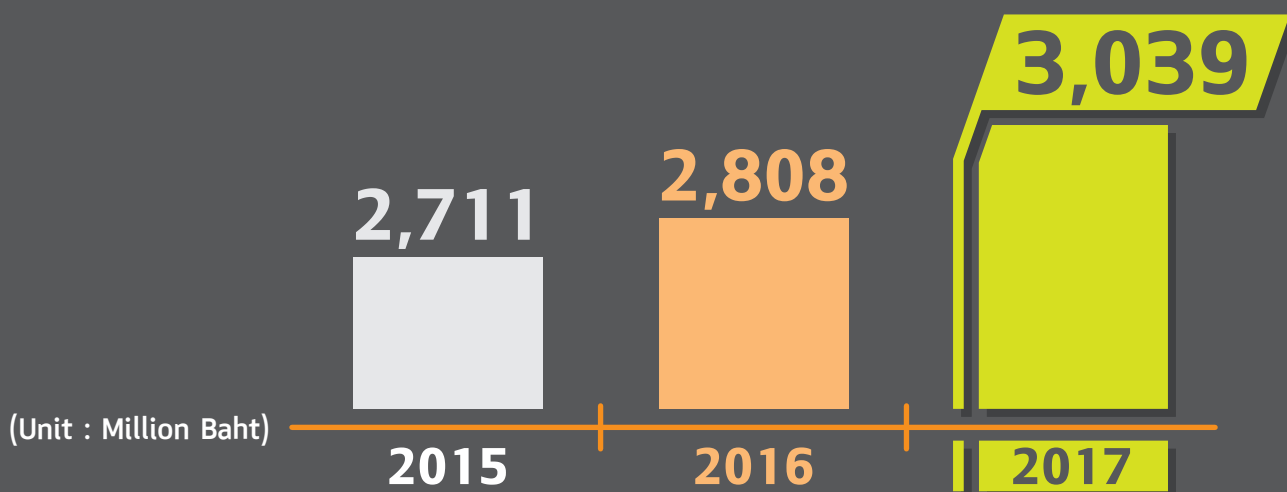
Financial Performance	2017	2016	2015
Net Sale	6,183	5,608	5,979
Total Revenue	6,210	5,619	6,000
Cost and Expense	6,036	5,400	5,861
Profit (Loss) Before Income Tax	174	219	138
Income Tax	35	44	27
Net Profit (Loss)	139	175	111
Other comprehensive income for the year	139	175	130
Total comprehensive Income for the year	139	175	130
Basic Earnings (Loss) Per Share (Baht)	2.89	3.66	2.30
Dividend Per Share (Baht)	2.00	1.25	1.00
Return on Total Revenue (%)	2.24	3.12	1.84
Return on Shareholders' Equity (%)	9.40	12.23	10.20
Return on Total Assets (%)	4.57	6.25	4.58

(Unit : Million Baht)

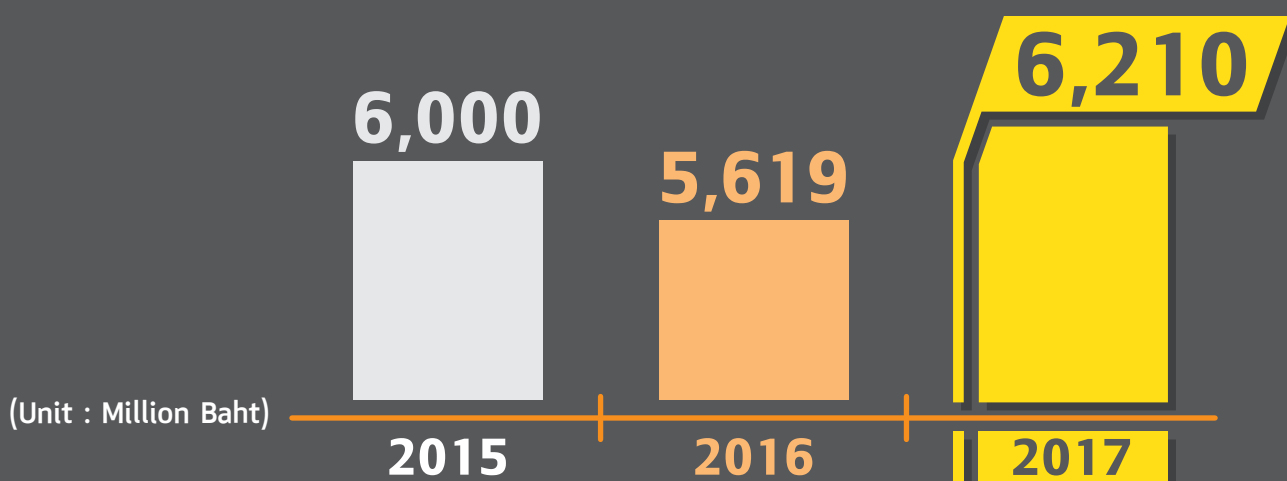
Financial Ratio	2017	2016	2015
Current Assets	2,551	2,280	2,087
Total Assets	3,039	2,808	2,711
Current Liabilities	1,439	1,252	874
Long-Term Loans	-	-	400
Total Liabilities	1,562	1,374	1,392
Shareholders' Equity	1,477	1,434	1,319
Issued & Paid-Up Capital	480	480	480
Par Value (Baht)	10	10	10
Book Value Per Share (Baht)	30.77	29.88	27.48

Financial Highlight

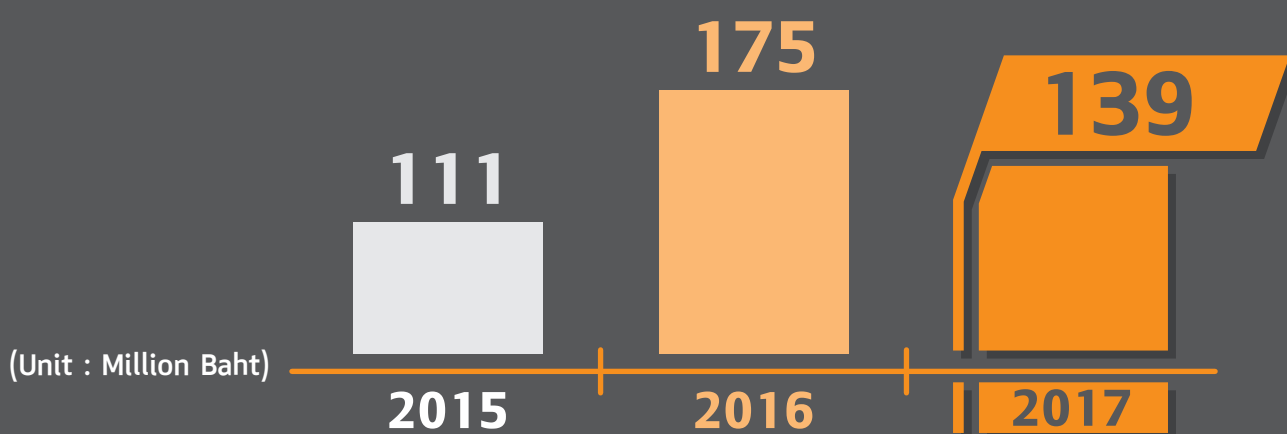
Total Assets



Total Revenue



Net Profit



Message from the Chairman

“Gross profit margin was lower due to the Baht’s rapid appreciation, higher copper prices, and inclement weather conditions in Southeast Asia. Despite these factors, our Company was profitable for the fifth consecutive year.”



Due to adverse business environment in 2017, the Company's profit decreased in the second half of the year. Gross profit margin was lower due to the Baht's rapid appreciation, higher copper prices, and inclement weather conditions in Southeast Asia. Despite these factors, our Company was profitable for the fifth consecutive year. The Company's net profit was 139 million Baht, a decrease of 21% compared to 2016. The production of air conditioners decreased from June to October 2017, but picked up in November. However, the Company expects the business environment to be positive in the long term because of the medium and long-term strategic plans.

From 2018 on, the Company aims to increase competitiveness of our products, by introducing oxygen-free copper tubes and responding to customers' needs promptly. The Company also aims to become the leading manufacturer of high quality copper tubes, with on-time delivery service to provide the best level of service globally, ensuring maximum customer satisfaction. The Company will also participate in volunteering activities with communities nearby the factory, fully committing to be a highly trusted Company with close links to the region at large.

The Board of Director encourages the Company to adhere strictly to principles of Good Corporate Governance to support social stability and ensure proper management. Moreover, the Company also carried out CSR activities with proper monitoring of its performance.

On behalf of the Board of Directors, we would like to thank our shareholders, customers and business partners who have always supported the Company. We would also like to thank all managers and staff whose dedication to the Company and adherence to the principles of moral, dignity and transparency is key to our success. We promise that the Furukawa Metal (Thailand) Public Company Limited will grow sustainably with a bright future.

A handwritten signature in black ink, appearing to read 'Chanida Asdathorn'.

(Mrs. Chanida Asdathorn)

Chairman

Board Of Directors



Mrs. Chanida Asdathorn
Chairman



Mr. Takashi Yamamoto
Director & Managing Director



Mr. Hiroshi Kawaguchi
Director



Mr. Takeshi Nishizawa
Director



Mr. Nobutaka Taniguchi
Director



Mr. Deja Tulananda
Director



Mr. Tinnakorn Asdathorn
Director



Mr. Makoto Kasuga
Director



Mr. Shuichi Asano
Director



Mr. Nopporn Moonsarn
Director



Mr. Vibul Aunsuntha
Chairman of the Audit
Committee



Mr. Seiji Tojo
Audit Committee Member



Mr. Virojn Srethapramotaya
Audit Committee Member



Mrs. Chanida Asdathorn
Chairman

Education

- Bachelor Degree of Business Administration, Pasadena College, California, U.S.A.

Experience

- Executive Director, Thai Roong Ruang Industry Co., Ltd.
1974 – Present
- Executive Director, Thai Roong Ruang Molasses Co., Ltd.
1977 – Present
- Executive Director, Cholburi Sugar & Trading Corporation, Ltd.
1979 – Present
- Executive Director, Siam Sugar Export Corporation, Ltd.
1984 – Present
- Director, Furukawa Metal (Thailand) Public Company Limited
1988 – 2017
- Director, Kerry Flour Mills Limited.
1989 – Present
- Director, Kerry Siam Seaport Limited.
1990 – Present
- Director, Shangri – La Hotel Public Co., Ltd.
1992 – Present
- Director, Thai Ruam Chareon Sugar (2000) Co., Ltd.
2000 – Present
- Director, TRR Molasses Trading Co., Ltd.
2015 – Present
- Chairman, Furukawa Metal (Thailand) Public Company Limited
2017 – Present



Mr. Takashi Yamamoto
Director & Managing Director

Education

- Bachelor Degree, Faculty of Engineering in Metallurgy, Kyoto University, Japan

Experience

- Production Engineering Section, Furukawa Electric Co., Ltd., Nikko Works, Metal Division
- Quality Assurance Division
- Optical Device Division, FITEL Product Division Information System Business Headquarters, Yokohama Works
- Second Plan Division, Equipment Department, Nikko Works
- Manager of Manufacture Department, Nikko Works, Metals Company
- Engineering Department, Metals Company, Head Office
- Manager of Casting & Sheet Manufacturing Section, Manufacturing Department, Osaka Works, Metals Company
- Manager of the First Tube Manufacturing Section, Manufacturing Department, Copper Tube Division, Metals Company
- General Manager of Manufacturing Department First Tube Manufacturing Section, Copper Tube Division, Metals Company
- Director & Managing Director
Furukawa Metal (Thailand) Public Company Limited



Mr. Hiroshi Kawaguchi
Director

Education

- Bachelor Degree, in Engineering (Mechanical)
Osaka University, Japan

Experience

- Furukawa Electric Co., Ltd. (Japan)
- Production Engineering Section Manager
- General Manager of Planning & Administration Department
- Corporate Senior Vice president and General Manager/
Electronics Component Material Division
- Director Furukawa Metal (Thailand) Public Company Limited



Mr. Takeshi Nishizawa
Director

Education

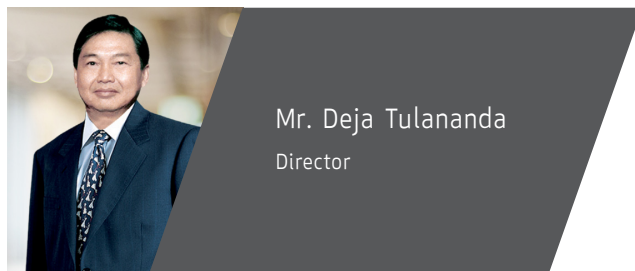
- Bachelor Degree in Nuclear Engineering,
Kobe University, Japan.

Experience

- Production Engineering Section
- Manager, Production Engineering Section
- Manager, Production System Development Section
- General Manager of Planning Development
- General Manager of Quality & Engineering Department
- Deputy General Manager Copper Tube Division
- Director, Furukawa Metal (Thailand) Public Company Limited



Mr. Nobutaka Taniguchi
Director



Mr. Deja Tulananda
Director

Education

- Bachelor Degree of Commercial, Tokai University, Japan

Experience

- Chairman Tani International Trading Co., Ltd.
1975 – Present
- Chairman Tani Guchi Metal Co., Ltd.
1988 – Present
- Director, Furukawa Metal (Thailand) Public Company Limited
1993 – Present

Education

- Executive Program, Pennsylvania State University, U.S.A.
- Bachelor Degree of Economics, Leicester University, U.K.

Experience

- Executive Chairman
Bangkok Bank Public Company Limited
- Director and Independent Director,
Furukawa Metal (Thailand) Public Company Limited



Mr. Tinnakorn Asdathorn
Director

Education

- Bachelor Degree of Electrical Engineering,
King Mongkut's Institute of Technology, Ladkrabang

Experience

- Director,
Furukawa Metal (Thailand) Public Company Limited
1996 – Present
- Managing Director
Kerry Flour Mills Limited
2013 – Present



Mr. Makoto Kasuga
Director

Education

- Bachelor Degree in Law, Meiji University, Japan

Experience

- Furukawa Electric Co., Ltd. Accounting Section,
Administration, Department Nikko Works,
Metal Division Planning & Administration Department,
Metals Division
- Shanghai Sunshine Copper Products Co., Ltd. –
Furukawa Electric Co., Ltd.,
Planning & Administration Department, Metals Company
- Furukawa Finance & Business Support Co., Ltd.
Manager of Osaka Office Finance & Accounting Center
- Furukawa Electric Co., Ltd. Manager of Accounting Section,
Copper, Tube Division and IFRS Preparation Team,
Finance Department, Manager of Finance & Accounting
Department Finance & Procurement Division and Planning
Unit Copper Tube Division
- Director & General Manager of Finance & Accounting
Department, Furukawa Metal (Thailand) Public Company Limited



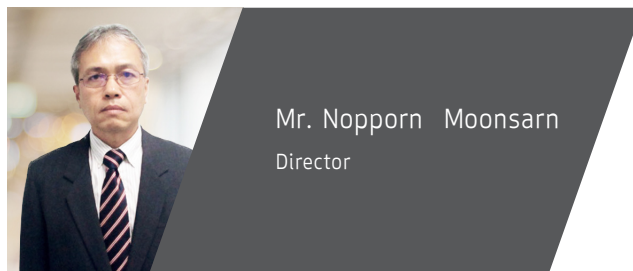
Mr. Shuichi Asano
Director

Education

- Bachelor Degree in Commerce,
Waseda University Tokyo, Japan

Experience

- Production Control Section, Manufacturing Department,
Osaka Works, Metals Division Furukawa Electric Co., Ltd.
(Japan)
- Assistant Manager, Sales Section Metals Division
- Assistant Manager, Sales Department Metals Division
- Assistant Manager, Metals Sales Department,
Kansai Branch Office
- Planning & Administration Department, Metals Group
- Director & General Manager of Sales Department,
Furukawa Metal (Thailand) Public Company Limited



Mr. Nopporn Moonsarn
Director

Education

- Bachelor's Degree in Faculty of Education,
Major Mathematics-Physics,
Khonkaen University

Experience

- Production Manager,
Furukawa Metals (Thailand) Public Company Limited
1990 – 1998
- Assistant General Manager Production,
Furukawa Metals (Thailand) Public Company Limited
1999 – 2001
- General Manager Production,
Furukawa Metals (Thailand) Public Company Limited
2001 – 2016
- Factory Manager,
Furukawa Metals (Thailand) Public Company Limited
2016 – Present
- Director, Furukawa Metal (Thailand) Public Company
2017 – Present



Mr. Vibul Aunsnunta
Chairman of the Audit Committee



Mr. Seiji Tojo
Audit Committee Member

Education

- Bachelor Degree in Business Administration, U.S.A.
- Master Degree in Economic, U.S.A.
- Thailand National Defense College (Class 30)
- Director Accreditation Program Class 53/2006
Thai Institute of Directors Association

Experience

- Advisor to the Board of Directors,
Member of Nomination & Remuneration Committee
Muang Thai Life Assurance Co., Ltd.
- Chairman of the Audit Committee & Independent Director,
Furukawa Metal (Thailand) Public Company Limited

Education

- Bachelor Degree of Mechanical, Kyushu University, Japan

Experience

- Production Department Manager
- Furukawa Electric Co., Ltd. (Osaka Works, Japan)
- Managing Director Furukawa Metal (Thailand) Co., Ltd.
- President Furukawa Precision (Thailand) Co., Ltd.
- Director, Audit Committee & Independent Director,
Furukawa Metal (Thailand) Public Company Limited



Mr. Virojn Srethapramotaya

Audit Committee Member

Education

- MBA, Jacksonville State University, USA
- Bachelor of Accountancy, Chulalongkorn University
- Loan Structuring and Documentation Course at Citibank Training Center at New York, USA in 1988
- Certificate of Financial Executive Class 1, The Thai Institute of Banking and Finance Association, The Thai Bankers' Association, in 1990
- Advanced Management Program for International Bankers, The Wharton School, University of Pennsylvania, USA in 1997
- Asean Summit for Southeast Asean Leaders at GE Training Center - Crotonville, Connecticut, USA in 2007
- Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Accreditation Program (DAP 4/2003), Director Certification Program (DCP 34/2003), Directors Diploma Examination-Fellow Member 2003, Refresher Course DCP (DCP Re 4/2007), Role of the Chairman Program (RCP 18/2008), Successful Formulation & Execution of Strategy (SFE 8/2010), Financial Institutions Governance Program (FGP 1/2010), Chartered Director Class (CDC 6/2012). Audit Committee Program (ACP 40/2012), Advanced Audit Committee Program (AACP) (MIA, MFM, MFR, MIR 2012-2013), Corporate Governance for Capital Market Intermediaries (CGI 0/2014)

Experience

- Director (Authorized Signatory) Sri Ayudhya Capital PCL. February 1998 - Present
- Advisor to the Board of Directors Bank of Ayudhya PCL. January 2014 - March 2015
- Director (Authorized Signatory) Bank of Ayudhya PCL. February 2010-December 2013
- Independent Director and Audit Committee Member Furukawa Metal (Thailand) PCL. March 2016-Present
- Independent Director Shangri-La Hotel PCL. April 2017 - Present
- Chairman (Authorized Signatory) Sri Ayudhya General Insurance PCL. January 2011-Present
- Director Sri Ayudhya General Insurance PCL. December 2010-January 2011
- Director and Audit Committee Member Allianz Ayudhya Assurance PCL. February 2012-Present
- Chairman of the Audit Committee and Governance and Independent Director Globlex Securities Co., Ltd. April 2014-Present

Management

Management

1. **Mr. Takashi Yamamoto**
(Managing Director)
2. **Mr. Nopporn Moonsarn**
(Factory Manager)

Department General Manager

1. **Mr. Shuichi Asano**
(General Manager of Sale Department)
2. **Mr. Makoto Kasuga**
(General Manager of Finance & Accounting Department)
3. **Mr. Kotaro Tsuru**
(General Manager of Production Engineering Department)
(Until 18 August 2017)
4. **Mr. Tetsuya Sumitomo**
(General Manager of Production Engineering Department)
(Start 26 July 2017)
5. **Mr. Tsuyoshi Fumeno**
(General Manager of Maintenance Department)
6. **Mr. Nopporn Moonsarn**
(General Manager of Production Department)
7. **Mrs. Siriporn Lueangrachanee**
(General Manager of Administration Department)

Department Assistant General Manager

1. **Mrs. Nitaya Assavavisidchai**
(Assistant General Manager of Finance & Accounting Department)
(Until 31 May 2017)
2. **Mrs. Arpaporn Jitsuteesiri**
(Assistant General Manager of Finance & Accounting Department)
(Start 2 October 2017)
3. **Mr. Prasarn Sawangsri**
(Assistant General Manager of Production Engineer Department)
4. **Mrs. Subin Seesaengtor**
(Assistant General Manager of Safety Health & Environment Department)
5. **Mr. Kriengsak Pankamnerd**
(Assistant General Manager of Production Department)
6. **Mr. Daisuke Hamada**
(Assistant General Manager of Sale Department)
(Start 18 October 2017)

Section Manager

1. **Mr. Chirawat Ritthinee**
(Process Control Section Manager)
2. **Mr. Kriengsak Pankamnerd**
(Production Section Manager#1)
(Start 1 March 2017)
3. **Mr. Narongrit Samranjit**
(Production Section Manager#2)
4. **Mr. Phinyo Sodasit**
(Production Section Manager#3)
5. **Mr. Athiwat Triwattanaporn**
(Quality Assurance Section Manager)
(Until 31 July 2017)
6. **Mr. Khomkrit Phenkoh**
(Quality Assurance Section Manager)
(Start 8 May 2017)
7. **Mr. Prakit Panomrattanak**
(Maintenance Section Manager#1 Mechanical Electric)
8. **Mr. Wirat Suksomdaen**
(Maintenance Section Manager#2 Utility)
9. **Mrs. Siriporn Luengrachanee**
(Human Resources Section Manager & General Affairs Section Manager)
10. **Mr. Choosak Trakoonlarpphan**
(Sales Section Manager)
11. **Miss Kanda Kalharat**
(Cost Section Manager)
(Until 1 August 2017)
12. **Mrs. Chantima Passayawon**
(Export Section Manager)
13. **Mrs. Chanatthorn Jaikamheang**
(Import & BOI Section Manager)
14. **Miss Thanvadee Pananuraksa**
(Purchasing Section Manager)
15. **Mr. Manoon Chalermwat**
(Information Technology Section Manager)

Organization Chart



General Informations & Others



Furukawa Metal (Thailand) Public Company Limited

was established on June 15, 1988 under the name Furukawa Metal (Thailand) Company Limited under a joint venture between a Thai holding company called Tampa Co., Ltd., and 2 Japanese companies. The Furukawa Electric Co., Ltd. and Shoko Trading Co., Ltd. to manufacture and distribute various types of copper tube to the manufacturers of air-conditioners, refrigerators and others cooling system. The factory was built on 82 Rai of land at Factory Address No. 213 Moo 4, Mittraparb Road, Tambol Tub-Kwang, Amphur Kaeng Khoi, Saraburi Province 18260.

Major Changes Since Its Establishment

Year 1988

- Established the Company with registered capital of Baht 140 million. BOI privilege for the seamless copper tube production of 3,000 tons p.a. since October 1987.

Year 1989

- Started the construction of seamless copper tube plant on the area of 56 Rai at 213 Moo 4 Friendship Highway km.125th, Tab-kwang, Kaeng Khoi, Saraburi.
- Received BOI' s approval to expand the promoted production capacity from 3,000 tons p.a. to 4,200 tons p.a.

Year 1992

- Increased registered capital from Baht 140 million to Baht 195 million for capacity expansion by raising funds from the three existing shareholders.

Year 1993

- Started construction and purchased machinery in order to increase its capacity from 4,200 tons p.a. to 8,400 tons p.a. This increased the capacity of Smooth Tube, Multi Grooved Tube and Large Diameter Tube also allowed the company to prepare capacity for the production of Capillary Tube, a new product, in 1994.
- Received additional BOI privileges for the increased capacity of an additional 4,200 tons p.a. Total promoted production capacity would then become 8,400 tons p.a.

Year 1994

- Increased registered capital from Baht 195 million to Baht 335 million from the existing shareholders.

Year 1995

- Split Company's par value from 100 baht/share to 10 baht/share.

Year 1996

- February 22, Transformed the company status to Public Company Limited and changed the company's name from Furukawa Metal (Thailand) Company Limited to Furukawa Metal (Thailand) Public Company Limited.
- Increased registered capital from Baht 335 million to Baht 480 million from general investors.
- Received BOI privileges of the capacity expansion of 10,600 tons p.a.
- In December purchased of new land 26 Rai for future expansion project.

Year 1999

- Received the ISO 9001: 2000 Certification from RWTUV Anlagentechnik GmbH.

Year 2000

- Started construction and purchased machinery to increase its production capacity of additional 6,000 p.a. from 16,000 tons p.a. to 22,000 tons p.a., and completed the construction at the end of 2001.
- Received BOI privilege of this capacity and receive BOI Operation License on July 24, 2003.

Year 2003

- In November; the Company Increase production capacity from 22,000 tons p.a. to 25,000 tons p.a.

Year 2004

- In April ; the Company received certificate from Center of Administration of Against Narcotics, Amphur Khang Koi, Saraburi Province, to be Excellent Factory Without Narcotics on 2 April 2004.
- In August ; the Company participated in the Green Factory Project for Her Majesty Queen Sirikit Celebration celebration of the 72 years Queen's Birthday on 12 August 2004 from Director General Labour Protection and Welfare.
- In October ; the Company Increase production capacity from 25,000 tons p.a. to 28,000 tons p.a.

Year 2005

- In March ; the Company was presented from the Club TO BE NUMBER ONE, establishment of large size category.
- In September ; the Company was presented for 2005 Outstanding Workplace of Labor Relationships and Labor Welfare from Department of Labor Protection and Welfare, Ministry of Labor on 26 September 2005.
- In October ; the Company increase production capacity from 28,000 tons p.a. to 31,000 tons p.a.

Year 2006

- In March ; the Company received the ISO 14001:2004 Certification from Tuv Nord Asia Pacific.
- In September ; the Company was presented for 2006 Outstanding Workplace of Labor Welfare on 18 September 2006.

Year 2008

- In March ; the Company was presented from the Club TO BE NUMBER ONE Outstanding ; Central / Eastern, establishment of large size category.

Year 2009

- In March ; the Company was presented from the Club TO BE NUMBER ONE Outstanding ; Central / Eastern, establishment of large size category.
- In June ; the Company was presented from the Club TO BE NUMBER ONE and Runner National Level, establishment of large size category.

Year 2010

- In March ; the Company was presented from the Club TO BE NUMBER ONE maintain standard outstanding of 1st Year, Central / Eastern, establishment of large size category.
- The Company was receiving certificates and factory white label sustainable from Protection and welfare Office of Suraburi.
- In June ; the Company was presented from the Club TO BE NUMBER ONE maintain standard outstanding of 1st Year ; National Level, establishment of large size category.

Year 2011

- In March ; the Company was presented from the Club TO BE NUMBER ONE maintain standard outstanding of 2nd Year, Central / Eastern, establishment of large size category.
- In June ; the Company was presented from the Club TO BE NUMBER ONE maintain original silver standard outstanding of 2nd Year ; National Level, establishment of large size category.

Year 2012

- In March ; the Company was presented from the Club TO BE NUMBER ONE original silver standard, Central / Eastern, establishment of large size category.
- In July ; the Company was presented from the Club TO BE NUMBER ONE original silver standard, National Level, establishment of large size category.

Year 2013

- In July ; the Company was presented from the Club TO BE NUMBER ONE original gold standard outstanding of 1st Year ; National Level, establishment of large size category from Her Royal Highness Princess Ubolratana Rajakanya Siriwatana Bhanawadee.

Year 2014

- In March ; the Company was presented from the Club TO BE NUMBER ONE original gold standard, outstanding of 2nd Year ; National Level, establishment of large size category., Central/Eastern, establishment of large size category.
- In July ; the Company received TO BE NUMBER ONE maintain original gold, establishment of large size category from Her Royal Highness Princess Ubolratana Rajakanya Siriwatana Bhanawadee.

Year 2015

- In March ; the Company was presented from the club TO BE NUMBER ONE original diamond standard outstanding of 1st Year ; Central / Eastern, establishment of large size category.
- In July ; the Company was joined the Club TO BE NUMBER ONE held at Muang Thong Thani.

Year 2016

- The Company received "Green Factory Certificate" from Ministry of Industry is shown the Company achievement in Level 3 with Green System is an environment management system to monitor, evaluate and review for continuous improvement since 30 September 2015.
- In May, the Company received Certificate Drive Motorcycle with Wearing Helmet 100% Campaign from Saraburi Governor and Kaeng Khoi Police Station, Saraburi Province.

Year 2017

- On 7 February 2017, received the ISO 9001:2015 Certificated from RWTUV NORD.
- On 1 August 2017 the Company received Certificate Drive Motorcycle with Wearing Helmet 100% maintain standard outstanding of organization (Phase 3/2015), to be part of the Decade for Road Safety in Thailand from Saraburi Governor and Kaeng Khoi Police Station, Saraburi Province.

General Informations

Furukawa Metal (Thailand) Public Company Limited

Registration no. : 0107539000057

website : <http://www.fmt.co.th>



Bangkok Office

183 Regent House Building, 14th Floor, Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330

Tel. 0-2256-0641-50

Fax. 0-2256-0651-2



Factory Location

213 Moo 4, Mittraparb Road, Tambol Tub-Kwang, Amphur Kaeng Khoi, Saraburi Province 18260

Tel. (036) 329-811-9

Fax. (036) 329-822

Type of Business

Manufacture of Seamless Copper Tube including foamed polyethylene insulated and non-insulated copper tube.

Registered Capital 480 Million Baht by 48,000,000 Ordinary Shares at par value of 10 Baht.

Paid-up Capital 480 Million Baht by 48,000,000 Ordinary Shares at par value of 10 Baht.

Number of Employee

567 Persons (As of 31 December 2017)

Male 426 Persons / Female 141 Persons

Reference Person

Registrar

Thailand Securities Depository Co., Ltd.

93 Ratchadaphisek Road, Kwaeng Din Daeng, Din Daeng District, Bangkok 10400

Tel. 02-009-9000

Fax. 02-009-9991

Contact Center: 02-009-9999

website : <http://www.set.or.th/tsd>

E-mail : SETContactCenter@set.or.th

Auditors Year 2017

Mrs. Munchupa Singsuksawat

Certified Public Accountant No. 6112 or

Miss Sirinuch Vimolsathit

Certified Public Accountant No. 8413 or

Mr. Sumate Jangsamsee

Certified Public Accountant No. 9362

KPMG Phoomchai Audit Limited

1 South Sathorn Road, Yanawa, Sathorn Bangkok 10120

Tel. 0-2677-2000

Fax. 0-2677-2222

<http://www.kpmg.co.th>

Nature of Business



Furukawa Metal (Thailand) Public Company Limited

is a producer and distributor of copper tube which is a vital part in the manufacturer of air-conditioners and refrigerators.

As copper tube can give maximum heat transfer and high resistance of chemical corrosion, it serves as a passage for the chemical substance in the cooling equipment and any other piping application which requires a superior heat transfer quality and endurance.

The main products are Smooth Tube, Furukawa Multi Grooved Tube, Large Diameter Tube and Capillary Tube.

The Company has 4 product lines. Each line has specific characteristics as follows :

- (1) Smooth Tube is a seamless copper tube that has smooth inner tube. There are two types :
 - 1.1 Smooth Tube for heat exchanger which is used for carrying refrigerant within refrigeration equipment.
 - 1.2 Smooth Tube for piping which is used for carrying refrigerant outside refrigeration equipment.
- (2) Multi grooved Tube is seamless tube that the inner wall is threaded to act as the first type of copper tube, but the efficiency on better heating is up to

twice, which is popular in the production of the air conditioner of the small type with highly efficient and expensive.

- (3) Accumulator Tube is the straight and large seamless copper tube popular to use as the pressure reservoir tank for refrigerant.
- (4) Capillary tube is the small seamless copper tube to act as the flow of the refrigerant after adjusting the temperature to lower from the compressor to go through the refrigerant inside the room and help to adjust and reduce the pressure of the refrigerant at the suitable level before going to the refrigeration machine.

In summary, the product of the Company is the seamless copper tube solely, which sold to the customers at the desired size of the customers. It shall designate the sales price based on the world's market copper price at the time of trading according to the conditions of each customer.

The factory is located at address 213 Moo 4, Mittraphap Road, Tambon Tub-Kwang, Amphur Kaeng-Khoi, Saraburi Province. It has a modern and complete production line. Quality control procedures are performed at every stage of production to ensure full compliance with the stringent standards.

Business Operations

Policy and Overall Picture of the Business Operations

Furukawa Metal (Thailand) Public Co., Ltd. is a manufacturer and distributor of copper pipes, which is a key component in manufacturing refrigeration equipment, such as refrigerators and air conditioners. Because of the copper pipes have a good heat conductor and resists corrosion, suitability for use as a chemical pipeline in the refrigeration. and is used in piping work required high quality of heat conductor, and long shelf life. The Company has given the great importance to creating the good corporate governance system with transparent and fair to all stakeholders. There is the good corporate governance required by law and ethical duty. The Board of Directors has delegated duties and an important responsibility to the President, the Board of Executive Committee, including the Audit Committee.

Visions

- 1) Aim to become a copper tube manufacturer in Southeast Asia and accepted at the world's level on the quality, service, price and delivery of products to its customers as scheduled.
- 2) Aim to the management system that maintains the profit from the business operations.
- 3) Determine to maintain the domestic market share as much as possible and expand its export to the world's market.
- 4) The executive and the company's employee shall comply with the Code of Conduct regarding the corporate social responsibility. (CSR)

Target and Strategy on Sustainable Growth

The Company defines an annual plan that the executives of each division will provide as operation plan to be consistent with policy and goal of the company. The Company will always monitor and assess performance with KPI indicators to measure real success compared with the operation plan which is reviewed and reported on monthly basis.

In 2017, Board of Directors provided annual budget, prepared operation plan approved by the company's committee by emphasizing on operating business to be successful and sustainable in long term and to respond

needs of stakeholders. In 2017, the Company determined policy and goal of business operations as follows :

- 1) Developing potential of competition to meet the needs of customers in terms of quality, product and service delivery, capital management, and new innovation promotion to be in accordance with the management of the Company. The Company measures satisfaction of customers by assigning quality check division and purchase division to provide and conduct assessment.
- 2) Developing potential of personnel in the Company by creating skills and capability of production to support personnel to have proficiency and can perform works by themselves.
- 3) The Company reviews target of growth in term of turnover and profit of the Company as well as provide strategies to achieve annual target.
- 4) The Company gives precedence to promoting and developing society and environment starting from the design, material selection for production process, and product and service delivery by recognizing of responsibility and impacts on environment and social livelihood. It also focuses on operating creative activities to support and assist the society along with activities beneficial to the society and community. It also emphasizes on operation of corporate social responsibility.

As Furukawa Metal (Thailand) Public Company Limited has been operating the business for 25 years, it realizes needs of customers that they do not only care about product price but they also hope for product quality and serviceability as well as trust in products of the Company. Therefore, it makes a marketing plan to be consistent with business operation structure, competitiveness and how to make the company's business grow in sustainable way. So, the committee and executives of the Company define management strategies with emphasis on responding customers' need as follows :

- 1) Product quality: it must product standard copper pipe with quality accepted by customers and competitiveness with other domestic and international producers.

- 2) Production Cost: The Company will control production cost and other expenses by increasing.
- 3) It has effective and punctual product delivery system or customers including short-term delivery and quick after-sale service to bring satisfaction to customers.
- 4) It has effective communication inside and outside the organization for correct and same understanding and to prevent potential errors or to prevent recurrence.

For such principles of management, it is what the company, executives, leader and employees realize and strictly comply with.

The Company had following essential changes and development in 2017

- 1) Development Capillary Tube, (Half Cut and S-Bending), and increasing length from 3,400 millimeters to 5,200 millimeters to respond customers' requirement and new overseas customers.
- 2) Produce Bunch-coil Capillary Tube to have more various properties including tube size, weight to coil and it developed production capacity in order to produce more.
- 3) Research and development about Oxygen Free Copper Tube and it could plan for production and distribution in 2018.
- 4) Produce seamless copper tube with spiral surface (Furukawa Multi Grooved Tube) with better efficiency and lighter weight. So, this could be used to produce smaller air conditioner with highest efficiency and more energy saving.
- 5) It produced Level Wound Coil to have size lower than 4 millimeter to support needs of customers that needed smaller tubes for producing air condition and refrigerator with more energy saving and lighter weight.

Business Characteristics

Furukawa Metal (Thailand) PCL incorporated with the starting registered capital of 140 million baht. On 15 June 1988 under the initial incorporation as "Furukawa

Metal (Thailand) Co., Ltd." is the trade cooperation between Tampa Ltd. , which is the holding company, Thai nationality, at the rate of 51 percent and two Japanese companies are The Furukawa Electric Co., Ltd. The manufacture and distributor of various products such as telephone line, electrical wire, automotive component, copper tube products and aluminum products with Soko Trading Co., Ltd., which the company selling products made from metals such as aluminum, brass and copper slabs, etc. The Company started the business on 2 July 1990 and was converted to a public company on 22 February 1996, registration No. PCL 606 and changed its name from Furukawa Metal (Thailand) to Furukawa Metal (Thailand) Public Company Limited.

At present Furukawa Metal (Thailand) PCL has the registered capital of 480 million baht with the paid-up capital of 480 million baht. The Company operated the business as the manufacturer and distributor of seamless copper tube with foam and non-foamed wrapping to be used as the component for air conditioner, refrigerator and general refrigeration machine. Moreover, the Company also has the capability on the design and development of the of product to improve the manufacturing technique, including the design of the products to have the quality in consistent with the demand of the customers under the contract to provide technical help from Furukawa Electric Co.,Ltd.

Furukawa Metal (Thailand) PCL received the investment promotion from the BOI for four certificates since 1988.

At the present, The Company also received the rights and benefits according to Sections 36 (1) and 36(2) of the Investment

Promotion 1977 additionally as follows :

Pursuant to
Section 36 (1) received exemption for import duty for raw material and necessary material to be imported from overseas to be manufactured for export from 14 January 2017 up to 13 January 2019.

Pursuant to
Section 36 (2) received exemption for import duty for the promoted person to import for export from 14 January 2017 up to 13 January 2019.

Income Structure

Product	Year 2017		Year 2016		Year 2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic						
1. Smooth Tube	2,120.23	34.29	1,834.68	32.72	1,834.60	30.69
2. Multi Grooved Tube	1,199.90	19.41	1,045.62	18.65	1,078.86	18.04
3. Large Diameter Tube	356.11	5.76	319.64	5.70	420.25	7.03
4. Capillary Tube	272.96	4.41	294.55	5.25	266.54	4.46
Sub Total	3,949.20	63.87	3,494.49	62.32	3,600.25	60.22
Export						
1. Smooth Tube	1,408.38	22.77	1,354.59	24.16	1,492.30	24.96
2. Multi Grooved Tube	648.42	10.49	604.26	10.78	740.36	12.38
3. Large Diameter Tube	132.32	2.14	109.83	1.96	109.60	1.83
4. Capillary Tube	44.90	0.73	44.36	0.79	36.30	0.61
Sub Total	2,234.02	36.13	2,113.04	37.68	2,378.56	39.78
Total Sales						
1. Smooth Tube	3,528.61	57.07	3,189.27	56.87	3,326.90	55.65
2. Multi Grooved Tube	1,848.32	29.89	1,649.88	29.43	1,819.22	30.42
3. Large Diameter Tube	488.43	7.90	429.47	7.66	529.85	8.86
4. Capillary Tube	317.86	5.14	338.92	6.04	302.84	5.07
Total	6,183.22	100%	5,607.54	100%	5,978.81	100%

Type of Shareholders

As of 29 December 2017

Type	No. of Shareholders	No. of Shares	%
Juristic Persons			
• Thai	16 ราย	12,683,920	26.42%
• Foreigners	4 ราย	21,564,280	44.93%
Total	20 ราย	34,248,200	71.35%
Private Individual			
• Thai	54 ราย	13,521,170	28.17%
• Foreigners	8 ราย	230,630	0.48%
Total	62 ราย	13,751,800	28.65%
Grand Total	82 ราย	48,000,000	100%

Major Shareholders

No.	Name of Shareholders	Number of Shares	% of Shareholding
1.	Furukawa Electric Co., Ltd. (1)	20,280,280	42.25
2.	Thailand Security Depository Company Limited for Depositors	8,492,930	17.69
3.	Bangkok Insurance Public Company Limited (2)	2,919,300	6.08
4.	Mr. Chai Sophonpanich	2,245,800	4.68
5.	Mr. Suthin Asdathorn	1,726,610	3.60
6.	Mr. Chartchai Lisahapanya	1,674,710	3.49
7.	Mr. Veeradej Kittikoraat	1,674,710	3.49
8.	Mr. Surin Asdathorn	1,564,910	3.26
9.	Mrs. Chanida Asdathorn	1,225,810	2.55
10.	2 - J Construction Ltd., Part	800,000	1.67

Remarks

The shareholders of this group (1) are the parent company in Japan (Former name is The Furukawa Electric Co.,Ltd) that produces copper tube used in the air conditioner and refrigeration machine. The major shareholders of Furukawa Electric Co., Ltd. have the status of a bank and financial institution in Japan consisting of :

1. The Master Trust Bank of Japan, Ltd. (Trust Account)
2. Japan Trustee Services Bank, Ltd. (Trust Account)
3. Japan Trustee Services Bank, Ltd. (Trust Account 4)
4. Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)
5. Asahi Mutual Life Insurance Co. Ltd.
6. FURUKAWA Co., Ltd.
7. Fuji Electric Co., Ltd.
8. Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking ; Employee Retirement Benefit Trust, Furukawa Co., Ltd. Account)

9. Trust & Custody Services Bank, Ltd (Mizuho Trust & Banking ; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Co. Account)

10. Furukawa Electric Employee stock ownership plan
The ultimate shareholders cannot be disclosed

In the contract to provide the technical help stipulates on the condition of shareholding directly and indirectly of FEC may not be less than 30 percent to be able to distribute the product under the trademark of FURUKAWA." As of 31 December 2017 Furukawa Electric Co., Ltd. had the shareholding ratio in the Company equals to 42.25 percent did not affect the Company due to this possession ratio is still higher than 30 percent according to the condition of the contract on providing technical help. Also Furukawa Electric Co., Ltd. intended not to reduce the shareholding to less than 30 percent.

Other issued securities

Share issue-binding burden in the future

- The Company has no obligation in the issue of shares in the future

Information on the debentures, bills of exchange or debt instruments

- None.

Policy on the Payment of Dividends

The Board of Directors has the policy on the meeting of the shareholders of the Company considers paying the annual dividends to the shareholders at the rate is no less than 50

percent of the net profit after deducting the annual corporate income tax. It shall present to the Shareholders' Meeting for consideration of approval.

The payment dividend of past dividends of the Company three year in retrospective

A.D.	Annual Dividend Per Share Paid (Baht)
2015	1.00 Baht per share
2016	1.25 Baht per share
2017	2.00 Baht per share

Report on Directors Shareholding

Date as of 29 December 2017

No.	Name of Director	Number of Share	Change during the year
1.	Mrs. Chanida Asdathorn	1,225,810	-
2.	Mr. Tinnakorn Asdathorn	653,300	-
3.	Mr. Hiroshi Kawaguchi	-	-
4.	Mr. Takeshi Nishizawa	-	-
5.	Mr. Nobutaka Taniguchi	648,010	-
6.	Mr. Takashi Yamamoto	-	-
7.	Mr. Shuichi Asano	-	-
8.	Mr. Makoto Kasuga	-	-
9.	Mr. Deja Tulananda	-	-
10.	Mr. Vibul Aunsunnta	-	-
11.	Mr. Virojn Srethapramotaya	-	-
12.	Mr. Seiji Tojo	-	-
13.	Mr. Nopporn Moonsarn	1,500	-

Risk Factors

Year 2017, there are some potential risks that may affect the Company's business. The analyzing of risk issued that the Company has reviewed and specified measures to mitigated such risks not affect Company's business. Risk are as following :

1. Operation Risk (Risk on Material supplied)

The Company realizes that raw material supply is critical for our business. We focuses on pricing, quality and delivery from our supply base. The Company closely monitor the market of material supply, also we have effective communication system with suppliers to obtain materials related information accurately and on time.

Price of main raw material, including copper sheet having fluctuation of price in world market is very high, the company has policy not to stock raw materials of copper sheet. The company will produce raw materials according to the purchase order of customers; the plan for marketing in three months in advance, joining with Raw Materials Purchase Section and Marketing Section, by Purchasing raw materials suitably for match order. For the price of copper can't answer that tended to decrease or increase. However, in Y. 2017 the price of cathode copper sheet increased from Y. 2016 with average about 1,290 US\$ per ton, because the price of copper also depend in factors of price of oil, gold, war and spinning price in world market, to prevent risk from fluctuation of raw material price, the company made hedging cost of material.

Measures supporting risk from depending of raw material purchase ordering. The company determines policy of raw material purchase ordering. The company plans in advance for about three months, coordinating with Sales Section, Manufacturing Section and Import Section to provide raw materials. The company buys raw materials as follows:

1. **Copper Sheet** : as presently there is no copper sheet manufacturer in Thailand, the company has to import copper sheet from foreign countries. The price of raw materials, or copper sheet, is determined from the price of copper in London Metals Exchange (LME) plus other expense. Due to the fact that copper is commodity, price of copper has dynamics all the time. Therefore, in order to

prevent risk which occurs from fluctuation of copper price, the company has measures to support risk from depending of raw material purchase ordering from abroad, by ordering raw material of copper residue in the country as well, in the ratio of 50:50. In order to prevent problems to be occurred from risk factors which cannot be controlled, resulting in delay because of transport of raw materials, for example, monsoon happening, or disaster events, etc. and in order to prevent such problems, presently, the company buys copper residue inside the country to melt again, in order to be another type of raw material of the company, making the company to be able to determine the amount, quantity and time of delivery independently and more certainly.

Customers of the company can select conditions of determining of ordering of raw materials suitably for purchase order of customers, as follows :

- 1.1 Buying/selling in type of determining copper price in advance in the acceptable level (Hedging) is the method of purchase order that customers want to reduce risk of price fluctuation of world market copper price, by booking for buying/selling in advance.
- 1.2 Buying/selling with average price, rather popular for customers, as the price is that which customer can determine the cost, for example, customer determines to use price of raw material of copper sheet in arrears for one month, or in arrears for two months in the condition of ordering of raw materials in Clause 1.1 and 1.2, the company will summarize the buying amount and the sales amount at every end day of each month, to make paper trade to reduce stock of raw materials or buying/selling parts to prevent risk for another time. In determining orders of raw materials by customer, the company will divide price of raw materials according to London Metals Exchange (LME) and fee. Customer pays expense.

- 1.3 Customer purchased and procured raw materials, calling the price of raw material, in this type as toll. Any large company selected to buy/sell raw materials as in this Clause 1.3.
- 1.4 The Company have monthly plan to control and manage inventory in suitable situation. The Company set a target and have production planning every month to comply with customers' orders.

2. Risk in Marketing

Risk from importing of copper tube from abroad and price competition of goods is the risk from import competition of copper tube from China, Malaysia and Korea. Competitors from those countries propose sales price of copper tube having cheap price. However, customers have problems on quality of products and service, when products of the company are compared, the problems of quality and service of import of copper tube cannot compete with the quality of the company. In the year 2017, there is import of copper tube from China about 71%; from Malaysia 15 % and from Korea about 5%. And the risk of price competition intensified, the company has set the operating guidelines on maximizing performance and focus on the company policy. As a leader in the production of copper pipes in Southeast Asia, the Company has improved its operating systems and technologies.

3. Risk from Competition

In Thailand the copper tube industry is focus on both domestic market and export market. Aside from domestic competition, the Company has to compete globally with manufactures from other countries, especially the products imported from China with the volume of production, and the products imported from Korea. Therefore, the competition for pricing is very aggressive and due to changing of economic condition, the customers requires good quality products with save price. Thus, the Company has implemented an increasing productivity, produce good quality products, good service and deliver products on time to meet customers' requirement and also compete with others.

4. Labor Risk

At the present, in Thailand is facing a labor shortage at the operation level especially in the part of private industrial because most people have continued their education in higher level as a result, operation labor shortage. To reduce this risk, the Company implemented measures such as offer compensation, welfares and take a good care in safety work is very important to persuade the employees to work with the Company.

5. Risk on Investment of Securities Holder

Major shareholder of the company is Furukawa Electric Co., Ltd which is the mother company in Japan holding shares of the company for 20,280,280 shares accounted for 42.25% of all shares with rights of voting. Therefore, Furukawa Electric Co., Ltd is a major shareholder of the Company with power to manage and control almost every resolution in shareholder's meeting including appointment of committee or asking for resolution that needs major votes in shareholder's meeting except matters related to laws and company's regulations that require $\frac{3}{4}$ votes of shareholder's meeting. So, other shareholders may not be able to gather vote to verify or balance the matters proposed by major shareholder. However, management structure of the Company contains

- 1) Company's Committee
- 2) Audit Committee
- 3) Management Committee and Board of Directors

Details of such management structure define scope of power and duty of each committee clearly and the audit committee includes 3 independent committees with knowledge and ability in business administration and understanding about financial budget and financial report. This made the operations of the company conducted with transparency and audit ability. Besides, the Company has a policy about transactions of committee, executives, major shareholder along with other parties that may have conflict of interest by comparing conditions with outsiders first before bringing such transaction into consideration of audit committee before proposed to committee's meeting for further approval.

6. Industrial Risk

Seamless copper tube that customers use as main material in making air-conditioners, presently there are new raw materials for testing in use instead of copper tube, in making of air-conditioner, that is aluminum. Even though cost of raw materials for production, aluminum is cheaper than copper, and air-conditioner makers still use copper tube products. For effect to be occurred in the future, if manufacturers of aluminum pipe develop quality of production to be used will and there is no problem in welding, when customers use the aluminum pipe, it will affect customers as more customers will use aluminum pipe, but the quality of aluminum pipe dose not tolerate like copper tube.

7. The Risk from Customer Relocating their Production Base to Other Countries

The major customer of the Company is a manufacturer and a distributor of an air conditioning and refrigeration, the majority of production base located in Thailand. If the customer moved production base to other country, which production costs is cheaper Thailand in the future, such as Vietnam. It might affect the operating result of the Company but it is not much. However, the Company agrees that Thailand still has the main factor basis decent to continue the production, and be also a potential country on the production with modern technologies, develops production continuously. Moreover, those customers are partners who deal business with the Company for a long time; customers have confidence in the Company's products till today. However, the Company continues to seek new markets and customers both domestic and abroad additionally.

8. The risk of relying on personnel

The Company's business requires the knowledgeable, skilled and experienced personnel in order to obtain products with standard and high accuracy to meet the various customers' requirement, the Company has a policy to promote human resource development by providing a training employee course. In addition, the Company also provides the switching functions of employee to work in another

department. These are the encouraging and developing employee to have more skill and learn working and using of machine in various types of each process, including the employee can work replacing it. This reduces the risk of the Company on personnel reliance.

9. Financial Risk Management

Financial risk management policies

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 derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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.

Therefore, interest rate risk, Foreign currency risk, Credit risk and Liquidity risk all mentioned risk detail shown on Company's Notes to the financial statements.

Connected Transactions

The Company has considered the related items to be justified and necessary for the business operations, with the request for approval to make the related items according to the necessary with justification by adhering the same practice with making the items with the third party.

Thus, in the case there is a related item of the Company the audit committee shall provide the opinion on the necessity to do such the item, including the consideration on the various conditions to comply with the characteristics on the normal business in the industry. However, in the case there is a related item with essence, the Company shall arrange to pass the consideration of Audit Committee before submit to the Board of Directors approving it.

Related Items in 2017

Related person	Relations	Characteristics of the Item	Value of the Item in 2016 (Thousand baht)	Value of the Item in 2017 (Thousand baht)	Comment by the Audit Committee
1. Furukawa Electric Co., Ltd. (Japan)	It is the parent Company in Japan and is the major shareholder of the Company. At present it holds 20,280,280 shares holds 20,280,280 shares, or 42.25% of the paid-up registered capital.	It has signed the contract to receive technical help by paying the fees to Furukawa Electric and sign the contract to prevent the risk from fluctuations of copper product sales to the customers in Thailand (see details in important contract with the relevant business Re: Contract for technical and risk prevention contract).	<ul style="list-style-type: none"> - Total goods purchase of 331 thousand baht. - Fee on technical service at 17,953 thousand baht. - No Service fees and others. - Creditor balance of 8,387 thousand baht. 	<ul style="list-style-type: none"> - No transaction in 2017. - Fee on technical service at 18,364 thousand baht. - Service fees and others at 330 thousand baht. - Creditor balance of 11,706 thousand baht. 	The Audit Committee asked the management to present the consideration on renewing the contract for technical assistance. The Company proposed to the Board of Directors to consider appropriateness of contractual conditions every year. However, the technical assistance in 2017 has been approved by the Board Meeting on 20 November 2016.
		The Company sold copper tube to Furukawa Electric as well.	<ul style="list-style-type: none"> - No goods selling. - Debtor balance of 6,423 thousand baht. - Loss from copper risk of 35,337 thousand baht. 	<ul style="list-style-type: none"> - No Transaction in 2017 - Gain from copper risk of 18,172 thousand baht. 	
2. Furukawa Sangyo Kaisha (Thailand) Co., Ltd.	It is a trade partner in the group of Furukawa Electric Co.,Ltd with Furukawa Sangyo (Kaisha) holding 57% and Furukawa (Thailand) Holding 43%.	Supply of copper sheets, tools and consumables to the Company.	<ul style="list-style-type: none"> - No goods purchasing. - No Creditor balance. 	<ul style="list-style-type: none"> - No goods purchasing. - No creditor balance. 	The Audit Committee did not give any additional comment.
		The Company sold cooper tube to Furukawa Sangyo (Kaisha) (Thailand) Co., Ltd.	<ul style="list-style-type: none"> - Total goods sales of 146,274 thousand baht. - With the total debtor balance of 46,654 thousand baht. 	<ul style="list-style-type: none"> - Total goods sales of 157,622 thousand baht. - With total debtor balance of 27,632 thousand baht. 	

Related person	Relations	Characteristics of the Item	Value of the Item in 2016 (Thousand baht)	Value of the Item in 2017 (Thousand baht)	Comment by the Audit Committee
3. Furukawa Electric Singapore Pte., Ltd. (Singapore)	It is a trade partner in the group of Furukawa Electric Co.,Ltd with the same major shareholder is Furukawa Electric Co., Ltd. Holding 100% share.	The Company signed a contract to purchase copper from Furukawa Electric Singapore See details in the important contract with the related business Re : long-Term Contract for the Purchase of Copper Cathodes).	- The total goods purchased 1,561,078 thousand baht with the remaining of creditor of 357,787 thousand baht.	- Total goods purchase of 1,927,947 thousand baht with the total creditor of 344,341 thousand baht.	The Audit Committee did not give any additional comment.
		The Company sold copper tubes to Furukawa Electric Singapore Pte, Ltd.	- Total goods sales of 125,758 thousand baht with the remaining debtor of 27,860 thousand baht.	- Total goods sales of 212,623 thousand baht with the remaining debtor of 27,504 thousand baht.	
4. Furukawa (Thailand) Co., Ltd.	It is a trade partner in the group of Furukawa Electric with ; 1. Furukawa Electric is the same major shareholder holding 41.36%. 2. Furukawa Thai Holding of 43.93 % share. 3. Thai Furukawa Unicorn Engineering in Thailand holding 7.78%. 4. Furukawa Electric Singapore holding of 7.47% share.	Furukawa (Thailand) provides this project maintenance service on the management of the production with the company system with the Company (See details in the related business Re : System Development Service Support and Basic Trading Agreement).	- Total goods purchase (Cost of production maintenance service 211 thousand baht). - With remaining creditor balance of 55 thousand baht.	- Total goods purchase (Cost of production maintenance service) 608 thousand baht. - With remaining creditor balance of 65 thousand baht.	The Audit Committee did not give any additional comment.
5. P.T. Furukawa Electric Indonesia (Indonesia)	It is a trade partner in the group of Furukawa Electric Co.Ltd. with the major shareholder is Furukawa Electric holding share of 100%.	The Company sold copper tube to Furukawa Electric Indonesia.	- Total goods sales of 102,454 thousand baht with the remaining debtor of 21,197 thousand baht.	- Total goods sales of 72,797 thousand baht with the remaining debtor of 20,256 thousand baht.	The Audit Committee did not give any additional comment.
				- Total goods purchase (Others) 19 thousand baht. - No creditor balance.	
6. FITEC Corporation (Japan)	It is a Company in the group of Furukawa Electric Co. Ltd. in Japan with the same major shareholder is Furukawa Electric holding share of 100%.	FITEC Corp. provided the maintenance service of the production management with the contract was terminated on 31 March 2013 (see the details in the important contract with the business related on maintenance consulting agreement of total production management system)	- No transaction in 2016.	- No transaction in 2017.	The Audit Committee did not give any additional comment.

Related person	Relations	Characteristics of the Item	Value of the Item in 2016 (Thousand baht)	Value of the Item in 2017 (Thousand baht)	Comment by the Audit Committee
7. Furukawa Thai Holding Co., Ltd.	It is a Company in the group of Furukawa Electric Co., Ltd with the same major shareholder is Furukawa Electric holding share 48.73% and hold 339,990 shares, or 0.71% of the paid-up registered capital.	The Company signed the contract on the management of finance with Furukawa Thai Holding Ltd. To provide better financial management (see the details in the important contract with the related business Re : Cash management agreement).	- Short term loan 11,518 thousand baht with the remaining creditor balance of 6 thousand baht.	- Short term loan 725,089 thousand baht with the remaining creditor balance of 732 thousand baht.	If there is a related item, the Audit Committee would like the management to present the financial management contract with Furukawa Thai Holding approved to review the suitability first. How ever the management shall report the status on the financial management to the Audit Committee and report to the Board of Directors for acknowledge on each Meeting.
8. Tani International Trading Co., Ltd.	It is a shareholder of the company and director of the Company with the power and repositibility in planning, command and control of various activities of the business, regardless of directly or indirectly.	The Company sold copper tube to Tani International Trading Co.,Ltd.	- Total good sales of 708,170 thousand baht with the total debtor of 179,524 thousand baht. - Total good purchase (Cost of production maintenance service) 30 thousand baht. - No creditor balance.	- Total good sales of 784,404 thousand baht with the remaining debtor balance of 210,590 thousand baht. - Total good purchase (Cost of production maintenance service) 111 thousand baht with the remaining creditor balance of 2 thousand baht	The Audit Committee did not give any additional comment.
9. Furukawa Logistic Coportation Co., Ltd.	It is a Company in the group of Furukawa Electric Co., Ltd. With the same major shareholder is Furukawa Electric Co., Ltd. Holding share 100%.	Supply and distribution of consumable to the Company.	- Total good purchase of 351 thousand baht with the remaining creditor balance of 162 thousand baht.	- Total goods purchase of 1,051 thousand baht with the remaining creditor balance of 56 thousand baht.	The Audit Committee did not give any additional comment.
10. Okumura Metal (Malaysia) Co., Ltd.	It is a trade partner in the group of Okumura Metal and the same major shareholder is Furukawa Electric Co., Ltd holding share 100%.	The Company sold copper tube to Okumura Metal (Malaysia) Co., Ltd.	- Total goods sales of 502,967 thousand baht with the remaining debtor balance of 92,895 thousand baht. - Total goods (service) purchase of 89 thousand baht without creditor balance.	- Total goods sales of 490,802 thousand baht with the remaining debtor balance of 110,514 thousand baht.	The Audit Committee did not give any additional comment.
11. Okumura Metal (Thailand) Co., Ltd.	It is a trade partner the group of Okumura Metal and the same major shareholder is Furukawa Electric Co., Ltd. Holding share 100%.	The Company sold copper tube to Okumura Metal (Thailand) Co., Ltd.	- Total goods sales of 240,947 thousand baht with the remaining debtor balance of 75,538 thousand baht.	- Total goods sales of 248,836 thousand baht with the remaining debtor balance of 99,566 thousand baht.	The Audit Committee did not give any additional comment.

Related person	Relations	Characteristics of the Item	Value of the Item in 2016 (Thousand baht)	Value of the Item in 2017 (Thousand baht)	Comment by the Audit Committee
12. Furukawa Precision (Thailand) Co., Ltd.	It is a Company in the group of Furukawa Electric Co., Ltd. with the major share holder is Furukawa Electric Co., Ltd. Holding Share 100% .	Supply and provide transporation service to the Company.	- Total goods purchase of 144 thousand baht with the remaining creditor balance of 13 thousand baht.	- Total goods purchase of 270 thousand baht with the remaining creditor balance of 24 thousand baht.	The Audit Committee did not give any additional comment.
13. Bangkok Insurance Public Co., Ltd.	It is a shareholder of the Company.	Supply and provide insurance service to the Company.	- Total goods purchase (insurance) of 4,478 thousand baht.	- Total goods purchase (insurance) of 4,166 thousand baht.	The Audit Committee did not give any additional comment.

Good Corporate Governance

Policy of Compliance with Principle and Code of Best Practices for Directors in consistency with Code of Best Practices for Directors of Listed Company in accordance with the Guideline of Stock Exchange of Thailand. However, the determination of legal provisions can be adhered as actual regulation. Moreover, the Company has applied the principle of Good Corporate Governance as the guideline of policy development covering the right and equality of the shareholders and stakeholders. The structure, role, duty, responsibility, and independence of the Board, information disclosure and transparency of control and risk management as well as business ethics are for the Company's effective and transparent management and business operation.

The Company realizes and focuses on importance of effective, transparent and auditable management that will bring confidence to all relevant parties and lead the company to sustainably grow under code of conduct and compliance with law. Therefore, the Company defines a policy of good corporate governance with concrete practice to promote everybody in the organization to strictly abide by. Nevertheless, the policy of good corporate of the Company has following details.

1. Rights of Shareholders

The Company realizes importance of shareholder's rights as they are investors in securities such as rights of purchase, sale, transfer of securities they are holding, rights of receiving profit share from the Company, right of receiving sufficient data of the company, right of attending shareholder's meeting, rights of giving opinions, rights of making a decision on subject matters of the company, appointment or removal of committee, appointment of auditor and amendment of memorandum of association and regulations of the Company etc.

The Company has a policy in operating works to promote and facilitate exercising shareholder's rights as follows :

- 1.1 The Company supports the company's committee, executives and relevant institutes along with auditor to attend Shareholder's Meeting.

- 1.2 The Company will deliver a letter of meeting appointment to shareholders along with supporting details in different agenda in advance and it will publish the letter of invitation to annual shareholder's meeting in newspaper for 3 consecutive days and in each agenda, there will be opinions of the Company's committee to support consideration so that the shareholders will have time to study details. The company will not add agenda without making prior notice to shareholders.
- 1.3 In Annual General Meeting, the Company will give a chance to shareholders equally to give opinions, suggestions or ask a question in each agenda freely before voting in each agenda. Nevertheless, in shareholder's meeting, the company's committee and relevant executive will attend it to answer questions in the meeting and there will be recording questions and opinions in the minutes at any times so that the shareholders can verify them.
- 1.4 The Company gives a chance to shareholders that cannot attend the meeting by themselves to exercise rights of voting by authorizing others or independent committee to attend the meeting and vote for them.
- 1.5 The Company attaches a power of attorney form B which the shareholder can select to vote by himself/herself in each agenda together with letter of invitation to meeting in both Thai and English versions.
- 1.6 In Shareholders' Meeting, the Chairman will clarify the rules for the Meeting including voting procedures and allocate time sufficiently for the Meeting.
- 1.7 In Annual General Meeting year 2017, for agenda of electing the Committee that leaves by rotation, the Company gave an opportunity to shareholders to vote and elect a committee individually so that they have real rights of selecting a committee.

- 1.8 After the Meeting, the Company will provide minutes that are auditable by shareholders.

2. Equitable Treatment of Shareholders

The Company has a policy of equitable treatment of shareholders including major or minor shareholders, institution or foreigners in order to bring equality with following details.

- 2.1 A shareholder has a voting right in one share per one vote, and the company has only Ordinary Share.
- 2.2 In each meeting the company will give a chance to all shareholders equally and before the meeting starts, the president will explain about how to exercise right of voting, how to count votes of shareholders that shall resolve in each agenda. All participants are also given a chance to give opinions and make inquiry and the Company will not add agenda in the meeting without making prior notice to shareholders.
- 2.3 Giving information to the committee and executives to perceive duties that shall be reported assess possession of the company and penalty according to Securities and Exchange Act B.E. 2535 and regulations of Stock Exchange of Thailand. In case the committee or executives traded securities, they need to report securities holding in the company of their own, their spouses and children that have not attained mature age according to section 59 of Securities and Exchange Act B.E. 2535 within 3 business days to Office of Security and Exchange Commission.
- 2.4 The Company supervised usage of company' internal data strictly to prevent taking advantages from such data for themselves or other people in illegitimate ways to bring fairness to all stakeholders. It also defined that the committee, executives and employees shall not trade securities of the Company by using internal data that may cause damage to the Company

directly or indirectly and importantly, committee, executives and employees shall not use internal data before published.

- 2.5 In considering transactions between the company and stakeholders or relevant parties, it must be reported to the company immediately and they shall not join decision or voting in that matter.
- 2.6 In 2017, neither directors nor management used insider trading. The Company is not any violating.

3. Role of Stakeholders

▼ Shareholder

In addition to the fundamental right, the right specified by the laws and Company's Regulations include the right to attend the Shareholder's Meeting and vote, the right to express their option freely and others. The Company is committed to dealing business with the knowledge and good management with the honesty and fairness to major and minor shareholders for the best interest of shareholders as a whole. This includes disclosure of information on a regular basis with completeness and accuracy.

▼ Employee

The Company promoted and developed employees to have knowledge about working together with having morality and ethics. In 2017, the company had developed learning organization such as establish Quality School, Safety School, so that employees could increase skills in working that they will have proficiency to work with all machines and can perform operations on their own and know how to solve unexpected problems as well. From year 2015 until now, the Company improved work environment continually to create good atmosphere with safety all day long. At any times the employees work in the Company, the executives seriously emphasized on campaign about 5S Activities, KYT Activity (Kiken Yoshi Training) continue monthly basis.

▼ Clients

The Company is committed to produce products and service with good quality to meet customers' satisfaction, developing to keep sustainable relationship. It is committed to very strictly and consistently maintain confidentiality of customers in pursuit that will continuously benefit the customers and strictly in compliance with conditions prescribed to its clients.

▼ Trade Partner and Creditor

The Company holds principles of administration by not taking advantages and having integrity in business operation. It includes maintaining common benefit with trade partners and creditors by complying with mutual laws and conditions strictly, treating creditors fairly and reimbursing debts in time in accordance with agreements.

▼ Government Sector

The Company gives precedence to doing transactions with transparency and honesty to officers or government sectors and opposing any kinds of bribery to government officials to facilitate or to obtain business profit of the Company.

▼ Community, Society and Environment

The Company operates the business with community and environmental responsibility and always recognizes that natural resource and environment conservation is important that needs to be seriously practiced by all employees. Thus, in every procedure of operation, the Company needs to be sure that products and services of the company are correctly operated in accordance with rules, regulations or measures. It also promotes employees to have consciousness and responsibility for the community, society and environment. In addition, the Company will focus on nature and social environment. To seek opportunities support creative social activities.

Conflict of interest

In operating business activities of the Company, there should be avoiding any actions that cause conflict of interest. The audit committee will present company's committee transactions and reports with conflict of interest that has been thoroughly considered and will comply with regulations of Stock Exchange of Thailand.

The Company will operate the business according to the law and other rules and regulations in order to maintain the benefits of the shareholders.

4. Shareholders' Meeting

In 2017, there were 13 directors attending the Annual General Shareholder's Meeting, which included the audit committee members. (The Company's Board of Directors consists of 13 members). The Chairman of the Meeting has provided equal, opportunity and treatment to all Shareholders' to inquire about the Company operation, and encourage shareholders to express their opinions and raise any questions at the Meeting.

5. Leadership and Vision

The Board of Directors comprised of members with knowledge, skill and understanding of the roles and responsibilities as well. They have the duty for supervision, monitoring and review the Company's operation and responsible for the Company's business to comply with law, regulation and shareholder's resolution with honesty and the Board of Directors participates in determining the vision, task, strategy, business plan and target and budget of the company and supervising the management performance to ensure that the business plan and budget have been carried out efficiently and effectively for the maximum economic value of the business and the maximum stability for the shareholders.

To make duty division about Company's policy making and administration clearly separated, the Company defines that the committee chairman and managing director are not the same person.

The Chairman has following power and duty

1. Calling for committee's meeting and being the president in the committee's meeting and shareholder's meeting as well as having roles in determining agenda together with the managing director.
2. Playing roles in controlling the meeting to be effective in accordance with company's regulations, supporting and giving chances to company's committee to freely give opinions.
3. Taking care of communication between committee and shareholders to be effective.
4. Supporting and promoting company's committee to perform duties with full potentials according to scope of duty and responsibility and principles of good corporate governance.
5. Supervising and monitoring administration of company's committee and other committees to achieve specified objectives.
6. Giving final vote in case the committee' meeting had voting with equal result.

Authorization of the Board of Directors

1. The Board of Directors is authorized to perform duties in accordance with objects and Articles of Association of the Company as well as the resolution of the meeting of shareholders.
2. The Board of Directors shall elect one director to be the Chairman.
3. The Board of Directors shall appoint any director to be Managing Director and empower such Managing Director as may be reasonable.
4. The Board of Directors is empowered to consider, determine and the name(s) of authorized directors to sign on behalf of the Company.

Responsibility of the Board of Directors

The Board of Directors has duties to define policy, vision, strategy of business operation, goal and budget of the Company as well as supervise the management to control and manage works in accordance with the specified policy effectively under objectives of the Company's regulation and resolution of shareholder's meeting with responsibility, integrity, carefulness and principles of good practice. The Company also controls and monitors administration of the management to be transparent and consistent with code of conduct of executives and employees and supervises communication and data disclosure to be properly conducted.

The Board of Directors performs works according to law on securities and exchange, regulations of Office of Securities and Exchange Commission, requirements of Stock Exchange of Thailand, practices for committee of registered company of Stock Exchange of Thailand along with Capital Market Supervisory Board and laws related to business operation of the Company.

Duties of the Board of Directors

1. To perform duties in accordance with objects and Articles of Association of the Company.
2. The Board of Directors shall elect a qualified person without legally forbidden nature to be director.
3. The Board of Directors shall hold a meeting of shareholders in the form of the annual ordinary general meeting within 4 months from the last day of the Company's accounting period. Any meeting of shareholders other than the meeting above shall be called the extraordinary meeting which may be summoned by the Board of Directors any time as may be reasonable.
4. The Board of Directors shall hold a meeting at least once every 3 month.

5. The Board of Directors shall produce a balance sheet and profit and loss accounts on the last day of the Company's accounting period and submit such documentation to the meeting of shareholders at the annual ordinary general meeting. To consider approval of the said balance sheet and profit and loss account, the Board of Directors shall have an auditor verify such documentation completely before submitting it to the meeting shareholders.

Authorization of the Executive Committee

1. Having duties to carry out the management of Company business in compliance with the Company business objectives provided that in accordance with policy prescribed by the Company Board of Directors.
2. Having the power to approve and/or assent on any Company normal business operations and general business management.
3. Considering and screening the Company annual policy, target work plan budget and any other recommendations to be proposed to the Company Board of Directors for approval.
4. Considering the guidelines, policy and target on the investment prior to submission to the Company Board of Director for approval in order to establish work frame for management factions to function accordingly.
5. Performing any other tasks as assigned by the Company Board or Directors.

Duties of Company's Secretary

1. Providing and storing following documents, committee register, letter of appointment for committee meeting, minutes of committee's meeting and annual report along with letter of appointment for shareholder's meeting and minutes of shareholder's meeting.
2. Retaining interest report by the committee or executives
3. Arranging shareholder's meeting and committee's meeting to be in accordance with laws, regulations of the company and practices.

4. Recording the shareholder's meeting and committee's meeting along with monitoring compliance with resolution of shareholder's meeting and committee's meeting.
5. Supervising the disclosure of data and information in responsible part with the institute that monitors the company according to regulations and requirements of government sectors.
6. Monitoring the company and committee to comply with laws and regulations of Office of Securities and exchange Commission and Stock Exchange of Thailand.
7. Taking care of activities of the company's committee as assigned.

Approval of Business Transaction

For business transaction, there shall be necessity and reasonability of transaction doing to produce maximum benefit of the Company. The future business transaction doing depends on cause and effect and necessity to pay and receive remuneration to be line with fair price of market price upon requirement of consent from the Audit Committee. In the event that the said transaction occurs, the Audit Committee will consider the necessity and reasonability of the transactions and inform their opinions to the Board of Directors' Meeting.

Policy of Future Business Transaction

According to inter-transactions that may occur in the future, the Board of Directors shall not approve any transactions of which they themselves or the persons may have conflict of interest in any other natures with the Company. The said transactions shall be disclosed to the Audit Committee for consideration and opinion expression that the said transaction is the transaction which is in line with the nature of the general business and takes place in fair price, and proposed to the Board of Directors for consideration.

Supervision on inside information

The Company has the policy in supervising and controlling not to allow the executive to use the Company's internal information for their personal benefits including for the advantage of their security purchasing also the management are required to report on change in shareholding of securities to The Securities Exchange Committee under Article 59 of the Securities and The Stock Exchange of Thailand Act, A.D. 1992. The management or any agencies informed of the insider information are required not to disclose the inside information to the third parties or the person whose duties are not related.

6. Business Ethics

The Company has provided the Conducts of the Board of Directors, the management and the employees so the related party has a guideline to perform his duties for the company with integrity, honesty and equity and His manner toward the company and all related persons, the public and the society. The related party has acknowledged and agreed to comply with such ethic conducts. The company has consistently communicated with the employees and monitored the work in accordance with such guideline from time to time. Moreover, the disciplinary action has been established.

7. Balance of Power for Non-Executive Directors

The Board of Directors 13 Persons comprises of :

- Executive Directors 4 persons
- Non-Executive Directors 5 persons
- Independent Directors
(who also serve as the Audit 4 persons (Equals 1/3
Committee Member of total directors).
3 persons).

The Company independent directors' consist of one third of the overall directors, and due to the Company structure, the Company Chairman is not an executive and is not the same person with Managing Director, therefore, it is confident that said directors could fully perform their duties in the capacity of the representatives of the shareholders with proper balancing.

In this respect, all the independent directors are able to independently perform their duties, express their views or give their report as they should be and as assigned by the Company Board of Directors.

8. Aggregation or Segregation of Positions

The Chairman is a representative of the major shareholders and the Chairman is not the same person as the Managing Director, but both persons are representatives from two groups of major shareholders. The Managing Directors has the authority and responsibility to manage the Company as directed and supervised by the Board of Directors. However, the structure of the Board of directors comprises of one third (1/3) independent directors to provide a balance of power and proper supervision on the management performance.

9. Remuneration for Directors and the Management

Directors' Remuneration The Company has set a clear and transparent policy on the level of directors, remuneration that is comparable within the industry and adequate to attract and retain the high caliber directors. The level of remuneration was approved by the resolution at the Shareholders' Meeting. Directors who are appointed to be a member of the Audit Committee would receive higher remuneration to correspond with the amount of additional works.

Management's Remuneration The management's remuneration are set in line with the policy of the Board of Directors in relation with the company's operating results and each individual management performance.

The amounts of each type of remuneration for such as meeting attendance, Bonus, and others Directors and Management in 2017 are as follows :

Monetary Remuneration

Directors

	Year 2017		Year 2016	
	No. of Person (Persons)	Amount (Baht)	No. of Person (Persons)	Amount (Baht)
Attendance Payment	10	3,250,645.00	12	3,367,500.00
Bonus	-	-	-	-
Others	-	-	-	-
Total	10	3,250,645.00	12	3,367,500.00

Board of Directors

Year 2017 Furukawa Metal (Thailand) Public Company Limited Board of Directors has 13 members, which includes 4 non-executive independent directors. The directors are elected by the shareholders at the shareholders' meeting. At every Annual Shareholders' General Meeting, one-third (1/3) of the directors must retire from the board. In election, each shareholder shall have one vote for each share, and exercise all the votes in appointing one or more person to be a director. The remuneration for directors shall be at an appropriate level and approved by the shareholders. The Board of Directors shall elect a suitable director to be the Chairman, Managing Director and any other positions as necessary.

The Board of Directors is responsible for establishing the Company's policies, plans and business strategies, including overseeing the operations of the Company. The Managing Director is responsible to the Board of

Directors in managing the business and operations of the Company in line with the Board's policies. The Board of Directors shall perform their duties and carry on the business of the Company in accordance with the laws, the Company's objectives and Articles of Association as well as the resolutions of the shareholder's meeting, and shall also be authorized to carry on any activities as prescribed in the Memorandum or those related thereto. The Board of Directors may assign to one or more persons as to carry on any activities of the Company on behalf of the Board of Directors.

The authorized signatories of the Company shall be two directors signing their names together with the Company's seal be affixed. The meetings of shareholders or the Board of Directors shall be entitled to determine the authorized signatories of the Company.

Executive Directors and Management

	Year 2017		Year 2016	
	No. of Person (Persons)	Amount (Baht)	No. of Person (Persons)	Amount (Baht)
Salary	8	22,827,060.00	8	22,498,512.00
Bonus	7	5,966,730.00	7	5,209,085.00
Others	-	-	-	-
Total	-	28,793,790.00	-	27,707,597.00

10. Board of Director's Meeting

Board Meetings are normally held every quarter to review the Company's business and may hold special meetings when necessary. These Meeting should have specific agendas and the Company's secretary sends relevant documents to the directors in advance at least 7 days prior

to the Meeting, so as to allow sufficient time for them to review data and information. All directors are free to express their opinions in the Meeting. Year 2017, there were 5 Board of Directors Meetings that included the following participants:

Directors Monetary Compensation Year 2017

No.	Name	Position	Meeting Fee (Baht/Year)
1.	Mr. Chai Sophonpanich (Ended 16 June 2017)	Chairman	240,000.00
2.	Mrs. Chanida Asdathorn (Start 10 August 2017)	Chairman	370,645.00
3.	Mr. Tinnakorn Asdathorn	Director	300,000.00
4.	Mr. Hiroshi Kawaguchi	Director	300,000.00
5.	Mr. Takeshi Nishizawa	Director	300,000.00
6.	Mr. Nobutaka Taniguchi	Director	300,000.00
7.	Mr. Takashi Yamamoto	Director	-
8.	Mr. Makoto Kasuga	Director	-
9.	Mr. Shuichi Asano	Director	-
10.	Mr. Vibul Aunsununta	Chairman of Audit Committee & Independent Director	420,000.00
11.	Mr. Seiji Tojo	Audit Committee Member & Independent Director	360,000.00
12.	Mr. Virojn Srethapramotaya	Audit Committee Member & Independent Director	360,000.00
13.	Mr. Deja Tulananda	Independent Director	300,000.00
14.	Mr. Nopporn Moonsarn (Start 10 August 2017)	Director	-
Total			3,250,645.00

Meeting Attendance/All Meeting Attendance in Year 2017 (Times)

No.	Director's Name	Term Appointed to Office	Board of Director Meeting (Times)	Audit Committee Meeting (Times)	Total (Times)
1.	Mr. Chai Sophonpanich (Ended 16 June 2017)	April 2016 – April 2019	2/2		2/2
2.	Mr. Nopporn Moonsam (Start 10 August 2017)	April 2016 – April 2019	2/2		2/2
3.	Mr. Deja Tulananda	April 2016 – April 2019	3/5		3/5
4.	Mr. Tinnakorn Asdathorn	April 2016 – April 2019	5/5		5/5
5.	Mr. Hiroshi Kawaguchi	April 2016 – April 2019	4/5		4/5
6.	Mr. Virojn Srethapramotaya	April 2017 – April 2020	5/5	4/4	9/9
7.	Mr. Vibul Aunsunnta	April 2017 – April 2020	5/5	4/4	9/9
8.	Mr. Takeshi Nishizawa	April 2017 – April 2020	4/5		4/5
9.	Mr. Seiji Tojo	April 2017 – April 2020	4/5	4/4	8/9
10.	Mr. Nobutaka Taniguchi	April 2017 – April 2020	4/5		4/5
11.	Mrs. Chanida Asdathorn	April 2015 – April 2018	5/5		5/5
12.	Mr. Takashi Yamamoto	April 2015 – April 2018	5/5	4/4	9/9
13.	Mr. Shuichi Asano	April 2015 – April 2018	5/5	1/1	6/6
14.	Mr. Makoto Kasuga	April 2015 – April 2018	5/5	4/4	9/9

The above summary occurs from recorded minutes of the meeting in writing. The minutes of the meeting are acknowledged by the Board of Directors and involved parties for review.

11. Committee

The Board of Directors has appointed a committee to monitor and supervise the Company's operations.

11.1 Audit Committee The Audit Committee comprises of 3 non-executive independent directors appointed on 30 December 1999 for a two-year term. Member of the Audit Committee are :

1. Mr. Vibul Aunsunnta (Chairman of the Audit Committee, Independent Director)
 2. Mr. Virojn Srethapramotaya (Audit Committee Member, Independent Director)
 3. Mr. Seiji Tojo (Audit Committee Member, Independent Director)
- Mrs. Siriporn Lueangrachee (Secretary to the Audit Committee)

Year 2017, the Audit Committee held 4 Meetings together with the management team to review the Company quarterly financial statements and the 2017 Financial Statements as well as related documents, which deem to be correct, sufficient, creditable and in accordance with general accounting standards. The Committee reported all the Committee Meetings to the Board of Directors, the main points of which are summarized as follows :

1. Verifying quarterly Financial Statements and 2017 Annual Financial Statements for submission to the Board of Directors.
2. Reviewing internal control system and internal audit reports according to the annual audit plan of the Company.
3. Reviewing to ensure that the Company complies with the Securities and Exchange Act, regulations, notifications and all relevant laws.
4. Considered and nominated the appointment of the Company's External Auditors.
5. Participated in the 2017 General Meeting of Shareholders.
6. Ensured that relevant laws, rules and regulations of the Stock Exchange of Thailand are observed.

11.2 Remuneration Committee The Company has no Remuneration Committee, but there is an appropriate preliminary process of determining a suitable level of remuneration that is consistent with the remuneration in the same industry and the Company operating results before being submitted to the meeting of shareholders for final decision.

12. Internal Control

Internal Control

The Company's Board of Directors assigned audit committee to take care of monitoring the management to provide effective internal control system. Audit committee had duties to examine and verify any operation to be effective. In 2017, internal control of the Company consisted of

1. Organization's internal control

- 1.1 The Company's Board of Directors monitored the company to define target of business operation, work plan, policy and regulations in

writing that could be measured to be a guideline of practices in the way that the executives determines as annual policy and target which is regularly reviewed to be consistent with current situations. Each division/ department will be responsible for supervising and controlling performance.

- 1.2 The management provided management structure diagram including line of work, power of management, and duty and responsibility division.
- 1.3 The Company's Board of Directors realizes important and value of integrity, honesty and it provided code of conduct related to ethic of executives and employee at every level to attach and practice.
- 1.4 It defined anti-corruption policy in organization level to be perceived in every division by providing channels for sending clues of corruption to managing director or audit committee chairman to headquarter No. 183 Regent House Tower 14th floor, Ratchadamri Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330.
- 1.5 To perceive the opinions, clues or complaints about legal offence or misconduct of executives or employees of the company without disclosing the name of clue reporter.

However, according to Company's Regulations, it is specified as practices to prevent corruption in section 10: discipline and disciplinary punishment "Not accepting commission or bribe in exchange for works or purchase order of the company under one's duty and power". Furthermore, it also defines clear punishment kept with human resource department.

- 1.6 Creating and maintaining proficient employees:
The Company supports and promotes employees that have capability, diligence, and attention to grow in career path in higher level by their own knowledge and ability without discrimination in terms of wage, remuneration and welfare along with continual development of skill and knowledge, and succession planning connected with annual assessment system.

2. Risk Assessment

The management provided risk assessment to be consistent with objectives of business operation in terms of identification of risk event, analysis of internal and external risk factor, operational risk, marketing, labor and information technology. It also provided sufficient and efficient control system by internal control of the institute and the management will improve and review measures of internal control to be related to existing risks as well as find the ways to prevent that risk.

3. Action Control

The Company provides clear actions and procedures as follows :

- 3.1 Providing policy and action procedures in writing because the company realizes that in every activity of operations is important such as finance and procurement including
- Setting amount and power in approval of each level and each field.
 - Updating action procedures by providing flow chart for every work system so that every relevant employee perceives and correctly perform.
- 3.2 Defining to divide clear duties and responsibilities in approval.
- 3.3 Focusing on each division to have discussion and not to take any actions that cause conflict of interest of their own or others without permission.

- 3.4 Promoting employees to apply their knowledge and proficiency and to put their full effort and capacity in working for the company.

- 3.5 Specifying that the Company's secretary will gather information of interest of the committee and executives of the company.

- 3.6 Defining to have process in reporting, verifying and approving transactions or contracts obligating the Company and monitoring them to be in accordance with the agreement through duration of obligation.

- 3.7 Determining infrastructure and safety of data in information system, development and maintenance of information technology system to have highest security with supervision of information system policy, general control system of information system, control of system access by limiting rights for only authorized people and Disaster Recovery Plan so as to have appropriate and adequate control monitored by information technology division.

4. Information System and Data Communication

In information system and data communication the company specifies to have report presentation and effective communication system to ensure that executives and employees at every level understand the policy and regulations of the company in the same way to prevent possible issues. It provides operation manual, regulations and notices that are always updated along with thorough communication channels inside the organization by using internet system for inter-communication. It also develops information and data system that reflects truth with complete updated necessary details and it's secure under the policy of information system security.

5. Tracking System

The Company's Board of Directors will follow up performance of the management regularly on quarterly basis to assess effectiveness and efficiency of working to ensure that internal control of the Company can be properly implemented for work supervision.

13. Directors' Reporting

The Board of Directors is responsible for the Company's financial statements and the financial information presented in the annual report. Such financial statements are prepared in accordance with generally accepted accounting principles in Thailand. The accounting policies are appropriately selected and employed in a consistent manner with through judgment and proper evaluation in the preparation process while the disclosure on key information has been sufficiently made in the notes to financial statements.

The Board of Directors has ensured that the internal control system is effectively maintained for proper and correct accounting information with sufficiency to safeguard the properties and to indicate weakness for prevention of fraud or material misconduct.

In this connection, the Board of Directors has appointed an audit committee consisting of the independent directors who are not in the management position responsible for the quality of the financial reports and the internal control system. The opinion of the Audit Committee related to this issue has been presented in the report of the Audit Committee in the Annual Report.

In the opinion of the Board of Directors, the overall internal control system of the company was satisfactory and could provide reasonable assurance of the reliability on the financial statements of the company as of 31 December 2017.

14. Relations with Investors

The Board of Directors of the Company is aware that the information of the Company, whether related or not related to financial information, would affect the decision process of the investors and the stakeholders of the Company. The management has been asked to ensure that disclosure of information is complete, accurate, reliable, consistent and timely. The management of the Company has put its focus on this matter and complied with the requirement at all times. With regard to the relationship with investors, no specific unit has been formed to directly handle this matter because the number of activities in this area is not much. For corporate information can contact with Khun Siriporn Lueangrachanee; Tel. 036-329811-9 Ext. 201 or Khun Sittikorn Muenngern Ext. 311.

However, the investors can study the information of the Company additionally from the annual information (56-1 Form) of the Company shown in www.sec.or.th

External Auditors Fee

- ▮ Audit Fee in 2017, the Company's External Auditors fee in 2017 by KPMG Phoomchai Audit Limited = 1,275,000 Baht
- ▮ Non Audit Fee
 - None -

CORPORATE SOCIAL RESPONSIBILITY IN PROCESS

Over 29 years of our business operation of Furukawa Metal (Thailand) Public Co., Ltd. is one of the companies engaging in the copper pipe production and distribution business, the major components in the cooling production industry. The Company manufactures products in response of the consumer's requirement and is responsible for its customers with sincerity both before and after sale services and with the shareholders' equality, laying equal stress on social responsibility and requirement.

Overall Policy

Furukawa Metal (Thailand) Public Company Limited operates the business under principles of morality and good corporate governance along with taking care of society and environment with emphasis on developing the business to sustainably grow with transparency and corporate social responsibility. The Company realizes that responsibility for society, community and environment is not an extra activity of the Company but the main one. However, the Company holds principle of operation with business target together with corporate social responsibility (CSR). The company believes that the important thing that enables the Company to be successful needs to be connected with consumers and society. Therefore, the Company gives precedence to life quality, happiness, security and livelihood of employees, customers and all stakeholders as well as society and environment. In 2017, the Company promoted practices about "Corporate Social Responsibility" according to principles of Stock Exchange of Thailand that could be divided as 8 topics as follows.

1. Business Operations with Equity

Fair business operation is what's important that company follow because it leads to confidence with relevant people. Practices are based on fairness with morality and virtue and the company promotes employees to be honest in works and to respect with each other. However, the Company set guidelines of fair practices for every employee to comply and it is defined in code of conduct about fair operations. Previously, the company never had lawsuits about unfair business operation; nevertheless, fair competition of the Company is based on following principles of practices.

- 1.1 Not seeking for confidential data of opponents with dishonest or inappropriate methods such as paying bribes for employees of the opponents.
- 1.2 Not ruining fame of trade competitor by accusation
- 1.3 Not taking any actions that seem to be violating intellectual property or copyright of third party domestically and internationally and using products and services with copyright.
- 1.4 In business operation, the company shall comply with laws and principles about trade competitors and prevent monopolism.
- 1.5 The Company has work regulations for employees in the organization to realize and be careful about sending data, information and pictures about the Company from personal communication device through application network, social media to prevent impacts on themselves, the organization and the society.

2. Anti-Bribery/Anti-Corruption

Furukawa Metal (Thailand) Public Company Limited incorporates business with concentration on policy of anti-bribery and anti-corruption as well as supporting and encouraging the Company's all levels of personnel being conscious of taking and giving bribe, committing corruption in all of the Company's business activities as well as providing "Anti-Bribery/Anti-Corruption Policy by the Board of Directors No. 1/2015 dated on 6 March 2015. The policy is announced for acknowledgement and strictly complying with for the whole organization.

Definition

Bribery/Corruption means performing or prevention from performing duty or abusing power in all forms regardless of whether giving or taking bribe, presentation, promising to give, asking for, or demanding money, assets, things, or any unsuitable benefits as competent official of government agency, private agency, or any other persons who incorporate business with the Company so as to acquire any other benefits unsuitable with business or any other unlawful benefits both directly or indirectly. As well as any performances

which are contrary to the Company's business ethics, except cases practicable by laws, rules, announcements, regulations, local traditions or trading tradition.

Anti-Bribery/Anti-Corruption Policy

Company prohibits its directors, executives, employees and hirelings from demanding, carrying out, or accepting corruption, both directly and indirectly, to benefit business, organization, oneself, family, colleagues and acquainted persons. It is also applicable to Company's units. Regular enquiry of compliance with Company's anti-bribery/corruption policy should also be practiced. If the policy's defiance or any other performances which may support or collude resulting in bribery/corruption is found, culprit shall be liable to punishment in accordance with the Company's regulations.

Scope

This policy is applicable to Company's every Board of Directors, executive, employee, as well as hiring and sub-contractor in connection with Furukawa Metal (Thailand) Public Company Limited's business incorporation. Company anticipates that the Company's related business representatives or parties acting on behalf of the Company shall comply with this policy.

Guidelines of Operation in Accordance with Anti-bribery/Anti-Corruption Policy

Company's all levels of employees must strictly comply with anti-bribery/-corruption by preventing to involve themselves with bribery and corruption, abuse of power indicating their taking/giving bribery to stakeholders in works under their responsibility either directly or indirectly as well as contacting work with contractors/ related sub-contractors by performing as follows :

1. Do not take or give gifts, cash, cheque or things in the same manner as approached or coordinated related parties for both public and private agencies.
2. Do not take any assets, things, gifts, articles for giving or any other benefits which may cause

prevention of performing duty or persuasion for decision making or resulting in the receiver failure to perform the same trade practice as other trading partners.

3. Procurement must be performed through Company's procedure with transparency and accountability.
4. Business entertaining expenses and other expenses in connection with performance in accordance with business contracts can be done. However, the expenses must be reasonable and accountable.
5. Charity donation must be performed on behalf of the Company only. While receivers must be foundations, public charity organizations, temples, schools, hospitals, nursing homes or organizations contributing to society with certificates or creditability and accountability. The donation must be performed through Company's procedure regulations.
6. Financial sponsoring must be the Company's finance or assets so as to sponsor projects. Donor must be specified on behalf of the Company only. Objective of the paid sponsor must be for the Company's business and good image as well as reputation purposes. Financial reimbursement must specify clear objectives with verified evidences and carrying out in accordance with the Company's procedure.
7. Employees shall not be negligent or ignorant when they see acts or behavior which is within the scope of bribery and corruption or implying possible bribery and corruption relating to the Company both directly and indirectly. Employees must notify their superiors or responsible persons for acknowledgement. They must also be cooperative for inspection of facts. If there is question or inquiry, they should seek consultation with their superiors or persons assigned to be responsible for monitoring practice in accordance with this policy through channels specified by the Company.
8. Company shall be fair and protective to employees who refuse or notify bribery/corruption in connection with the Company.

9. Parties committing bribery/corruption shall be regarded as committing offense contrary to the Company's policy. They shall be liable for disciplinary action in accordance with the Company's regulations. Moreover, they may also be liable by laws if the performance is contrary to laws.
10. Company's Board of Directors and Executive Committee realize significance of dissemination to give knowledge, advice and try to understand personnel within the organization and related parties in connection with anti-bribery/-corruption so that the personnel and related parties abide by anti-bribery/-corruption as well as to be good precedent in terms of integrity, good morality and ethics.
11. This anti-bribery/-corruption policy covers personnel management procedures starting from recruitment or selection personnel, position promotion, training, and assessment of result of employees' performance. All levels of superiors are specified to communicate and try to understand employees to be effectively adopted in business activities under responsibility and supervision in accordance with the policy.
12. Company and employees shall not perform anything relating to the Company's internal politics. Company is organization adhering to principle of neutrality in politics. The Company shall support performance in accordance with laws and democracy. The Company has no guideline sponsoring any political parties, both directly and indirectly.

Grievances Against Bribery/Corruption

1. When witnessing bribery/corruption in connection with the organization either directly or indirectly, such as witnessing personnel within the organization offering/taking bribe with competent official within the government agency, private agency, trading partners, stores, contractors.
2. When witnessing acts contrary to Company's procedure or adversely affecting the Company's

internal control system to the extent that doubt exists that they may become channel of bribery/corruption.

3. When witnessing acts which result in the Company losing benefits or adversely affecting the Company's reputation.

<u>Head Office</u>	Furukawa Metal (Thailand) Public Company Limited 183 Regent House Building, 14 th Floor Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330
<u>or Saraburi Factory</u>	Furukawa Metal (Thailand) Public Company Limited 213 Moo 4, Mittraparb Road, T. Tub-Kwang, A. Kaeng Khoi, Saraburi Province 18260

Measure Protecting and Keeping Confidential for Whistle-Blower of Information of Bribery Corruption

So as to protect rights of parties filing grievances or whistle-blowers who act with honest intention, Company shall conceal names, address, or information of parties filing grievance or whistle-blowers. And their information shall be kept as confidential information by limiting only to responsible parties for inspecting the grievance who can be accessible towards the information.

Information receivers from their performing duty relating to information of grievances have duty to keep information, grievances and documents as evidences of parties filing grievances and information providers being confidential. The information is prohibited from being disclosed to other non-related parties, except otherwise being disclosed as being stipulated by laws only.

3. Respect for Human Rights

The Company has a policy in complying with laws, regulations and principles about basic universal human

rights by treating stakeholders, community and society in a way to respect human rights and not to violate basic rights. It prioritizes fairness and stability in work for employees and support and promote them to grow in their career path in higher level by their knowledge and capability without discrimination. It also gives a chance for people with disability to work with the company and take care of employees by providing welfares according to law as well as treat them fairly. Previously, the Company has never been complaint about violating human right and the company has following guideline of practices.

- 3.1 Supporting and respecting human right protection by monitoring the business not to get involved in human right violation such as not supporting forced labor and opposing child labor.
- 3.2 The Company will protect personal information of employees under its supervision.
- 3.3 Employees shall treat with each other with respect and honor.
- 3.4 The process of recruiting and considering performance shall be operated fairly and righteously.

4. Fair Treatment of Labor

The Company has adjusted wage and salary structure in consistency with competitive condition of labor market whereas higher labor cost than minimum wage rate as specified by the official has been paid to create working morale to its staffs. The remuneration and wage structure has been determined for fairness to all levels of staffs in as company with regular annual performance appraisal of staffs in all levels so that the appraisal result will be used for adjustment of annual wage and used as the data of corporate staff development planning for future career growth.

The Company gives precedence to every employee with realization that employees are valuable human resource that will lead the company to operate business successfully according to the specified target. Therefore, the Company has a policy to treat everyone equally and fairly such as monitoring work condition, taking care of safety and sanitation in workplace as well as promoting learning and developing work process and giving remuneration and

welfare apart from monetary return fairly. Practices of labor treatment are as follows :

- 4.1 Taking care of fair employment condition and providing proper return for employees as specified by labor law.
- 4.2 Defining policy and practices about return of employees and welfare apart from salary, bonus, provident fund. The company provides additional welfare for employees such as free lunch, subsidy in case of funeral of family member of the employee, scholarship for children of employees that study in kindergarten level- upper secondary level or vocational course, and supporting gifts on children's day for schools in the community.
- 4.3 Proving welfare for employees such as annual holiday, proper OT working, medical care, annual medical checkup, and personal accident insurance.
- 4.4 Appointing, transferring and awarding employees is based in knowledge, proficient and suitability along with punishment of employees that shall be considered according to company's regulations fairly.
- 4.5 Maintaining work environment to be safe to lives and property and the Company always recognizes that the employees shall perform works with safety all day long.
- 4.6 Determining security policy in the factory and workplace such as :
 - Providing annual fire evacuation and fire extinguishing rehearsal to get preparedness.
 - Checking availability of fire equipment according to the plan.
 - The company provides personal protection equipment for practitioners so that they can be confident and safe while working because safety is what the company prioritizes.
 - Making annual work plan to reduce safety impact such as setting a target to reduce serious accidents from work to be "0" and reducing injury from accident and sickness from work to meet the target, campaigning for employees to assess risks from work to find

concrete prevention measures and resolution, promoting employees to know about critical thinking by doing activities KYT = Kiken Yoshi Training) meaning that critical thinking for safety by analyzing or predicting about what dangers are from works and finding methods to control and prevent such dangers.

- 4.7 Promoting employees to work with happiness by improving work environment in every term.
- 4.8 Monitoring, checking and providing environmental measurement inside the factory and in production process to prevent impacts on employees' health, those in the factory and nearby community.
- 4.9 It had waste management system with legal license of the disposer.

as much as possible, abiding by environmental standard and relevant laws such as water quality standard, air quality standard. Previously, the Company complied with requirement of the government and promoted guidelines of environmental management and practices with standard of ISO 14001.

- 6.3 The Company defined energy and resource conservation policy so that every employee in the organization can mutually realize importance of energy conservation along with economic and worthwhile resource utilization as well as think about ways to reduce energy use or increase productivity to reduce energy cost.

In 2017, the result of checking environmental quality in the factory showed that it met the standard and the Company hired United Analyst & Engineering Consultant Co., Ltd to undertake environmental quality inspection as follows :

- Waste water quality: the result of wastewater quality check showed that it met standard specified by the laws.
- Noise, heat, air quality, water quality, contaminants along with ecosystem: the check result indicated that it met standard specified by laws.
- The Company trained employees about energy conservation and campaigned about worthy and necessary resource utilization as well as supported activities about economical resource use such as turning off lights at noon, not opening water without using, scheduling time to turn off air conditioners during breaks and after works, providing carpool vehicle, using paper on two sides, and reducing color printing if unnecessary. In addition, the Company appointed energy conservation committee to provide an annual energy conservation plan such as replacing fluorescence bulbs with energy-saving lights in the factory and road lighting.
- The Company always strictly complied with regulations of environmental management standard ISO 14001.

5. Responsibility for the Consumers

With Company's Policy Customer Satisfaction is Our Supreme Priority, the Company and employees are determined to bring satisfaction and confidence to customers, take care of and take responsibility for them by realizing that customers need to receive good and quality product and service according to the specified standard. It includes complying with conditions and agreement with the customers strictly and not disclosing information of customer to gain benefit for the Company or relevant people.

6. Conservation of the Environment

The Company realizes the importance of environmental maintenance that may affect employee, community and society by complying with laws to prevent and not to originate pollution especially global warming which currently affects life quality of humans and environment. It also supports activities to promote environmental and natural resource maintenance by practicing as follows

- 6.1 Utilizing resources effectively and having serious energy-saving measure.
- 6.2 The Company manages release of wastes from production process by focusing on reducing waste

7. Participation in the Community and Society Development

The Company has a policy to promote and support activities beneficial to society and community to develop life quality, create good economy and strengthen the community and society for common sustainable benefit. The Company practiced as follows :

- 7.1 Building consciousness about social and environmental responsibility for all employees at every level.
- 7.2 Supporting employment in community where the factory is located.
- 7.3 Defining to strictly comply with laws about environment and labor law.
- 7.4 Assessing impacts from operational activities that affected safety and environment on monthly basis and determining measures of prevention and resolution an appointing undertakers and following up the result.
- 7.5 Cooperating with educational institutions by accepting students to join internship program during school holiday or during study to give a chance to students to enhance experiences and practice skills about works or any vocations they are studying.

In 2017, The Company received the ISO 9001:2015 Certificate from RWTUV NORD

8. Innovation and Publication of Innovation from Social Responsibility Operations

The Company could operate business to grow continually and to respond needs of customers. With customer's expectation, the Company developed products and services with innovation and technology constantly. The company emphasized on innovation as the foundation of making a management plan that can make its business operation to be successful according to the target.

In 2017, the Company developed innovation about products and services as follows :

- 8.1 Analyzing work process in details to develop work procedures to be ultimately efficient.
- 8.2 Promoting employees to have critical thinking as it would facilitate working and create opportunity of job development.

Business Operation Affecting Corporate Social Responsibility

In 2017, the Company did not operate business with impacts on corporate social responsibility.



Social Activities in 2017

- July – August 2017 The Company has organized activities and donated items to elderly in neighboring communities.



- The Company has promotes the quality of life and wellbeing for staffs and neighbor by setting up a free flea market within canteen of the factory for supporting neighboring community to sell products of the community to our staffs.



- The Company has sponsored the education of employees' children by offering scholarships every year.



- The Company has continued to organize the campaign on safety of riding motorcycle with helmets continuously received "Certificate Drive Motorcycle with Wearing Helmet 100% maintain standard outstanding of organization (Phase 3/2015)" to be part of the Decade for Road Safety in Thailand from Saraburi Governor and Kaeng Khoi Police Station, Saraburi Province.



- The Company has sponsored the marigold planting activity to spread throughout the land during The Royal Cremation Ceremony of King Bhumibol Adulyadej.



- The Company has organized charity activities by giving food to monks as a royal charity for The King Bhumibol Adulyadej.



- The Company has donated money to Kaonlakao Project with Saraburi Hospital.

- The Company has donated money to the victims of the fire in Kaeng Khoi district.



- To support the future of the nation, the Company has donated toys and other to the neighboring school around the Company.



REPORT OF THE AUDIT COMMITTEE

To Shareholders of Furukawa Metal (Thailand) Public Company Limited

The Company's Audit Committee consists of the 3 independent directors in accordance with the qualification and rules stipulated by the Stock Exchange of Thailand are as following :

1. Mr. Vibul	Aunsnunta	Chairman of the Audit Committee
2. Mr. Virojn	Srethapramotaya	Audit Committee
3. Mr. Seiji	Tojo	Audit Committee

The Audit Committee has performed its duties within scope of work authorized by the Company's Board of Directors, Its primary responsibilities have been to conduct a review in order that the Company has a financial report that is correct and transparent, to review that the Company has good corporate governance in line with the corporate governance principles. In this regard, the Audit Committee conducted 4 Meetings in 2017, the content of which can be summarized as following :

- 1) The Accuracy of Financial Statement. The Audit Committee reviewed and provided independent opinions in respect of the quarterly and yearly financial statements prior to submission to the Company's Board of Directors for approval. A meeting with the Company's authorized financial auditor was set in order to propose clarification, observations, and recommendation. The Audit Committee had an opinion that the Company's financial statements are accurate, complete and reliable.
- 2) The Adequacy of Internal Control System. The Audit Committee evaluated the adequacy of the company's internal control system including the review of the internal audit report and had an opinion that Company's internal control system is adequate and appropriate.
- 3) Reviewing the connected transactions. The Audit Committee had review the connected transactions which must be in accordance with rules and regulations of SET and SEC on the disclosure and practice on the connected transactions which may have the conflict of interests. The Audit Committee opinion that all connected transactions were General Commercial Term Transactions. There was no conflict of interest. They were fair and reasonable. There is no unusual item and enough disclosure.
- 4) Internal control supervision. The Audit Committee approved 2017 annual internal audit plan, provided suggestions to the Internal Audit Office in order to achieve the plan, and evaluated the Internal Office for further development of internal control.

- 5) Corporate Governance. The Audit Committee had an opinion that the Company complies with the principles of good corporate governance adequately and appropriately. The Audit Committee intends to perform its duty under the good corporate governance conducts and be responsible to monitor that the Company's operations and activities follow the policy of the Board of Directors on the efficient transparent and legitimate manner, and to protect the interest of all shareholders with good care and fair treatment.
- 6) Reporting on the suspicion items. The Audit Committee has a duty to report any item or act which may effect to the Company's financial status and operation to the Board of Directors. No event or situation indicated such item or act occurred in the year 2017.
- 7) Considering the appointment of the Company's auditor for the fiscal year 2017. The Company's auditor was chosen by considering the independence knowledge, experience, outcome and reimbursement of auditor. The chosen auditor would be considered by the Board of Director's Meeting and approved by the General Meeting of the Shareholders. In this regard, the General Meeting of the Shareholders approved and appointed auditors from KPMG Phoomchai Audit Limited to be the auditor of the Company and its subsidiaries, namely, Mrs. Munchupa Singsuksawat (CPA No. 6112) or Miss Sirinuch Vimolsathit (CPA No. 8413), or Mr. Sumate Janagsamsee (CPA No 9362).

Year 2017, the Audit Committee had performed it duties per the Audit Committee's charter with independent and sufficient follow-up on all operations of the Company. The Audit Committee opines that the Company had disclosed correct and reliable financial reports which were complied with the accounting standard. There was enough disclosure. In respect to the connected transactions of transactions which may have the conflict of interests, the Company had strictly complied with the laws and regulations of SET and SEC. The Company had also complied with the laws, rules and regulations supervision within the organization.



(Mr. Vibul Aunsunnta)

Chairman of the Audit Committee

February 16, 2018

Management Discussion and Analysis

Overview of Operation Results in 2017

The operational performance in 2017 showed the total revenue from net sales of 6,183 million baht, increase of 576 million baht from the previous year, the earning from local sales was 3,949 million baht and earning from export was 2,234 million baht or equivalent to 64% and 36% respectively. The Company has a net profit of 139 million baht or equivalent to 2.89 baht per share, decrease by 36 million baht was due to LME price was going up including severe pricing competition even though 3% increase in sale volume whereas sale income of high margin product decreased as a result, gain from sales volume decreased.

Economy and Industry Status

In the year 2017, the air conditioner market in Thailand did not meet expectations. Part of the El Nino weather has changed in the second half which has heavy rain and cold, not favorable to sales of air conditioners in Thailand. Both problems are the baht exchange rate is strengthened quickly strong. Domestic sales of air conditioners fell from the expected. Especially in June – October 2017, however the problem has been resolved followed by the end of the year. It is expected that the air-conditioner market will continue to grow in the years 2018-2020. Domestic appliances market will be supported by the recovery of the economy and household purchasing power. After the debts of the first car project maturity, the real estate market has gradually recovered, resulting in higher demand for electrical appliances. And some consumers will need to replace the new appliances according to the Replacement cycle, and expect manufacturers and electrical appliances vendors will have a marketing strategy to stimulate consumer buying decisions after a sluggish market many years. The export of electrical appliances is expected to expand along the economic direction. Especially in the ASEAN region, this has increased demand from the new working generation. While neighboring countries such as Myanmar, Laos and Cambodia didn't have domestic electrical appliances production base, they need to rely on

imports. As a result, the domestic air conditioner production capacity will increase from 2017 since most air conditioners are based in Thailand. The Company continues to focus on aggressive marketing, to maintain sales value in an effective and supportive demand is expected to increase in year 2018. In the year 2017, the Company can maintain sales, part of the company, executives and employees are committed to produce product with best quality, full performance manufacturing and also reduces the cost of serious and continuous. The Company is always aware to produce products to meet the needs of customers, provides services to deliver products to customers on time and focus on excellent service. As well as maintaining a good relationship with customers throughout the present.

Net Sales

In 2017, the net sales were 6,183 million baht, a increase of 576 million baht, from the previous year. The local sales were 3,949 million baht, or 64% and the export sales were 2,234 million baht or 36% due to 3% increase in sales volume whereas LME price was high.

Other Income

In 2017, other income was 24.5 million baht from 18 million baht of gain on hedging cost of material and 6.5 million baht come from sales of copper slag and others.

Costs and Expenses

The Company's total costs and expenses in 2017 was 6,036 million baht increase of 636 million baht from the previous year due to LME price was high and operating expenses increased due to sale quantities increased.

Cost of Goods Sold

The cost of goods sold in 2017 was 5,779 million baht, or 96% of the total costs and expenses, increase of 664 million baht from the previous year varied to a increase of LME price increased.

Selling and Administrative Expenses

The selling and administrative expenses in 2017 was 242 million baht, or 4% of the total costs and expenses, a increase of 6 million baht from an increasing of sales volume.

Financial Costs

The financial cost in 2017 was 15 million baht same as 2016 due to entering into a Cash Management Agreement with Furukawa group. The rate of interest is maintained more favorable for the Company than its bank rate.

Income Tax

The Company has payable corporate income tax in 2017 = 35 million baht.

Operations Results and Profitability

The product of the Company is seamless copper tube sold to the customers in the required size, by setting the sale price base on the world's copper market at the time of reaching the sales agreement according to the conditions of each customer. In 2017 the Company had the net profit of 139 million baht, decrease by 36 million baht or 21% due to :

1. Our customers had increased the demand for copper tube. Thus, in 2017 the sales volume of the Company increased 3%
2. And from the increased sales volume, the Company can manage the expense for cost effectiveness.
3. The Company had a profit from the exchange rate of 1.7 million baht in 2017.

Asset Management Ability

1. Almost of Trade account receivable are long-term relationship partner and good payment history. Moreover the Company's policy of new customers will be based on cash basis or require Bank Guarantee and the Company also has Risk Management insurance for account receivable who may have the problem later.

2. Main inventory of the Company are copper tube which can be reproduced in case of damaged or deteriorated. So the impairment of inventory is not problem. But because of some customers have changed the order of copper tube size, consequently production supplies cannot be used in production process for a while. So allowance for decline in value of supplies inventory had been set up. However the Company has inspected them periodically.
3. The Company had no goodwill.

Liquidity and Sufficiency of the Capital

1. The Company has current portion of long term loan 400 million baht in 2017 and liquidity ratio is 1.8 that be sufficient for repayment.

Capital Structure	Baht	Ratio
Current Liabilities	1,438,947,143	0.9742
Long-Term Liabilities	122,692,557	0.0831
Total Liabilities	1,561,639,700	1.0572
Shareholder Equity		
Common Share	480,000,000	0.3250
Share Premium	507,500,000	0.3436
Retained Earnings (Deficit)	489,601,946	0.3315
Shareholder Equity	1,477,101,946	1
Liabilities & Shareholders' Equity	3,038,741,646	

2. Most of the investment expense is for an increasing for production efficiency to generate future profit by using working capital and loan from financial institutions partially. The company entered into a cash management agreement with Furukawa Group. The rate of interest is maintained more favorable for the Company than its bank rate.

3. The Company's current ratio is 1.8, same as 2016.
4. The interest coverage ratio is 12, shown the Company has ability for repayment.

Obligations on Liabilities and Management outside the Balance Sheet

The Company has no burden outside the balance sheet.

Financial Ratio Analysis Liquidity Ratio

1. Current ratio for the year 2017 was 1.8 which same as 2016.
2. Receivable turnover and collection period for the year 2017 was 4.5 times and 81 days respectively which was nearly 2016.
3. Account payable turnover and payment period for the year 2017 was 8 times and 45 days respectively due to FMT deal the new suppliers which give FMT the lowest price upon cost reduction policy but payment credit term may be shorter than.

Profitability Ratio

Gross profit margin of the year 2017 was 6% lower than 2016 due to LME price was higher than 2016 include severe pricing competition. Even though sales volume increase but sales income of high margin product decreased.

Return on equity for the year 2017, 9% as a result of LME price was higher continuously including severe pricing competition and operation expenses increased upon sale volume increased, consequently net profit decrease.

Performance Efficiency Ratio

Return on total assets for the year 2017, 4.5% was come from net gain.

Assets turnover of the year 2017 was 2 times same as 2016.

Financial Policy Analysis Ration

Debt to equity for the year 2017 was 1 same as 2016.



Statement of Financial Position

Assets

As of 31 December 2017, the total assets of Furukawa Metal (Thailand) Public Company Limited amount to 3,039 million baht, increase of 231 million baht or 8.23 from year 2016 which comprised of :

- Current assets amounted to 2,551 million baht, or 83.94% of the total assets,
- Property, plant and equipment amounted to 454 million baht, or 14.93% of the total assets.

Summary of Financial Ratio as of 31 December 2017

Financial Ratio	Year 2017	Year 2016	Year 2015
LIQUIDITY RATIO			
CURRENT RATIO (TIMES)	1.77	1.82	2.39
RECEIVABLES TURNOVER (TIMES)	4.46	4.44	4.82
COLLECTION PERIOD (DAYS)	80.74	81.10	74.62
INVENTORY TURNOVER (TIMES)	6.25	6.25	6.40
INVENTORY TURNOVER PERIOD (DAYS)	57.61	57.59	56.28
ACCOUNT PAYABLE TURNOVER (TIMES)	8.09	7.56	9.14
PAYMENT PERIOD (DAYS)	44.52	47.63	39.37
PROFITABILITY RATIO			
GROSS PROFIT MARGIN (%)	6.54	8.78	7.10
NET PROFIT MARGIN (%)	2.24	3.12	2.17
RETURN ON EQUITY (%)	9.40	12.23	10.20
EFFICIENCY RATIO			
RETURN ON TOTAL ASSETS (%)	4.57	6.25	4.58
ASSET TURNOVER (TIMES)	2.04	2.00	2.11
FIXED ASSET TURNOVER (TIMES)	13.65	11.35	9.26
FINANCIAL POLICY RATIO			
DEBT TO EQUITY (TIMES)	1.06	0.96	1.06
INTEREST COVERAGE (TIMES)	12.43	15.31	7.34

Analysis of Financial Ratio as of 31 December 2017

The Company's debt to equity ratio for the year 2017 was 1 same as as 2016

Capital Structure	Year 2017		Year 2016	
	Baht	Ratio	Baht	Ratio
Current Liabilities	1,438,947,143	0.9742	1,251,850,719	0.8728
Long-Term Liabilities	122,692,557	0.0831	121,803,239	0.0849
Total Liabilities	1,561,639,700	1.0572	1,373,653,958	0.9577
Shareholder Equity				
Common Share	480,000,000	0.3250	480,000,000	0.3347
Share Premium	507,500,000	0.3436	507,500,000	0.3538
Retained Earnings (Deficit)	489,601,946	0.3315	446,814,896	0.3115
Shareholder Equity	1,477,101,946	1	1,434,314,896	1
Liabilities & Shareholders' Equity	3,038,741,646		2,807,968,854	



Report from the Board of Directors for The Responsibilities on the Financial Statements

To Shareholders

The Board of Directors is responsible for the financial statements of Furukawa Metal (Thailand) Public Company Limited as well as the information shown in the annual report, and the financial statements have been prepared in accordance with the generally accepted accounting principles in Thailand using the appropriate accounting policies on the consistent basis. Crucial information was sufficiently disclosed in Notes to Financial Statements for the advantages of the shareholders and general investors.

The Board of Directors has appointed the Audit Committee of independent directors to be responsible for the quality of financial statements and the internal control system in order to ensure that the Company has kept the accounting record are accurately, adequately and timely as well as prevent fraud and any irregularities in the operation. The Audit Committee's opinion is stated in the Audit Committee Report in this annual report, and the Company's external auditor also gives opinion towards financial statements of the Company in Report of Certified Public Accountant which is also included in this annual report.

The Board of Directors has the opinion that the Company's overall internal control system is adequacy and be assured that the financial reports of the Company for the year ended December 31, 2017 are accurate and fairly stated, as well as in the compliance with the relevant laws and regulations.


(Mrs. Chanida Asdathorn)
Chairman
(Mr. Takashi Yamamoto)
Managing Director

February 5, 2018

Independent Auditor's Report

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

Opinion

I have audited the financial statements of Furukawa Metal (Thailand) Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2017, 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 2017, 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.

SM

Valuation of inventories	
Refer to Notes 3(d) and 8 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.

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.

SN

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.

SN

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.



(Sirinuch Vimolsathit)
Certified Public Accountant
Registration No. 8413

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2018

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2017	2016
		<i>(in Baht)</i>	
Current assets			
Cash and cash equivalents	5	9,081,207	121,487,775
Trade accounts receivable	4, 6	1,522,115,274	1,251,258,779
Other current receivables	4, 7	52,218,233	24,825,832
Inventories	8	967,730,039	881,961,444
Total current assets		2,551,144,753	2,279,533,830
Non-current assets			
Property, plant and equipment	9	454,754,108	494,861,613
Intangible assets	10	4,985,803	4,111,982
Deferred tax assets	11	25,282,794	27,077,140
Other non-current assets		2,574,188	2,384,289
Total non-current assets		487,596,893	528,435,024
Total assets		3,038,741,646	2,807,968,854

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

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Liabilities and shareholders' equity	Note	31 December	
		2017	2016
		(in Baht)	
Current liabilities			
Trade accounts payable	4, 13	655,795,364	773,503,297
Other current payables	4, 14	37,089,029	35,945,253
Current portion of long-term borrowings			
from financial institutions	12	-	400,000,000
Short-term borrowing from related party	4, 12	725,089,395	11,517,995
Income tax payable		10,704,779	23,220,964
Other current liabilities		10,268,576	7,663,210
Total current liabilities		1,438,947,143	1,251,850,719
Non-current liability			
Provision for employee benefits	15	122,692,557	121,803,239
Total non-current liability		122,692,557	121,803,239
Total liabilities		1,561,639,700	1,373,653,958
Shareholders' equity			
Share capital	16		
Authorised share capital		480,000,000	480,000,000
Issued and paid-up share capital		480,000,000	480,000,000
Share premium :			
Share premium on ordinary shares	16	507,500,000	507,500,000
Retained earnings			
Appropriated			
Legal reserve	17	48,000,000	48,000,000
Unappropriated		441,601,946	398,814,896
Total shareholders' equity		1,477,101,946	1,434,314,896
Total liabilities and shareholders' equity		3,038,741,646	2,807,968,854

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

Furukawa Metal (Thailand) Public Company Limited

Statement of comprehensive income

		For the year ended 31 December	
	Note	2017	2016
		(in Baht)	
Revenues			
Revenue from sale of goods	4, 18	6,183,220,930	5,607,543,422
Net gain on foreign exchange		1,762,179	6,481,323
Gain on copper hedging and service fee	4	18,171,579	-
Other income	4	6,477,190	4,796,473
Total revenues		6,209,631,878	5,618,821,218
Expenses			
Cost of sale of goods	4, 8	5,778,842,763	5,115,035,313
Distribution costs	19	133,186,023	126,568,023
Administrative expenses	4, 20	108,708,392	107,607,020
Loss on copper hedging and service fee	4	-	35,336,916
Finance costs	4	15,197,119	15,299,724
Total expenses		6,035,934,297	5,399,846,996
Profit before income tax		173,697,581	218,974,222
Income tax expense	23	(34,910,531)	(43,522,818)
Profit for the year		138,787,050	175,451,404
Other comprehensive income		-	-
Profit and other comprehensive income for the year		138,787,050	175,451,404
Basic earnings per share	25	2.89	3.66

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

Furukawa Metal (Thailand) Public Company Limited

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Total shareholders' equity
Year ended 31 December 2016						
Balance at 1 January 2016		480,000,000	507,500,000	48,000,000	283,363,492	1,318,863,492
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends	26	-	-	-	(60,000,000)	(60,000,000)
<i>Total transactions with owners, recorded directly in equity</i>		-	-	-	(60,000,000)	(60,000,000)
Comprehensive income for the year						
Profit		-	-	-	175,451,404	175,451,404
<i>Total comprehensive income for the year</i>		-	-	-	175,451,404	175,451,404
Balance at 31 December 2016		480,000,000	507,500,000	48,000,000	398,814,896	1,434,314,896
Year ended 31 December 2017						
Balance at 1 January 2017		480,000,000	507,500,000	48,000,000	398,814,896	1,434,314,896
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends	26	-	-	-	(96,000,000)	(96,000,000)
<i>Total transactions with owners, recorded directly in equity</i>		-	-	-	(96,000,000)	(96,000,000)
Comprehensive income for the year						
Profit		-	-	-	138,787,050	138,787,050
<i>Total comprehensive income for the year</i>		-	-	-	138,787,050	138,787,050
Balance at 31 December 2017		480,000,000	507,500,000	48,000,000	441,601,946	1,477,101,946

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows

	For the year ended 31 December	
	2017	2016
	(in Baht)	
<i>Cash flows from operating activities</i>		
Profit for the year	138,787,050	175,451,404
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Income tax expense	34,910,531	43,522,818
Finance costs	15,197,119	15,299,724
Depreciation and amortisation	79,765,232	111,003,421
(Reversal of) impairment losses on equipment	(9,861,047)	9,861,047
Provision for employee benefits	10,648,924	10,598,716
Unrealised loss on foreign exchange	48,167	232,640
Loss on disposal of equipment	9,568,164	-
	<u>279,064,140</u>	<u>365,969,770</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(271,700,282)	24,896,594
Other current receivables	(27,392,401)	24,211,071
Inventories	(85,768,595)	(127,296,904)
Other non-current assets	(189,899)	(82,577)
Trade accounts payable	(116,915,408)	192,568,365
Other current payables	1,709,740	(5,798,658)
Other current liabilities	(422,198)	(135,279)
Cash flows generated from (used in) operating activities	<u>(221,614,903)</u>	<u>474,332,382</u>
Employee benefit paid	(9,759,606)	(6,764,647)
Income tax paid	<u>(45,632,370)</u>	<u>(40,916,615)</u>
Net cash flows from (used in) operating activities	<u>(277,006,879)</u>	<u>426,651,120</u>
<i>Cash flows from investing activities</i>		
Cash payments to purchase of plant and equipment	(35,663,798)	(15,072,264)
Cash payments to purchase of intangible assets	(3,792,961)	-
Cash receipts from sale of equipment	292,883	-
Net cash flows used in investing activities	<u>(39,163,876)</u>	<u>(15,072,264)</u>

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

Furukawa Metal (Thailand) Public Company Limited

Statement of cash flows

		For the year ended	
		31 December	
	<i>Note</i>	2017	2016
		<i>(in Baht)</i>	
<i>Cash flows from financing activities</i>			
Interest paid		(16,834,777)	(15,716,743)
Dividends paid		(92,972,436)	(60,000,000)
Proceeds from borrowings from financial institutions		600,000,000	-
Repayment of borrowings from financial institutions		(1,000,000,000)	-
Proceeds from borrowings from related party		4,192,504,627	3,324,399,469
Repayment of borrowings from related party		<u>(3,478,933,227)</u>	<u>(3,546,245,117)</u>
Net cash flows from (used in) financing activities		<u>203,764,187</u>	<u>(297,562,391)</u>
Net increase (decrease) in cash and cash equivalents		(112,406,568)	114,016,465
Cash and cash equivalents at beginning of period		<u>121,487,775</u>	<u>7,471,310</u>
Cash and cash equivalents at ending of period	5	<u>9,081,207</u>	<u>121,487,775</u>
<i>Non-cash transaction</i>			
Payable for fixed assets purchased		8,140,817	7,066,028

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

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

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Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

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 23 February 2018.

1 General information

Furukawa Metal (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and has its 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

The Company was listed on the Stock Exchange of Thailand in 1996.

The immediate and ultimate parent company during the financial year was Furukawa Electric Co., Ltd. (42.25% shareholding), a company incorporated in Japan.

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 (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

The Company has made a preliminary assessment of the potential initial impact on the Company’s 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.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Defined benefit liability	Present value of the defined benefit obligation, as explained in note 3 (j)

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency.

(d) 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in note 15 to the financial statements: *Measurement of defined benefit obligations: key actuarial assumptions.*

Measurement of fair values

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.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. 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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the note 27 to the financial statements: *Financial instruments*.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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.

(b) 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.

(c) Trade and other current receivables

Trade and other current receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) 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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

(e) *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 an 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.

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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2017

(f) 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 are as follows:

Computer software	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Impairment

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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

(h) Interest-bearing liabilities

Interest bearing liabilities are recognised at cost.

(i) Trade and other current payables

Trade and other current payables are stated at cost.

(j) 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.

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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2017

(k) 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.

(l) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest income and other income

Interest income and other income are recognised in the profit or loss as they accrue.

(m) Finance costs

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 year of time to be prepared for its intended use or sale.

(n) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(o) 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.

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

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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. 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.

(p) 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.

(q) 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.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Furukawa Electric Co., Ltd.	Japan	Parent, 42.25% shareholding
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 8.89% 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
Tani International Trading Co., Ltd.	Thailand	A common director and shareholder
Furukawa (Thailand) Co., Ltd.	Thailand	A common director and shareholder
Furukawa Precision (Thailand) Co., Ltd.	Thailand	A common director and shareholder
Furukawa Sangyo Kaisha (Thailand) Ltd.	Thailand	A common shareholder
Furukawa Electric Singapore Pte. Ltd.	Singapore	A common shareholder
P.T. Furukawa Electric Indonesia	Indonesia	A common shareholder
FITEC Corporation	Japan	A common shareholder
Furukawa Logistics Corporation	Japan	A common shareholder
Okumura Metals (Thailand) Co., Ltd.	Thailand	A common shareholder
Okumura Metals (Malaysia) Sdn. Bhd.	Malaysia	A common shareholder
Furukawa Sangyo Kaisha (Malaysia) Sdn. Bhd.	Malaysia	A common shareholder
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
Purchase of raw material	Market price
Technical assistance fee	Contractually agreed price
Service fee and others	Contractually agreed price
Interest income and 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:

<i>Year ended 31 December</i>	2017 <i>(in thousand Baht)</i>	2016
Parent		
Purchase of raw material	-	331
Technical assistance fee	18,364	17,953
(Gain) loss on copper hedging and service fee	(18,172)	35,337

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	2017 (in thousand Baht)	2016 (in thousand Baht)
Other related parties		
Revenue from sales of goods	1,968,859	1,822,321
Purchase of raw material	1,927,947	1,561,078
Service fee and others	6,225	5,309
Interest expense	5,090	2,372
Directors' remuneration	3,251	2,513
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	32,045	31,075
Post-employment benefits	304	397
Total key management personnel compensation	32,349	31,472

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

	2017 (in thousand Baht)	2016 (in thousand Baht)
Trade accounts receivable from related parties		
Other related parties	496,062	443,488
Other current receivables from related party		
Parent	-	6,423
Trade accounts payable to related party		
Other related party	344,341	357,787
Other current payables to related parties		
Parent	11,706	8,387
Other related parties	879	236
Total	12,585	8,623
Short-term borrowing from related party		
Other related party	725,089	11,518

Movements during the years ended 31 December of borrowing from related party were as follows:

	2017 (in thousand Baht)	2016 (in thousand Baht)
Borrowing from related party		
Short-term borrowing		
Other related party		
At 1 January	11,518	233,364
Increase	4,192,504	3,324,399
Decrease	(3,478,933)	(3,546,245)
At 31 December	725,089	11,518

As at 31 December 2017, short-term borrowing from related party bears interest at the rate of 1.50% per annum (2016: 1.50% per annum).

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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 parent 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.

As at 31 December 2017, the Company had outstanding future contracts with Furukawa Electric Co., Ltd., a parent company, to hedge the copper cathode price of 317 tons, in amount of U.S. Dollars 2.47 million, equivalent to Baht 81.12 million (2016: 1,568 tons, in amount of U.S. Dollars 7.91 million, equivalent to Baht 284.79 million).

Technical Collaboration Agreement

On 1 January 2017, the Company entered into Technical Collaboration Agreement with Furukawa Electric Co., Ltd., the parent company, for a period of 1 year effective on 1 January 2017. The agreement shall be automatically extended for successive periods of one year each. Under the terms of the agreement, Furukawa Electric 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 2016, 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 rate of Yen 7,500, Baht 1,563 and Baht 838 per hour. The agreement expired on 31 May 2017 and was renewed on 1 June 2017 with same fee, terms and conditions until 31 May 2018.

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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.

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 may terminate this agreement by giving the related company at least one month prior written notice.

5 Cash and cash equivalents

	2017	2016
	<i>(in thousand Baht)</i>	
Cash on hand	113	113
Cash at banks - current accounts	8,741	1,964
Cash at banks - savings accounts	227	9,411
Highly liquid short-term investment	-	110,000
Total	9,081	121,488

6 Trade accounts receivable

	Note	2017	2016
		<i>(in thousand Baht)</i>	
Related parties	4	496,062	443,488
Other parties		1,026,053	807,771
Total		1,522,115	1,251,259

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Aging analyses for trade accounts receivable were as follows:

	2017 (in thousand Baht)	2016
Related parties		
Within credit terms	496,062	443,040
Overdue:		
Less than 3 months	-	448
	<u>496,062</u>	<u>443,488</u>
Other parties		
Within credit terms	1,025,292	744,056
Overdue:		
Less than 3 months	761	63,715
	<u>1,026,053</u>	<u>807,771</u>
Total	<u>1,522,115</u>	<u>1,251,259</u>

The normal credit term granted by the Company ranges from 30 days to 90 days and extra credit term of 270 days is granted for a customer.

7 Other current receivables

	Note	2017 (in thousand Baht)	2016
Refundable value added tax		51,513	17,988
Receivable from related party	4	-	6,423
Others		705	415
Total		<u>52,218</u>	<u>24,826</u>

8 Inventories

	2017 (in thousand Baht)	2016
Finished goods	476,346	377,839
Work in progress	259,640	155,197
Raw materials	30,654	19,235
Factory supplies	166,597	168,991
Goods in transit	34,493	160,699
Total	<u>967,730</u>	<u>881,961</u>

Inventories recognised as an expense in cost of sales of goods:

- Cost	<u>5,778,843</u>	<u>5,115,035</u>
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Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements For the year ended 31 December 2017

9 Property, plant and equipment

	Land and improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Transportation equipment	Assets under construction and machinery under installation	Total
Cost							
At 1 January 2016	180,983	579,073	4,477,106	40,960	4,382	842	5,283,346
Additions	-	16	3,540	337	47	18,199	22,139
Transfers	-	-	10,389	-	-	(10,389)	-
At 31 December 2016 and 1 January 2017	180,983	579,089	4,491,035	41,297	4,429	8,652	5,305,485
Additions	-	233	5,065	1,453	-	29,988	36,739
Transfers	-	3,543	19,039	68	-	(22,650)	-
Disposals	-	-	(129,804)	(223)	-	-	(130,027)
At 31 December 2017	180,983	582,865	4,385,335	42,595	4,429	15,990	5,212,197
Depreciation and impairment losses							
At 1 January 2016	56,877	438,000	4,160,682	33,435	4,369	-	4,693,363
Depreciation charge for the year	2,665	22,602	79,599	2,520	13	-	107,399
Impairment losses	-	-	9,861	-	-	-	9,861
At 31 December 2016 and 1 January 2017	59,542	460,602	4,250,142	35,955	4,382	-	4,810,623
Depreciation charge for the year	2,665	20,264	51,289	2,616	13	-	76,847
Reversal of impairment losses	-	-	(9,861)	-	-	-	(9,861)
Disposals	-	-	(119,943)	(223)	-	-	(120,166)
At 31 December 2017	62,207	480,866	4,171,627	38,348	4,395	-	4,757,443
Net book value							
At 1 January 2016	124,106	141,073	316,424	7,525	13	842	589,983
At 31 December 2016 and 1 January 2017	121,441	118,487	240,893	5,342	47	8,652	494,862
At 31 December 2017	118,776	101,999	213,708	4,247	34	15,990	454,754

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2017 amounted to Baht 4,052 million (2016: Baht 3,842 million).

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10 Intangible assets

	Computer software	Golf membership (in thousand Baht)	Total
Cost			
At 1 January 2016	132,526	-	132,526
At 31 December 2016 and 1 January 2017	132,526	-	132,526
Additions	1,593	2,200	3,793
At 31 December 2017	134,119	2,200	136,319
Amortisation			
At 1 January 2016	124,810	-	124,810
Amortisation for the year	3,604	-	3,604
At 31 December 2016 and 1 January 2017	128,414	-	128,414
Amortisation for the year	2,919	-	2,919
At 31 December 2017	131,333	-	131,333
Net book value			
At 1 January 2016	7,716	-	7,716
At 31 December 2016 and 1 January 2017	4,112	-	4,112
At 31 December 2017	2,786	2,200	4,986

The gross amount of the Company's fully amortised intangible assets that was still in use as at 31 December 2017 amounted to Baht 119 million (2016: Baht 118 million).

11 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
		(in thousand Baht)		
Total	25,283	27,077	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	25,283	27,077	-	-

Movements in total deferred tax assets during the years were as follows:

	At 1 January 2017	(Charged) / credited to		At 31 December 2017
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Impairment loss of fixed assets	2,688	(1,972)	-	716
Provision for employee benefits	24,361	178	-	24,539
Others	28	-	-	28
Total	27,077	(1,794)	-	25,283

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For the year ended 31 December 2017

	At 1 January 2016	(Charged) / credited to		At 31 December 2016
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Impairment loss of fixed assets	716	1,972	-	2,688
Provision for employee benefits	23,594	767	-	24,361
Others	28	-	-	28
Total	24,338	2,739	-	27,077

12 Interest-bearing liabilities

	Note	2017 (in thousand Baht)	2016
Current			
Unsecured			
Current portion of long-term borrowings from financial institutions		-	400,000
Short-term borrowing from related party	4	725,089	11,518
Total		725,089	411,518

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	2017 (in thousand Baht)	2016
Within one year	725,089	411,518
Total	725,089	411,518

Long-term borrowings from financial institutions

Agreement date	Lender	Loan principal	Interest rate (per annum)	Repayment
25 September 2014	A branch of a foreign bank	Baht 200 million	3.22%	One lump sum amount in September 2017
20 August 2014	A branch of a foreign bank	Baht 200 million	3.22%	One lump sum amount in August 2017

Unutilised credit facilities

As at 31 December 2017, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 3,997 million (2016: U.S. Dollars 1 million and Baht 3,597 million).

Furukawa Metal (Thailand) Public Company Limited

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13 Trade accounts payable

	Note	2017 (in thousand Baht)	2016
Related party	4	344,341	357,787
Other parties		311,454	415,716
Total		655,795	773,503

14 Other current payables

	Note	2017 (in thousand Baht)	2016
Electricity and natural gas payable		13,209	12,448
Payable to related parties	4	9,885	8,623
Payable for fixed assets purchased	4	8,141	7,066
Accrued interest expense	4	732	2,370
Others		5,122	5,438
Total		37,089	35,945

15 Provision for employee benefits

	2017 (in thousand Baht)	2016
Statement of financial position		
Provisions for:		
Post-employment benefits	102,520	100,067
Other long-term employee benefits	12,257	13,644
Others	7,916	8,092
Total	122,693	121,803

Year ended 31 December

Statement of comprehensive income

Recognised in profit or loss:

	2017	2016
Post-employment benefits	8,035	7,955
Other long-term employee benefits	1,301	1,403
Others	1,313	1,241
Total	10,649	10,599

Recognised in other comprehensive income:

	2017	2016
Cumulative actuarial gains recognised	23,748	23,748

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.

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Other long-term employee benefits

Other long-term employee benefits was based on length of service of employees and actuarial assumptions as basis to calculate the obligations.

Movements in the present value of the defined benefit obligations and other long-term employee benefits:

	Legal severance pay		Other long-term employee benefits	
	2017	2016	2017	2016
	(in thousand Baht)			
At 1 January	100,067	94,515	13,644	15,346
Included in profit or loss:				
Current service cost	5,456	5,438	1,087	1,146
Interest on obligation	2,579	2,517	214	257
	<u>8,035</u>	<u>7,955</u>	<u>1,301</u>	<u>1,403</u>
Other				
Benefit paid	(5,582)	(2,403)	(2,688)	(3,105)
	<u>(5,582)</u>	<u>(2,403)</u>	<u>(2,688)</u>	<u>(3,105)</u>
At 31 December	<u>102,520</u>	<u>100,067</u>	<u>12,257</u>	<u>13,644</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2017	2016
	(%)	
Discount rate	2.7	2.7
Future salary growth	4 - 5	4 - 5
Turnover rates	0 - 14	0 - 14

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 10 years (2016: 10 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.

	Legal severance pay		Other long-term employee benefits	
	(in thousand Baht)			
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,616)	7,386	(329)	355
Future salary growth (1% movement)	9,250	(8,363)	-	-
Turnover rates (20% movement)	(1,942)	2,037	(342)	363
Future mortality (1% movement)	(327)	301	(9)	8

	Legal severance pay		Other long-term employee benefits	
	(in thousand Baht)			
At 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,902)	7,736	(345)	373
Future salary growth (1% movement)	8,520	(7,721)	-	-
Turnover rates (20% movement)	(1,769)	1,852	(304)	322
Future mortality (1% movement)	(300)	276	(8)	7

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

16 Share capital

	Par value per share (in Baht)	2017		2016	
		Number	Baht	Number	Baht
(thousand shares / thousand Baht)					
Authorised					
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
Issued and paid-up					
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

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.

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17 Legal reserves

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.

18 Segment information

Business segments

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 manufacturing facilities and sales office only in Thailand. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Geographical information

	Revenue from sale of goods	
	2017	2016
	(in thousand Baht)	
Thailand	3,949,199	3,494,495
Malaysia	557,881	615,116
Singapore	212,623	125,758
Japan	124,435	107,699
Other countries	1,339,083	1,264,475
Total	6,183,221	5,607,543

Major customer

Revenues from major customers represent approximately Baht 2,321 million (2016: Baht 2,806 million) of the Company's total revenues.

19 Distribution costs

	2017	2016
	(in thousand Baht)	
Packaging and supplies	59,445	57,361
Freight charge	42,969	42,905
Employee benefit expenses	21,488	18,255
Others	9,284	8,047
Total	133,186	126,568

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20 Administrative expenses

	Note	2017 (in thousand Baht)	2016
Employee benefit expenses		62,651	55,713
Technical assistance fee	4	18,364	17,953
Professional fee		2,395	2,263
Others		25,298	31,678
Total		108,708	107,607

21 Employee benefit expenses

	Note	2017 (in thousand Baht)	2016
Wages, salaries and welfare		314,704	300,381
Defined benefit plans	15	10,649	10,599
Defined contribution plans		7,210	7,484
Total		332,563	318,464

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

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2017 (in thousand Baht)	2016
Included in cost of sales of goods:		
Changes in inventories of finished goods and work in progress	(202,950)	(138,427)
Raw materials and consumables used	5,396,165	4,643,888
Depreciation of property, plant and equipment	75,063	105,692
Amortisation of intangible assets	2,824	3,327
Included in distribution costs:		
Depreciation of property, plant and equipment	350	352
Included in administrative expenses:		
Depreciation of property, plant and equipment	1,433	1,355
Amortisation of intangible assets	95	277

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23 Income tax

Income tax recognised in profit or loss

	Note	2017 (in thousand Baht)	2016
Current tax expense			
Current year		33,117	46,262
Deferred tax expense			
Movements in temporary differences	11	1,794	(2,739)
Total		34,911	43,523

Reconciliation of effective tax rate

	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Profit before income tax expense		173,698		218,974
Income tax using the Thai corporation tax rate	20	34,740	20	43,795
Income not subject to tax		-		(309)
Expenses additionally deductible for tax purposes		(48)		-
Expenses not deductible for tax purposes		219		37
Total	20	34,911	20	43,523

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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:

- 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 2019.
- exemption from the payment of import duty on item which the promoted company imports for re-export, from 14 January 2017 to 13 January 2019.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.

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25 Basic earnings per share

The calculations of basic earnings per share for years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	2017 (in thousand Baht / thousand shares)	2016 (in thousand Baht / thousand shares)
Profit attributable to ordinary shareholders of the Company (basic)	138,787	175,451
Number of ordinary shares outstanding	48,000	48,000
Earnings per share (basic) (in Baht)	2.89	3.66

26 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2017, the shareholders approved the appropriation of dividend of Baht 2.00 per share, amounting to Baht 96 million. The dividend was paid to the shareholders in May 2017.

At the annual general meeting of the shareholders of the Company held on 29 April 2016, the shareholders approved the appropriation of dividend of Baht 1.25 per share, amounting to Baht 60 million. The dividend was paid to the shareholders in May 2016.

27 Financial instruments

Financial risk management policies

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 derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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.

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 (Note 12 to the financial statements). The Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

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The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2017				
Current				
Loans payable - Related party	1.50	725,089	-	725,089
Total		725,089	-	725,089
2016				
Current				
Loans payable - Financial institutions	3.22	400,000	-	400,000
Loans payable - Related party	1.50	11,518	-	11,518
Total		411,518	-	411,518

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.

At 31 December, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	2017 (in thousand Baht)	2016
United States Dollars		
Trade accounts receivable	184,520	221,098
Other current receivables	-	6,423
Trade accounts payable	(503,379)	(585,215)
Other current payables	(1,983)	(55)
Gross statement of financial position exposure	(320,842)	(357,749)
Currency forwards	315,284	214,430
Net exposure	(5,558)	(143,319)
Japanese Yen		
Trade accounts receivable	8,811	9,325
Trade accounts payable	(61)	(4,546)
Other current payables	(4,008)	(6,259)
Gross statement of financial position exposure	4,742	(1,480)
Currency forwards	(2,439)	4,414
Net exposure	2,303	2,934
Euro		
Trade accounts payable	-	(1,205)
Net exposure	-	(1,205)

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

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.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2017					
<i>Financial asset and financial liabilities not measured at fair value</i>					
Currency forward contracts					
Liabilities	-	-	(5,357)	-	(5,357)
Copper future contracts	-	-	5,248	-	5,248
31 December 2016					
<i>Financial asset and financial liabilities not measured at fair value</i>					
Currency forward contracts					
Assets	-	-	2,180	-	2,180
Copper future contracts	-	-	27,585	-	27,585

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28 Commitments with non-related parties

	2017	2016
	<i>(in thousand Baht)</i>	
<i>Future minimum lease payments under non-cancellable operating lease commitments</i>		
Within one year	6,276	6,862
After one year but within five years	3,218	8,894
Total	9,494	15,756
<i>Other commitments</i>		
Bank guarantees for electricity use	13,396	13,396

Lease and service agreements

As at 31 December 2017, the Company had lease agreements covering office premise and related service, vehicle and equipment for periods of 3 years up to 2019.

Forward contracts

As at 31 December 2017, the Company had outstanding sale forward contracts amounting to U.S. Dollars 1.54 million and Yen 8.45 million, equivalent to Baht 52.54 million (*31 December 2016: U.S. Dollars 2.39 million and Yen 12.13 million, equivalent to Baht 87.77 million*). The contracts will be due during March to April 2018.

As at 31 December 2017, the Company had outstanding purchase forward contracts amounting to U.S. Dollars 11.05 million, equivalent to Baht 365.39 million (*31 December 2016: U.S. Dollars 8.44 million and Yen 26.19 million, equivalent to Baht 301.61 million*). The contracts will be due during January to November 2018.

29 Events after the reporting period

At the Board of Directors' meeting held on 23 February 2018, the directors resolved to propose the dividend payment at Baht 1.5 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

FOR LIFE

FOR ENVIRONMENT AND DEVELOPMENT



บริษัท ฟุรุคาวา เมทัล (ไทยแลนด์) จำกัด (มหาชน)
FURUKAWA METAL (THAILAND) PUBLIC COMPANY LIMITED

Bangkok Office

183 Regent House Building. 14th Floor,
Rajdamri Road, Lumpini, Pathumwan,
Bangkok 10330

Tel. 0-2256-0641-50

Fax. 0-2256-0651-2



Factory Location

Address 213 Moo 4, Mittraparb Road,
Tambol Tub-Kwang, Amphur Kaeng Khoi,
Saraburi Province 18260

Tel. (036) 329-811-9

Fax. (036) 329-822

