

Addressing Reality



Innovation

Ownership
and Speed

Integrity

Collaboration



Contents



2 Financial Highlight	4 Message from the Chairman	5 Board of Directors	14 Management
15 Organization Chart	16 General Informations & Others	20 Business Characteristics	23 Business Operations
24 Income Structure	25 Major Shareholders	27 Report on Directors Shareholding	28 Risk Factors
31 Connected Transactions	34 Good Corporate Governance	47 Corporate Social Responsibility in Process	55 Report from the Audit Committee
56 Management Discussion and Analysis	59 Statement of Financial Position	61 Report on the Board of Directors' Responsibilities for Financial Statements	62 Report of Certified Public Accountant and Financial Statements

Collaboration

Integrity

Ownership
and Speed

Innovation

Addressing Reality



Financial Highlight

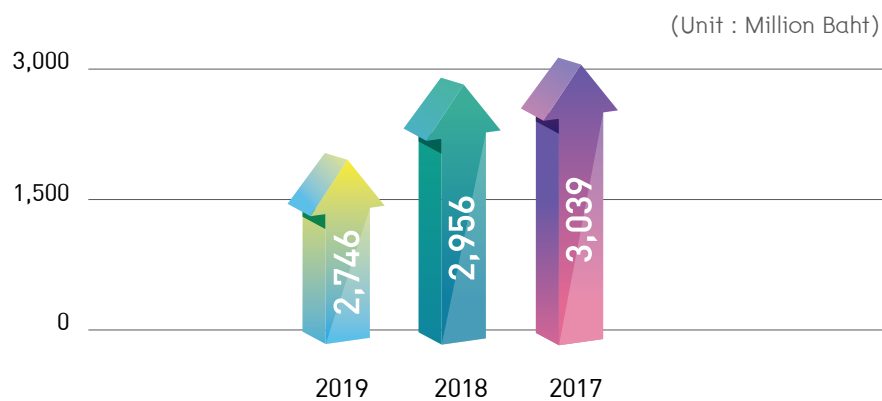
(Unit : Million Baht)

Financial Performance	2019	2018	2017
Net Sale	6,067	6,495	6,183
Total Revenue	6,072	6,516	6,210
Cost and Expense	5,917	6,334	6,036
Profit (Loss) Before Income Tax	155	182	174
Income Tax	31	37	35
Net Profit (Loss)	124	145	139
Other comprehensive income for the year	0	0	10
Total comprehensive Income for the year	124	154	139
Basic Earnings (Loss) Per Share (Baht)	2.59	3.01	2.89
Dividend Per Share (Baht)	1.625	1.50	2.00
Return on Total Revenue (%)	2.05	2.22	2.24
Return on Shareholders' Equity (%)	7.74	3.50	4.49
Return on Total Assets (%)	4.52	2.05	2.22

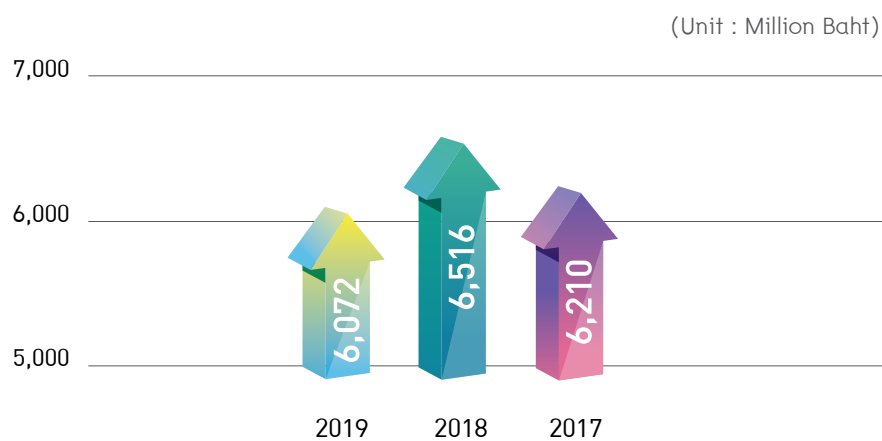
(Unit : Million Baht)

Financial Ratio	2019	2018	2017
Current Assets	2,323	2,496	2,551
Total Assets	2,746	2,956	3,039
Current Liabilities	1,003	1,289	1,439
Long-Term Loans	-	-	-
Total Liabilities	1,141	1,397	1,562
Shareholders' Equity	1,606	1,560	1,477
Issued & Paid-Up Capital	480	480	480
Par Value (Baht)	10	10	10
Book Value Per Share (Baht)	33.45	32.49	30.77
Number of Share (Thousand Shares)	48,000 (Shares)	48,000 (Shares)	48,000 (Shares)

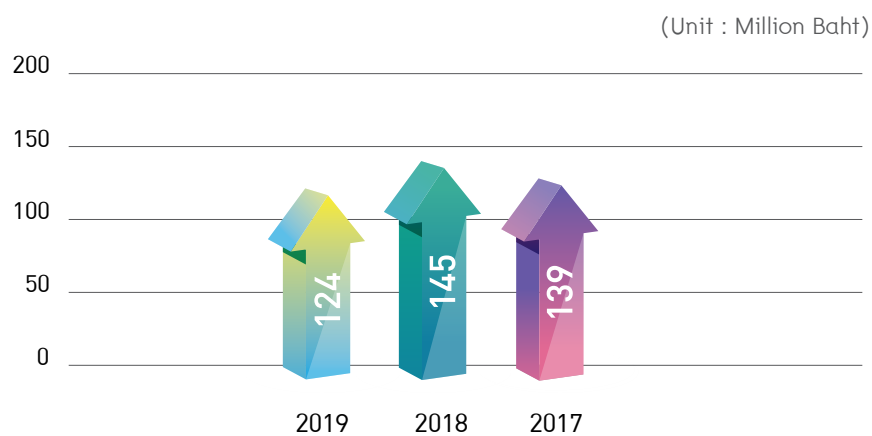
Total Assets



Total Revenues



Net Profit



Message from the Chairman

In 2019 our main target segment had grown by 13% as compared to that of 2018. While the import of air conditioners from China continued to increase, it did not have much impact on our foreign export unit, which had also continued to enjoy a steady increase.

In response to the global climatic conditions that seemed to experience more extensive period of exceedingly high temperatures the domestic utilization of air conditioners had consequently been on the rise as well as sales of the refrigerator manufacturing industry with a 7% expansion. According to a recent data collected from the air conditioner manufacturing industry, there were 23 million units of air conditioners produced altogether in 2019, setting a new record of having been the year with the highest production volume since 2016

By devising effective marketing promotion strategies and focusing on the production of small-sized and lightweight copper tube products, we continued to enjoy the growing sales and gross profits as compared to the previous years. However, several factors had to be taken into account, which had an indication and/or contribution to the decrease in profit. This included the decrease in selling price of copper coupled with the effects from the amendment of Labor Protection Act, a mandatory increase in reserved funds for employee's retirement benefit plans.

As a result, our net profit in 2019 was reported at 124 million Baht or 2.59 Baht per share. The Company's Board of Directors proposed to pay dividend of 1.625 Baht per share, same as in 2018.

Furthermore, we had been notified that, since September 2019, our Japanese major shareholders had undergone a transaction, selling their shares to another company in Japan. We will keep you informed of the progress.

On behalf of the Board of Directors and executives, we would like to express our sincere gratitude and appreciation towards our loyal customers, business partners and shareholders for their continued trust, support and confidence in our operations dedicated by our capable teams of colleagues who are the driving forces and important keys to our company's cohesive success and competitiveness. While we will continue to strive operationally, we are also committed to conducting our businesses under the goodwill corporate governance, allowing our company to flourish even more progressively and responsibly.



Mr. Chai Sophonpanich
Chairman

Board of Directors



Mr. Chai Sophonpanich
Chairman



Mrs. Chanida Asdathorn
Director



Mr. Tinnakorn Asdathorn
Director



Mr. Junichi Ishihara
Director & Managing Director



Mr. Takeshi Nishizawa
Director



Mr. Nobutaka Taniguchi
Director



Mr. Gendai Yamuguchi
Director
(From 23 February 2019)



Mr. Makoto Kasuga
Director



Mr. Daisuke Hamada
Director



Mr. Vibul Aunsuntha
Chairman of the Audit Committee
and Independent Director



Mr. Chor Nun Petpaisit
Audit Committee Member
and Independent Director
(From 29 April 2019)



Mr. Akira Fujita
Audit Committee Member
and Independent Director
(From 5 August 2019)



Mr. Deja Tulananda
Independent Director



Mr. Virojn Srethapramotaya
Audit Committee Member
and Independent Director
(To 7 April 2019)



Mr. Seiji Tojo
Audit Committee Member
and Independent Director
(To 5 August 2019)



Mr. Takashi Yamamoto
Director
(To 22 February 2019)



Mr. Chai Sophonpanich

Chairman

Date of Appointment as a Director
Y.1988



Mrs. Chanida Asdathorn

Director

Date of Appointment as a Director
Y.1988

Education/Training

- ▶ Bachelor Degree of Science, University of Colorado, USA
Y. 1967
- ▶ Advanced Management Program, The Wharton School
Y. 1984
- ▶ The Joint State – Private Sectors Class 6,
Thailand National Defense College

Director Training

- ▶ Directors Certification Program Class 16/2002,
Thai Institute of Director Association
- ▶ Chairman 2000 Class 10/2004,
Thai Institute of Directors Association

Position in Organization/Other Company/Institution

- ▶ Chairman,
Furukawa Metal (Thailand) Public Company Limited
Y. 1988 – Jun 2017, Nov 2018 – Present
- ▶ Chairman,
Bangkok Insurance Public Company Limited
Y. 1978 – Jun 2017, Nov 2018 – Present
- ▶ Chairman,
Bumrungrad Hospital Public Company Limited
Y. 1979 – Jun 2017, Aug 2018 – Present
- ▶ Chairman,
Charoong Thai Wire & Cable Public Company Limited
Y. 1986 – Jun 2017, Sep 2018 – Present
- ▶ Chairman,
Thai Reinsurance Public Company Limited
Y. 2016 – Jun 2017, Nov 2018 – Present
- ▶ Director,
Bangkok Life Assurance Public Company Limited
Y. 1968 – Y. 2015

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally 2,265,200 shares
- ▶ Held by Spouse 476,900 shares

Family Relationship among Directors and Executive

- ▶ (None)

Education/Training

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

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Executive Director,
Thai Roong Ruang Industry Co., Ltd.
Y. 1974 – Present
- ▶ Executive Director,
Cholburi Sugar & Trading Corporation, Ltd.
Y. 1979 – Present
- ▶ Executive Director,
Siam Sugar Export Corporation, Ltd.
Y. 1984 – Present
- ▶ Director,
Furukawa Metal (Thailand) Public Company Limited
Y. 1988 – Present
- ▶ Chairman,
Furukawa Metal (Thailand) Public Company Limited
10 Aug 2017 – 10 November 2018
- ▶ Director,
Kerry Flour Mills Limited.
Y. 1989 – Present
- ▶ Director,
Kerry Siam Seaport Limited.
Y. 1990 – Present
- ▶ Director,
Shangri – La Hotel Public Co., Ltd.
Y. 1992 – Present
- ▶ Director,
Thai Ruam Chareon Sugar (2000) Co., Ltd.
Y. 2000 – Present
- ▶ Director,
TRR Molasses Trading Co., Ltd.
Y. 2015 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally 1,225,810 shares
- ▶ Held by Spouse 1,726,610 shares

Family Relationship among Directors and Executive

- ▶ Mr. Tinnakorn Asdathorn (Son)



Mr. Tinnakorn Asdathorn

Director

Date of Appointment as a Director
22 February 1996



Mr. Junichi Ishihara

Director and Managing Director

Date of Appointment as a Director
27 April 2018

Education/Training

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

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

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

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally 653,300 shares
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ Mrs. Chanida Asdathorn (Mother)

Education/Training

- ▶ Bachelor Degree, Faculty of Mechanical Engineering,
Keiko University, Tokyo, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Manager, Special Material Department,
Production Engineering Department,
Planning & Administration Department,
Metal Division, Furukawa Electric Co.,Ltd.
Y. 1983 – Y. 2009
- ▶ Manager, Manufacturing Department, Copper Strip Division,
Metal Group, Furukawa Electric Co.,Ltd.
Y. 2009 – Y. 2012
- ▶ Managing Director, Furukawa Precision (Thailand) Co.,Ltd.
Y. 2012 – Y. 2015
- ▶ Senior Manager, Plating Unit, Furukawa Electric Co.,Ltd.
Y. 2015 – Y. 2016
- ▶ General Manager, High Performance Plating Department,
Copper & High Performance Material Product Division,
Furukawa Electric Co.,Ltd.
Y. 2016 – Y. 2018
- ▶ Director & Managing Director, Furukawa Metal (Thailand)
Public Company Limited
Y. 2018 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Takeshi Nishizawa

Director

Date of Appointment as a Director
1 May 2016

Education/Training

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

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Production Engineering Section,
Furukawa Electric Co.,Ltd.
Y. 1986 – Y. 2002
- ▶ Manager, Production Engineering Section,
Furukawa Electric Co.,Ltd
Y. 2003 – Y. 2006
- ▶ Manager, Production System Development Section,
Furukawa Electric Co.,Ltd
Y. 2007 – Y. 2012
- ▶ General Manager of Planning Development,
Furukawa Electric Co.,Ltd
Y. 2013 – Y. 2014
- ▶ Director, Okumura Metal Co.,Ltd (Japan)
Y. 2016 – Present
- ▶ General Manager of Quality & Engineering Department,
Furukawa Electric Co.,Ltd
Apr 2016
- ▶ Director,
Furukawa Metal (Thailand) Public Company Limited
May 2016 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Nobutaka Taniguchi

Director

Date of Appointment as a Director
Y.1993

Education/Training

- ▶ Bachelor Degree of Commercial, Tokai University, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

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

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally 648,010 shares
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Gendai Yamaguchi

Director

Date of Appointment as a Director
23 February 2019



Mr. Makoto Kasuga

Director

Date of Appointment as a Director
1 September 2013

Education/Training

- ▶ Bachelor Degree in Political Science, Meiji University, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Accounting Section, Shinagawa Works,
Furukawa Electric Co.,Ltd.
Y. 1998 – Y. 2001
- ▶ Accounting Section 1, Finance and Accounting Department,
Furukawa Electric Co.,Ltd.
Y. 2001 – Y. 2004
- ▶ Seconded to Furukawa Finance and Business Support Co.,Ltd.
Chiba Accounting Section
Y. 2004 – Y. 2010
- ▶ Internal Control Section, CSR Department,
Furukawa Electric Co.,Ltd.
Y. 2010 – Y. 2016
- ▶ Seconded to Furukawa Finance and Business Support Co.,Ltd.
Corporate Accounting Section, Finance & Accounting Department
Y. 2016 – Y. 2019
- ▶ General Manager Accounting and Finance Department,
Furukawa Metal (Thailand) PCL.
Y. 2019 – Present
- ▶ Director,
Furukawa Metal (Thailand) Public Company Limited
23 Feb 2019 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)

Education/Training

- ▶ Bachelor Degree in Law, Meiji University, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Chairman, Director,
Furukawa Thai Holding Co.,Ltd.
Y. 2013 – Present
- ▶ Director,
Furukawa (Thailand) Co.,Ltd.
Y. 2013 – Present
- ▶ Director,
Furukawa Fitel (Thailand) Co.,Ltd.
Y. 2013 – Present
- ▶ Director,
Furukawa Automotive System Co.,Ltd.
Y. 2013 – Present
- ▶ Director,
Thai Furukawa Unicom Engineering Co.,Ltd.
Y. 2013 – Present
- ▶ Director,
Bangkok Telecom Co.,Ltd.
Y. 2013 – Present
- ▶ Director, Business Advisor,
Furukawa Precision Co.,Ltd.
Y. 2017 – Present
- ▶ General Manager Accounting and Finance Department,
Furukawa Metal (Thailand) Public Company Limited
Y. 2013 – 31 Mar 2019
- ▶ Director,
Furukawa Metal (Thailand) Public Company Limited
Y. 2013 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Daisuke Hamada

Director

Date of Appointment as a Director
9 August 2018



Mr. Vibul Aunsuntha

Chairman of the Audit Committee
and Independent Director

Date of Appointment as a Director
19 November 1999

Education/Training

- ▶ Bachelor Degree in Sociology,
Kwansei Gakuin University, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Sales Department,
Furukawa Electric Co., Ltd.
Apr 1998 – Oct 2000
- ▶ Electronic Sales Department, Kansai Office
Furukawa Electric Co., Ltd.
Nov 2000 – Mar 2004
- ▶ Electronic Assembly Department,
Furukawa Electric Co., Ltd.
Apr 2004 – Nov 2007
- ▶ Sales Section, Memory Disk Department,
Furukawa Electric Co., Ltd.
Dec 2007 – Feb 2011
- ▶ ELC Planning unit,
Furukawa Electric Co., Ltd.
Mar 2011 – Mar 2013
- ▶ Planning Unit, Memory Disk Division,
Furukawa Electric Co., Ltd.
Apr 2013 – Mar 2014
- ▶ Sales Planning & Marketing Department,
Furukawa Electric Co., Ltd.
Apr 2014 – Mar 2016
- ▶ Planning and Export Sales,
Furukawa Electric Co., Ltd.
Apr 2016 – Mar 2017
- ▶ Planning & Administration Department,
Furukawa Electric Co., Ltd.
Apr 2017 – Jul 2017
- ▶ Asst. General Manager of Sale Department,
Furukawa Metal (Thailand) Public Co.Ltd.
18 Oct 2017 – 19 Nov 2018
- ▶ Director,
Furukawa Metal (Thailand) Public Company Limited
9 Aug 2018 – Present
- ▶ General Manager of Sale Department,
Furukawa Metal (Thailand) Public Co.Ltd.
20 Nov 2018 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)

Education/Training

- ▶ Bachelor Degree in Business Administration, U.S.A.
- ▶ Master Degree in Economic, U.S.A.
- ▶ Thailand National Defense College (Class 30)

Director Training

- ▶ Director Accreditation Program Class 53/2006
Thai Institute of Directors Association

Position in Organization/Other Company/Institution

- ▶ 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
Y. 2009 – Present
- ▶ Member of Remuneration & Nomination Committee, Good
Governance,
Muang Thai Life Assurance Co.,Ltd.
Y. 1999 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Chor Nun Petpaisit

Audit Committee and
Independent Director

Date of appointment as a Director
29 April 2019



Mr. Akira Fujita

Audit Committee and
Independent Director

Date of appointment as a Director
5 August 2019

Education/Training

- ▶ B.B.A. (Accounting), Thammasat University Y. 1975
- ▶ The Management Development Program For Revenue Department Sasin Graduate Institute of Business

Director Training

- ▶ Financial Institutions Governance Program (FGP) Class 4/2012.
- ▶ Successful Formulation & Execution of Strategy (SFE) Class 8/2010.
- ▶ Audit Committee Program (ACP) Class 28/2009.
- ▶ Director Certification Program (DCP) Class 76/2006.
- ▶ Director Accreditation Program (DAP) Class 28/2004.

Position in Organization/Other Company/Institution

- ▶ Director of the Audit Committee, Bangkok Insurance Public Co., Ltd. 27 Feb 2009 – Present
- ▶ Independent Director, Bangkok Insurance Public Co., Ltd. 28 Feb 2006 – Present, a Apr 3, 2002 – Nov 17, 2004
- ▶ Independent Director and Director of the Audit Committee, Interhides Public Co., Ltd. April 2015 – Present
- ▶ Adviser, Thai Charoen Corporation Group (TCC Group) Y. 2013 – Present
- ▶ Inspector General, Ministry of Finance Y. 2011 – Y. 2012
- ▶ Principal Adviser on Performance Improvement, The Revenue Department, Ministry of Finance. Y. 2008 – Y. 2011
- ▶ Policy and Plan Expert, The Revenue Department, Ministry of Finance. Y. 2001 – Y. 2008
- ▶ Director, Bureau of Tax Audit Operation, The Revenue Department, Ministry of Finance. Y. 2000 – Y. 2001
- ▶ Director, Government Saving Bank. Y. 2011 – Y. 2012
- ▶ Director, Government Housing Bank. Y. 2010 – Y. 2011, Y. 2006 – Y. 2008
- ▶ Director, Tourism Authority of Thailand. Y. 2010 – Y. 2011, Y. 2005 – Y. 2008
- ▶ Director, The Government Pharmaceutical Organization. Y. 2009 – Y. 2012
- ▶ Director, National Science Museum. Y. 2005 – Y. 2007

Shareholding (Ordinary Shares) (as at 31 December 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)

Education/Training

- ▶ Bachelor Degree in Law, Waseda University, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Production Control Section, Osaka Metal Factory. Furukawa Electric Co., Ltd April 1977 – Y. 1982
- ▶ Sales Division 2, Metal Sales Department-1, Metal Products Division. Furukawa Electric Co., Ltd Y. 1982 – Y. 1986
- ▶ Labor Union of Furukawa Electric Co., Ltd. Y. 1987 – Y. 1989
- ▶ Production Control Section, Production Department-2, Nikko Works, Metal Products Division. Furukawa Electric Co., Ltd Y. 1989 – Y. 1996
- ▶ Director & General Manager of Sales Department Furukawa Metal (Thailand) Public Company Limited. March 1996 – March 2002
- ▶ Senior Manager of Metal Sales Department, Kansai Branch Office, Furukawa Electric Co., Ltd. April 2002 – March 2005
- ▶ Senior Manager of Metal Sales Department, Furukawa Electric Co., Ltd. April 2005 – July 2010
- ▶ Executive Director, Sakakibara Co., Ltd. (Japan) August 2010 – June 2012
- ▶ President, Sakakibara Co., Ltd. (Japan) July 2012 – June 2016
- ▶ Vice Chairman, Sakakibara Co., Ltd. (Japan) July 2016 – June 2018
- ▶ Advisor, Sakakibara Co., Ltd. (Japan) July 2018 – June 2019
- ▶ Independent Director and Audit Committee, Furukawa Metal (Thailand) Public Company Limited Aug 2019 – Present

Shareholding (Ordinary Shares) (as at 31 December 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Deja Tulananda
Independent Director

Date of Appointment as a Director
18 March 1999



Mr. Virojn Srethapramotaya
Audit Committee and
Independent Director

Date of Appointment as a Director
16 Mar 2016 to 7 April 2019

Education/Training

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

Director Training

- ▶ Director Accreditation Program Class 53/2006
Thai Institute of Directors Association

Position in Organization/Other Company/Institution

- ▶ Executive Chairman,
Bangkok Bank Public Company Limited
Y. 1992 – Present
- ▶ Independent Director
Furukawa Metal (Thailand) Public Company Limited
Y. 1999 – Present

Shareholding (Ordinary Shares) (As of December 31, 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)

Education/Training

- ▶ MBA, Jacksonville State University, USA
- ▶ Bachelor of Accountancy, Chulalongkorn University
- ▶ Loan Structuring and Documentation Course at Citibank Training Center, 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 Asian Leaders at GE Training Center-Crotonville, Connecticut, USA in 2007

Director Training

- ▶ Director Accreditation Program (DAP4/2003)
- ▶ Director Certification Program (DCP 34/2003)
- ▶ Director Diploma Examination Program – Fellow Member 2003
- ▶ Refresher Course DCP (DCP Re 4/2007)
- ▶ Roll of The Chairman Program (RCP 18/2008)
- ▶ Successful Formulation & Execution of Strategy (SFE 8/2010)
- ▶ Financial Institutions Governance Program (FGA 1/2010)
- ▶ Chartered Director Class (CDC 6/2012)
- ▶ Audit Committee Program (ADC 40/2012)
- ▶ Advanced Audit Committee Program (AACCP) Training – MIA, MFM, MFR, 2012–2013
- ▶ Corporate Governance for Capital Market Intermediaries (CGI 0/2014)
- ▶ Certificate of Training and Seminar Courses from Thai Institute of Directors Association (IOD)

Position in Organization/Other Company/Institution

- ▶ Director, Sri Ayudhya Capital PCL.
Feb 1998 – Apr 2019
- ▶ Director, Bank of Ayudhya PCL.
Feb 2010 – Dec 2013
- ▶ Director, Sri Ayudhya General Insurance PCL.
Dec 2010 – Jan 2011
- ▶ Chairman, Sri Ayudhya General Insurance PCL.
Jan 2011 – Apr 2019
- ▶ Director and Audit Committee Member,
Allianz Ayudhya Assurance PCL
Feb 2012 – Apr 2019
- ▶ Advisor to the Board of Directors, Bank of Ayudhya PCL.
Jan 2014 – Mar 2015
- ▶ Chairman of the Audit Committee and Governance & Independent Director, Globlex Securities Co., Ltd.
Apr 2014 – Apr 2019
- ▶ Audit Committee and Independent Director
Furukawa Metal (Thailand) Public Company Limited
March 2016 – April 2019

Shareholding (Ordinary Shares) (as at 31 December 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)



Mr. Seiji Tojo

Audit Committee and
Independent Director

Date of Appointment as a Director
1 April 2012 to 5 August 2019



Mr. Takashi Yamamoto
Director

Date of Appointment as a Director
1 May 2014 to 22 February 2019

Education/Training

- ▶ Bachelor Degree of Mechanical, Kyushu University, Japan

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Production Department Manager,
Furukawa Electric Co., Ltd.
Y. 1994 – Y. 1998
- ▶ Managing Director,
Furukawa Metal Public Company Limited
Y. 1992 – Y. 1994
- ▶ President,
Furukawa Precision (Thailand) Co., Ltd.
Y. 2003 – Y. 2008

Shareholding (Ordinary Shares) (as at 31 December 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)

Education/Training

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

Director Training

- ▶ (None)

Position in Organization/Other Company/Institution

- ▶ Production Engineering Section, Furukawa Electric Co., Ltd.,
Nikko Works, Metal Division Furukawa Electric Co.,Ltd.
Y. 1986 – Y. 1997
- ▶ Quality Assurance Division Furukawa Electric Co.,Ltd.
Y. 1997 – Y. 1999
- ▶ Optical Device Division, FITEC Product Division Information
System Business Headquarters,
Yokohama Works Furukawa Electric Co.,Ltd.
Y. 1999 – Y. 2002
- ▶ Second Plan Division, Equipment Department,
Nikko Works Furukawa Electric Co.,Ltd.
Y. 2002 – Y.2004
- ▶ Manager of Manufacture Department, Nikko Works,
Metals Company Furukawa Electric Co.,Ltd.
2004 – Y. 2004
- ▶ Engineering Department, Metals Company, Head Office
Furukawa Electric Co.,Ltd.
Y. 2004 – Y. 2006
- ▶ Manager of Casting & Sheet Manufacturing Section,
Manufacturing Department, Osaka Works,
Metals Company Furukawa Electric Co.,Ltd.
Y. 2006 – Y. 2009
- ▶ Manager of the First Tube Manufacturing Section,
Manufacturing Department, Copper Tube Division,
Metals Company Furukawa Electric Co.,Ltd.
Y. 2009 – Y. 2011
- ▶ General Manager of Manufacturing Department First Tube
Manufacturing Section, Copper Tube Division,
Metals Company Furukawa Electric Co.,Ltd.
Y. 2011 – Y. 2014
- ▶ Director, Furukawa Metal (Thailand) Public Company Limited
Y. 2014 – Y. 2019

Shareholding (Ordinary Shares) (as at 31 December 2019)

- ▶ Held personally (None)
- ▶ Held by Spouse or minor children (None)

Family Relationship among Directors and Executive

- ▶ (None)

Management

Management

1. **Mr. Junichi Ishihara**
Managing Director
2. **Mr. Shingo Nishijimai**
Factory Manager (Start 1 June 2019)
3. **Mr. Nopporn Moonsarn**
Factory Manager (Until 31 May 2019)
Factory Advisor (Start 1 June 2019)

Department General Manager

1. **Mr. Shuichi Asano**
General Manager of Sales Department
(Until 31 July 2019)
2. **Mr. Daisuke Hamada**
General Manager of Sales Department
(Start 20 November 2019)
3. **Mr. Makoto Kasuga**
General Manager of Finance & Accounting Department
(Until 31 March 2019)
4. **Mr. Gendai Yamaguchi**
General Manager of Finance & Accounting Department
(Start 25 February 2019)
5. **Mr. Tetsuya Sumitomo**
General Manager of Production Engineering Department
(Until 19 March 2019)
6. **Mr. Shinya Tsujimoto**
General Manager of Production Engineering Department
(Start 7 March 2019)
7. **Mrs. Siriporn Luengrachanee**
Administration Advisor (Start 1 January 2019)

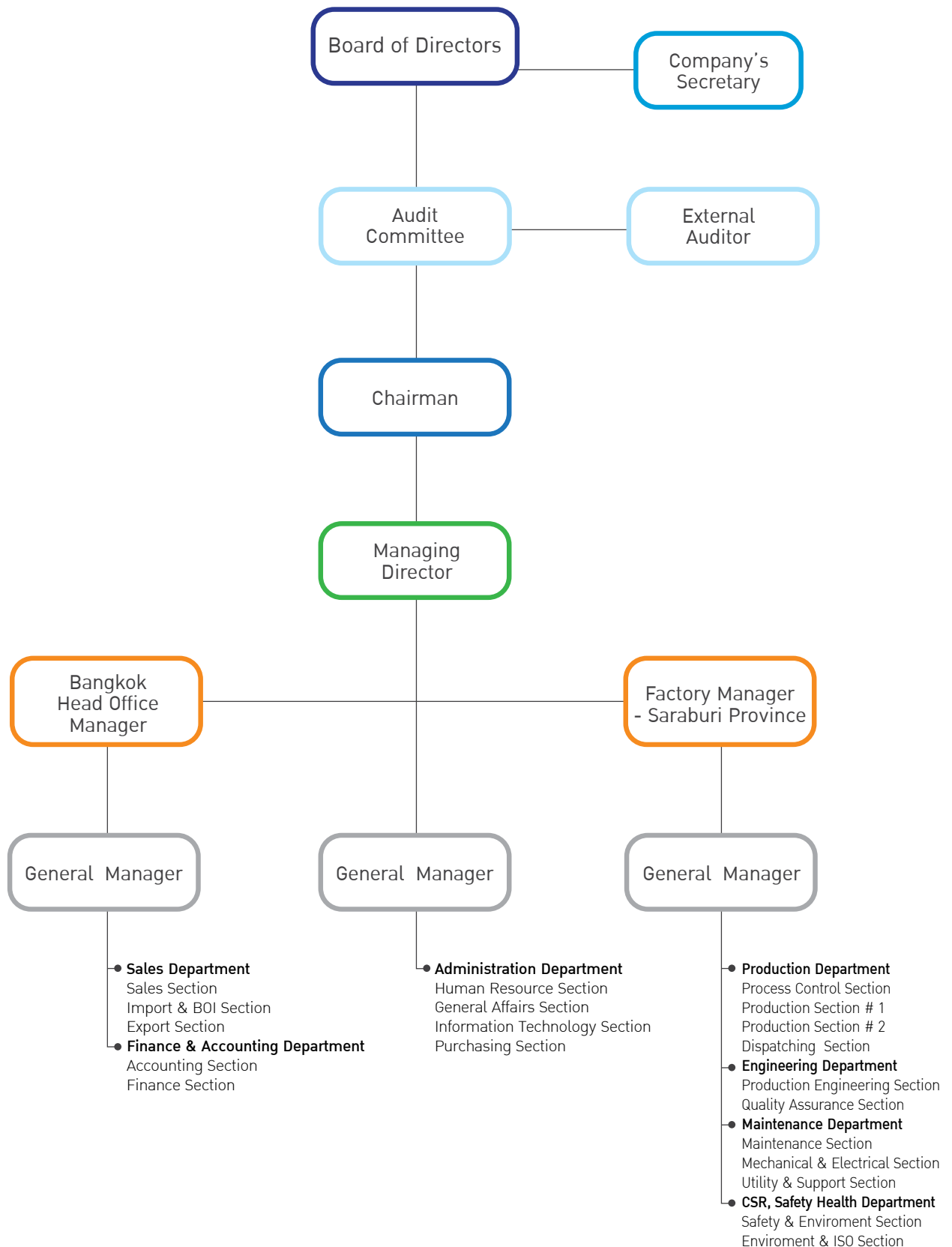
Department Assistant General Manager

1. **Ms. Arpaporn Jitsuteesiri**
Assistant General Manager of Finance & Accounting Department
2. **Mrs. Subin Seesaengtor**
Assistant General Manager of General Affairs Section
(Start 1 January 2019)
3. **Mr. Chirawat Ritthinee**
Assistant General Manager of Purchasing Section
(Start 1 January 2019 to 31 May 2019)
Assistant General Manager of CSR,
Safety and Environment Department
(Start 1 June 2019 to 31 December 2019)
4. **Mr. Narongrit Samranjit**
Assistant General Manager of Production Engineering Department
(Start 3 January 2019)
5. **Mr. Adisak Singthorash**
Assistant General Manager of Maintenance & Production Department
(Until 30 August 2019)

Department Manager

1. **Mr. Mana Wongsarasin**
Human Resources Section Manager,
Safety & Environment Section (Start 1 February – 31 May 2019)
2. **Mr. Metha Arunchaipong**
Production#1 Section Manager
3. **Mr. Thanayos Hapomechai**
Production#2 Section Manager
4. **Mr. Sanguan Wattanawirun**
Export Section Manager
5. **Mr. Phinyo Sodasit**
Process Control Section Manager
6. **Ms. Thanvadee Pananuraksa**
Import & BOI Section Manager (Until 31 August 2019)
7. **Mr. Manoon Chalermwat**
Information Technology Section Manager
8. **Mr. Teeravit Pongsittichok**
Sales Section Manager
9. **Mr. Prakrit Panomrattanak**
Environment and CSR Section Manager
(Start 3 January 2019)
10. **Mrs. Marisa Tassana**
Quality Assurance Section Manager (Start 7 January 2019)
11. **Mrs. Unchana Yoosuk**
Purchasing Section Manager (Start 1 July 2019)

Organization Chart



General Informations & Others

Furukawa Metal (Thailand) Public Company Limited Securities Symbol is “FMT” Listed Company in SET 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 2 times 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 three 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 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 Licence 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 certification 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 (Thailand) Limited.
- ▶ 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 receive certificates and factory white lable 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/Eastren, 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 Khai Police Station, Saraburi Province.

Year 2017

- ▶ In February 7, the company received standard ISO 9001: 2015 certification from TUV NORD (Thailand) Ltd
- ▶ In August 1, the company received certificate " Drive Motorcycle with Wearing Helmet 100% Campaign (Phase 3/2015)" from Saraburi Governor and Provincial Police Station 1 In order to be part of the decade of road safety in Thailand

Year 2018

- ▶ The Company continues to maintain the green industry level 3 and follow ongoing environmental operations. To prevent environment going out form Factory.

Year 2019

- ▶ the Company has been notified by Furukawa Electric Co., Ltd.(the "Seller"), the major shareholder(s) of the Company, that the Seller has entered into the Share Sale and Purchase Agreement with CTJ Holdings2 LLC (the "Purchaser") in respect of a sale of 20,280,280 shares (the "Sale Shares"), representing 42.25 per cent of the total issued shares of the Company. The aggregate purchase price for the Sale Shares is 728,000,000 Japanese Yen or equivalent to approximately 35.90 Japanese Yen per share (the "Transaction"); provided, however that such aggregate purchase price may change in accordance with the terms and conditions of the Share Sale and Purchase Agreement between the Seller and the Purchaser, In this regard, the Purchaser has no plan to change either the Company's business or its management team.

General Information



Furukawa Metal (Thailand) Public Company Limited

Registration no: 0107539000057

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

Bangkok Office

183 Regent House Building, 14th floor, Rajadamri Road,
Kaweng Lumpini, Pathumwan District, Bangkok 10330

Tel. 0-2256-0641-50

Fax. 0-2256-0651-2

Factory Location

213 Moo 4, Mitrapard Road, Tambal Tub-Kwang,
Ampher Kaeng Khoi, Saraburi Province. 18260

Tel. (036) 329-811-9

Fax. (036) 329-822

Type of Business

Manufacture of Seamless Copper Tube

Registered Capital 480 Million Baht

by 48,000,000 Ordinary Share at per value of 10 Baht

Number of Employee

604 Persons (At 31 December 2019)

Male 427 Persons / Female 177 Persons

Reference Persons

Register

Thailand Securities Depository Co.,Ltd.

93 Ratchadaphisek Road, Kaweng Din Daeng,

Dindaeng 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

Auditor Year 2019

Miss Munchupa Singsuksawat

Certificated Public Accountant no. 6112 or

Miss Sirinuch Vimolsathi

Certificated Public Accountant no. 8413 or

Mr. Sumate Jangsamsee

Certificated Public Accountant no. 9362

KPMG Phoomchai Audit Limited

Empire Tower, 50th – 51st Floor

1 South Sathorn Road, Kaweng Yanawa, Sathorn District,
Bangkok 10120

Tel. 0-2677-2000

Fax. 0-2677-2222

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

Business Characteristics

Furukawa Metal (Thailand) Public Company Limited is a producer and distributor of seamless 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 refrigerant 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 products 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 copper tube that the inner surface 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) **Large Diameter 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, Tambol 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.

Overall Policy

Furukawa Metals (Thailand) Public Co., Ltd. is a manufacturer and distributor of Seamless Copper Tube, which is a key component in manufacturing refrigeration equipment, such as refrigerators and air conditioners. Because of the copper tube have a good heat transfer and resists corrosion, suitability for use as a refrigerant piping 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. The company has set the basic management standard for executives and employees who work with environmental protection and will strive to create social value through technological innovation, respect for the law Comply with social norms and morals, ethics, including maintain and enhance good relationships with all stakeholders and responsible for the sustainable development of society.

Visions

Due to the Company's vision of the market leadership of the copper tube in Thailand and in the ASEAN region, the Company has a business strategy under the following business operation target.

1. Research, develop and produce new products which can support the various needs of customers both in Thailand and abroad.
2. Yearly increase the revenue growth of the Company by expanding the customer base in the country and abroad, including seek for new business channels which will contribute to the future growth of the Company's revenue.
3. Reduce production cost to enhance a competitiveness by improving the production process to be more efficient.
4. Continuously develop human resource and promote a new generation of knowledgeable and capable personnel to keep up with the changing production technology.

Management philosophy

The management philosophy consists of four basic principles and considered as a commitment to our stakeholders whether being employees, strategic alliances, shareholders, customers or society on the whole. The operational measures and values we adhere in compliance with our Company's philosophy are referred.

- 1 The Company shall fulfill the expectations and trust we gain from the society with honesty and justice.
2. The Company shall devote all of our expertise for the simultaneous customer satisfaction and growth.
3. The Company shall continuously strive to create the world-class technological innovations and improve itself in any way of effort.
4. The Company shall well take care of our human resources at all levels to become a more creative and diverse organization

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 by management to Executive.

In 2019, 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 2019, 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 the potential of the personnel in the company by creating production skills and capabilities to support personnel to have proficiency and can perform work by themselves and must reduce accidents in the factory to be zero to become a company that can work safely, comfortably and customers can trust.
- 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 more than 30 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 tube 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 productivity and minimizing wastes from production.

- 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.
5. Continuous development product to meet the needs of various customers and support the changing technology of current customers.

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

In 2018 and 2019 the Company had following essential changes and development

1. Increase Productivity in production by reduces cycle time.
2. Increase weight per coil in delivery process for reduces delivery cost.
3. Produce Furukawa Multi Grove Tube with thinner thickness.
4. Increase Capillary Tube production capacity for higher production to support customers demand
5. Packing design to use less natural resources, such as reducing use of paper, plastic, etc.
6. Designing production to be more effective (Yield Up) to reduce waste (Defect Reduction).
7. Design and develop tools to last longer using.
8. Develop products with customers in order to reduce the production time of finished products.
9. Raise the quality of the product to be equal to the quality requirements of the customers.

Business Operations

Business Operations

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) Public Company Limited. 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 (Board of Investment) 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 2019 up to 13 January 2020

Pursuant to Section 36 (2)

received exemption for import duty for the promoted person to import for export from 14 January 2019 up to 13 January 2020



Income Structure

Product	2017		2018		2019	
	MB	%	MB	%	MB	%
Domestic						
1. Smooth Tube	2,120.23	34.29	2,147.72	33.07	2,121.78	34.97
2. Multi Grooved Tube	1,199.90	19.41	1,415.74	21.80	1,258.08	20.74
3. Large Diameter Tube	356.11	5.76	355.04	5.47	257.45	4.24
4. Capillary Tube	272.96	4.41	306.98	4.72	298.55	4.92
Sub Total	3,949.20	63.87	4,225.48	65.06	3,935.86	64.87
Export						
1. Smooth Tube	1,408.38	22.77	1,383.74	21.30	1,243.99	20.51
2. Multi Grooved Tube	648.42	10.49	707.58	10.89	688.76	11.35
3. Large Diameter Tube	132.32	2.14	138.53	2.13	134.59	2.22
4. Capillary Tube	44.90	0.73	40.12	0.62	63.41	1.05
Sub Total	2,234.02	36.13	2,269.97	34.94	2,130.75	35.13
Total Sales						
1. Smooth Tube	3,528.61	57.07	3,531.46	54.37	3,365.77	55.48
2. Multi Grooved Tube	1,848.32	29.89	2,123.32	32.69	1,946.84	32.09
3. Large Diameter Tube	488.43	7.90	493.57	7.60	392.04	6.46
4. Capillary Tube	317.86	5.14	347.10	5.34	361.96	5.97
Total	6,183.22	100%	6,495.45	100%	6,066.61	100%

Type of Shareholders

As of 31 December 2019

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

Major Shareholders

as of 31 December 2019

No.	Name of Share Holders	Number of Share	% of Shareholder
1	Furukawa Electric Co.,Ltd. (1)	20,280,280	42.25
2	Thailand Security Depository Company Limited for Depositors	8,499,930	17.71
3	Bangkok Insurance Public Company Limited (2)	4,566,100	9.51
4	Mr. Chai Sophonpanich	2,265,200	4.72
5	Mr. Suthin Asdathorn	1,726,610	3.60
6	Mr. Chartchai Lisahapanya	1,674,710	3.49
7	Mr. Veeradej Kittioraat	1,674,710	3.49
8	Mr. Surin Asdathorn	1,564,910	3.26
9	Mrs. Chanida Asdathorn	1,225,810	2.25
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

The shareholders of this group (2) have the statues as the company operating the business on loss insurance such as fire, marine and transport, vehicle, miscellany, including reinsurance with Mr. Chai Sophonpanich is its chairman.

Furukawa Metal (Thailand) Public Company Limited (the "Company") would like to inform the Stock Exchange of Thailand (the "SET") that, today, the Company has been notified by Furukawa Electric Co., Ltd.(the "Seller"), the major shareholder(s) of the Company, that the Seller has entered into the Share Sale and Purchase Agreement with CTJ Holdings2 LLC (the "Purchaser") in respect of a sale of 20,280,280 shares (the "Sale Shares"), representing 42.25 per cent of the total issued shares of the Company. The aggregate purchase price for the Sale Shares is 728,000,000 Japanese Yen or equivalent to approximately 35.90 Japanese Yen per share (the "Transaction"); provided, however that such aggregate purchase price may change in accordance with the terms and conditions of the Share Sale and Purchase Agreement between the Seller and the Purchaser. Such purchase price shall be converted into Thai Baht at the Telegraphic Transfer Mid Rates (TTM) between Thai Baht and Japanese Yen in MUFG Bank, Ltd

as of 2 March 2020 or any other date as may be agreed by the Seller and the Purchaser (the "Closing Date"). Upon the calculation from the exchange rate of MUFG Bank, Ltd as of 27 September 2019, the aggregate purchase price shall be Thai Baht 206,818,182 or equivalent to approximately Thai Baht 10.20 per share; provided, however that such price must change as this calculation is for reference only. Nevertheless, the said Transaction is subject to certain conditions precedent i.e. obtaining Competition Law clearance in Japan, including regulatory approvals as required under applicable laws and is expected to be completed on 2 March 2020 or any other date as may be agreed by the Seller and the Purchaser.

After completion of the Transaction, the Purchaser shall be a major shareholder of the Company. Based on the information provided by the Seller to the Company, the shareholding structure of the major shareholders of the Company upon completion of the Transaction shall be as follows

Shareholders Name	Before the Transaction		After the Transaction	
	Number of Shares	%	Number of Shares	%
CTJ Holdings2 LLC	0	0	20,280,280	42.25
Furukawa Electric Co., Ltd	20,280,280	42.25	0	0

CTJ Holdings2 LLC, the Purchaser is a special purpose company incorporated in Japan. The shareholder of the Purchaser is currently Japan Industrial Partners, Inc. ("JIP") (100%). Upon the closing of the Transaction, the shareholders of the Purchaser will be funds that are managed by a 100% subsidiary of JIP and other funds that are provided certain information service from JIP. In this regard, the Purchaser has no plan to change either the Company's business or its management team. The Purchaser plans to nominate 2 directors as of the Closing date as the replacement of 2 directors who plan to resign as of the Closing Date.

In addition, the Company plans to keep its listed company status. In addition, the Purchaser shall acquire 42.25 per cent of the total issued shares of the Company which are exceeding the trigger point of 25 per cent of total voting rights of the Company under the Notification of Capital Market Supervisory Board No. Tor Chor. 12/2554 Re: Rules, Condition and Procedures for the Acquisition of Securities for Business Takeovers (as amended). The Purchaser therefore has a duty to make a mandatory tender offer for all securities of the Company in accordance with the requirements and conditions as required by the applicable law. After such mandatory tender offer, the Purchaser has no plan to delist the Company's shares.

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.

Year	Approval Date	Payment Dividend Date	Dividend Ration/Share (Baht)
2015	24 April 2015	22 May 2015	1.00 Baht/Share
2016	29 April 2016	27 May 2016	1.25 Baht/Share
2017	28 April 2017	24 May 2017	2.00 Baht/Share
2018	27 April 2018	18 May 2018	1.50 Baht/Share
2019	29 April 2019	24 May 2019	1.625 Baht/Share

Report on Directors Shareholding

Date 31 December 2019

No.	Name of Director		Number of Share	Change during the year
1	Mr. Chai	Sophonpanich	2,265,200	-
2	Mrs. Chanida	Asdathorn	1,225,810	-
3	Mr. Tinnakorn	Asdathorn	653,300	-
4	Mr. Junichi	Ishihara	-	-
5	Mr. Takeshi	Nishizawa	-	-
6	Mr. Nobutaka	Taniguchi	648,010	-
7	Mr. Akira	Fujita	-	-
8	Mr. Daisuke	Hamada	-	-
9	Mr. Makoto	Kasuga	-	-
10	Mr. Deja	Tulananda	-	-
11	Mr. Vibul	Aunsnunta	-	-
12	Mr. Chor Nun	Petpaisit	-	-
13	Mr. Gendai	Yamaguchi	-	-

Risk Factors

In 2019, risk factors that may affect the business operations of the company in analyzing the issue of risk, The Company has reviewed and determined measures to reduce the risk of not affecting the business operations of the company. Which the risks of the company are as follows

1. Risk from fluctuation of raw material price of cathode copper sheet

The company realizes the procurement of raw materials by giving importance to price, quality and time of delivery of raw materials. The Company has regular and effective communication with the seller in order to receive accurate information about the procurement and delivery of raw materials to make the company receive the raw materials delivery on time

As 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.2019 the price of copper decrease from Y.2018. This trended that can't hold permanent because the price of copper also depend on factors of price of oil, gold, war and spinning price in the 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 Plate** : as presently there is no copper plate manufacturer in Thailand, the company has to import copper plate from foreign countries. The price of raw materials, or copper plate, 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 plate 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 Company purchased and procured raw materials, calling the price of raw material, by customer determines the basic conditions review order and joint production capacity between the Sales Department, Production Department and Production Planning section to control the production of products
- 1.4 The Company have monthly plan to control and manage inventory in suitable situation. The Company set a target and has 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 can not compete with the quality of the company. In the year 2019, there is import of copper tube from China about 80%; from Malaysia 9 % from Korea about 5% and other country 6%, however the risk of price competition that increases violence. The company has set guidelines for the operation, by focusing on producing good quality products for customers In accordance with the company policy In order to be a leader in the production of copper pipes in Southeast Asia, the company has developed and improved various operating systems and technologies.

3. Competition risk

Copper tube manufacturing industry in Thailand is an industry that focuses on both domestic sales and export markets, which apart from competing from local manufacturers also have to compete with foreign country manufacturers especially products imported from China that have a large amount and products imported from Korea. Causing increased price competition and the economic conditions had changed the concept of consumers who want quality products and reasonable prices, the company has focused on increasing productivity, providing services and delivering products that can respond to customers for able to compete with other suppliers as well. The company

still developed products to support new technology requirement from customer.

4. Labor Risk

At present, Thailand is experiencing more labor shortage problems at the operational level. Especially in the private sector's business due to the higher popularity of higher education to have personnel Not much operating level, The company has implemented measures to reduce labor risks such as offering compensation, welfare and improving workplace safety and environment by aiming that will be a company that can work safely and comfortably and accidents must be zero To motivate employees to come and work with the company.

5. Risk on Investment of Securities Holder

On September 27, 2019, the major shareholder is Furukawa Electric Co.,Ltd, the parent company in Japan entered into an agreement to sell all shares in the name of the Company to CTJ Holding 2 LLC by expected that the share purchase transaction will be completed on 2 March 2020 or any other day as the seller and the buyer agreed in which the Company will hold 20,280,280 shares, representing 42.25 percent of the total voting shares of the Company which will continue to operate the production of copper tube with stability, grow together and still a listed company on the Stock Exchange of Thailand including sill managed by the management from Furukawa Electric Co., Ltd., which is in the same position as before and provide technical assistance to the company e number one in the future of copper production industry according to the action plan and no plans to change the business of the company including the management team in Y.2020 that make Y.2019 is 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 ¾ 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 auditability. 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. In addition, customers demand smaller copper pipes and higher efficiency to support the new inverter air conditioner. In this part, the company has developed and innovates to produce smaller copper pipes and higher efficiency for support this demand.

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 a 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. And gain experience in transferring technology from skilled employees and foreign production expertise which is the manufacturer of that machine directly. In addition, the company arranges for job rotation of staff for employees to learn to work and able to work with other machine for reduce the company's risk of relying on any one person and the company provides opportunities for talented personnel and is important for the company's operations participate in the management of the company in order to build morale as well as to maintain the employees to stay with the organization.

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

Connected Transactions Y.2018 and Y.2019

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 2018 and 2019

Related person	Relations	Characteristic of the Item	Value of the Item in 2018 (Thousand baht)	Value of the Item in 2019 (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)	▶ No transaction in 2018 ▶ Fee on technical service at 18,597 thousand baht. ▶ No service fees and others. ▶ With the credit balance of 17,604 thousand baht.	▶ No transaction in 2019 ▶ Fee on technical service at 17,925 thousand baht ▶ No service fees and others. ▶ With the credit balance of 8,087 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 2019 has been approved by the Board Meeting on 9 November 2018
		The Company sold copper tube to Furukawa Electric as well	▶ No Transaction in 2018. ▶ No Debtort balance in 2018 ▶ Loss from copper risk of 28,969 thousand baht.	▶ No Transaction in 2019. ▶ With the Debtor balance of 1,599 thousand baht. ▶ Lost from copper risk of 35,330 thousand baht.	
2. Furukawa Sangyo Kaisha (Thailand) 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 Compny	▶ No goods purchasing ▶ No creditor balance	▶ 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) Ltd.	▶ Total goods sales of 102,759 thousand baht ▶ With total debtor balance of 35,228 thousand baht	▶ Total goods sales of 177,146 thousand baht ▶ With total debtor balance of 31,131 baht	

Connected Transactions Y.2018 and Y.2019

Related person	Relations	Characteristic of the Item	Value of the Item in 2018 (Thousand baht)	Value of the Item in 2019 (Thousand baht)	Comment by the Audit Committee
3. Furukawa Electric (Singapore) Co.,Ltd.	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)	▶ Total goods purchase of 1,458,655 thousand baht ▶ With creditor balance of 255,352 thousand baht.	▶ Total goods purchase of 897,973 thousand baht ▶ With creditor balance of 139,523 thousand baht.	The audit committee did not give any additional comment
		The company sold copper tubes to Furukawa Electric Singapore Ple.,Ltd.	▶ Total goods sales of 132,787 thousand baht ▶ With the remaining debtor of 28,816 thousand baht.	▶ Total goods sales of 116,976 thousand baht ▶ With the remaining debtor of 17,644 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 246 thousand baht) ▶ No creditor balance	▶ Total goods purchase (Cost of production maintenance service 549 thousand baht) ▶ Total goods purchase (Cost of production consultant service 2,394 thousand baht) ▶ With remaining creditor balance of 497 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 49,199 thousand baht ▶ With the remaining debtor of 13,430 thousand baht.	▶ Total goods sales of 59,288 thousand baht ▶ With the remaining debtor of 11,337 thousand baht	The audit committee did not give any additional comment
			▶ Total goods purchase (Others) 4 thousand baht. ▶ No creditor balance	▶ No Total goods purchase ▶ 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 2018	- No transaction in 2019	

Related person	Relations	Characteristic of the Item	Value of the Item in 2018 (Thousand baht)	Value of the Item in 2019 (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 564,405 thousand baht ▶ With the remaining creditor balance of 784 thousand baht	▶ Short term loan 405,778 thousand baht ▶ With the remaining creditor balance of 409 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
		▶ Supply and provide transportation service to the company (start 1 May 2018)	▶ Total good purchase (service) of 304 thousand baht ▶ With the remaining creditor balance of 24 thousand baht.	▶ Total good purchase (service) of 408 thousand baht ▶ With the remaining creditor balance of 36 thousand baht.	
8. Tani International Trading Co.,Ltd.	It is a shareholder of the company and director of the Company with the power and responsibility in planning, command and control of various activities of the business, regardless of directly or indirectly.	The Company sold copper tube to the Tani International Trading Co.,Ltd.	▶ Total good sales of 753,291 baht ▶ With the remaining debtor balance of 159,107 thousand baht	▶ Total good sales of 683,643 baht ▶ With the remaining debtor balance of 151,478 thousand baht	The audit committee did not give any additional comment
			▶ Total good purchase (Cost of production maintenance service) 144 thousand baht ▶ With the remaining creditor balance of 1 thousand baht	▶ Total good purchase (Cost of production maintenance service) 20 thousand baht ▶ With the remaining creditor balance of 1 thousand baht	
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 goods purchase of 162 thousand baht ▶ With the remaining creditor balance of 27 thousand baht	▶ Total goods purchase of 110 thousand baht ▶ With the remaining creditor balance of 67 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 448,511 thousand baht ▶ With the remaining debtor balance of 102,767 thousand baht	▶ Total goods sales of 455,266 thousand baht ▶ With the remaining debtor balance of 81,057 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 287,437 thousand baht ▶ With the remaining debtor balance of 98,479 thousand baht	▶ Total goods sales of 301,975 thousand baht ▶ With the remaining debtor balance of 103,810 thousand baht	The audit committee did not give any additional comment
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 transportation service to the company (until 30 April 2018)	▶ Total good purchase (service) of 90 thousand baht ▶ No creditor balance	▶ No Total goods purchase ▶ No creditor balance	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 good purchase (insurance) 5,032 thousand baht	▶ Total good purchase (insurance) 5,863 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 notice 7 days 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 In the shareholders' meeting the chairman of the meeting will clarify the rules used in the meeting. Including process of voting and allocate sufficient time.
- 1.5 The Company gives a chance to shareholders that can not attend the meeting by themselves to exercise rights of voting by authorizing others or independent committee to attend the meeting and vote for them.
- 1.6 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.
- 1.7 In annual general meeting year 2019, 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 The company will record the questions and important comments in the minutes of the shareholder meeting for shareholders can check after the meeting.

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 The company gives shareholders the right to vote, one share per one vote. The company has only one type of common stock.
- 2.2 In each meeting the company will give a chance to all shareholders equally and before the meeting starts, the Chairman of Meeting 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 When buying, selling, transferring or accepting assess possession or a contract that sells in advance will reporting via electronic systems as required by the Securities and Exchange Commission and SET
- 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 the year 2019, there was never the case Director or Executive of The Company have securities trading by using internal information and the company does not have any violations.

3. Role of Stakeholders

▶ Shareholder

In addition to basic rights specified in the laws and regulations of the company such as the right to attend the meeting and independently vote at the shareholders' meeting, etc. The company is also committed to conducting business with knowledge and management with integrity and fairness to major and minor shareholders, for the maximum benefit of the shareholders as a whole Including regularly disclosing information and completely according to reality

▶ Employee

The Company promoted and developed employees to have knowledge about working together with having morality and ethics. In 2019, the company had a policy to develop learning organization so that employees could increase skills in working as Quality School Safety School and Maintenance School that they will have proficiency to work with all machines and can perform operations on their own and know how to solve unexpected problems very well. 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, continuously enhance the safety of working with intimate awareness (KYT) activities monthly, Including organizing various promotional activities such as Invite Phra Maha Sompong's to lecture Dharma in order to develop, build and raise awareness among personnel employees have a love for corporate culture and have a sense of safety in both work and daily life.

▶ Customers

The company is committed to produce quality products to provide customer satisfaction with highest satisfaction, aim to develop and maintain a relationship customer with confidentiality seriously and consistently.

▶ Trade Partner and Creditor

The Company holds principles of administration by not taking advantages and having integrity in business operation, 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. Including focusing on operations that use resources efficiently and not taking any action that will adversely affect society natural resources and the environment also find opportunities to support community social activities.

▶ Community 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 be awareness and responsibility to the community society and environment always seriously.

▶ Trade Competitor

The Company operates the business under a policy to fairly treat the competitors in accordance with the framework of trade competition law by adhering to the business operations within the Company's code of conduct in the ethical and transparent manners. The Company shall not take advantage against the competitors by unlawful means, not seek for the confidential information with dishonest or improper means, not perform any acts which infringes the intellectual property of the trade competitors, and not damage the reputation of the competitors by the malicious accusations without fact. In addition, the Company shall promote a free trade, and avoid any agreed behavior that is a monopoly, and competition reduction or restriction.

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

Year 2019, there were 10 directors attending the Annual General Shareholder's Meeting, which included the audit committee members. (The Company's Board of Directors consists of 12 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 providing details regarding the meeting, voting method by counting one share per one vote which the shareholders or proxies only one vote required to agree, disagree or abstain

5. Leadership and Vision

The Board of Directors comprised of members with knowledge, skill races and genders have 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's 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
5. Approve the appointment of new directors to replace the resigned directors.
6. Approve the connected transaction of the company according to the criteria of the Securities and Exchange Commission
7. Approve the company's financial statements
8. Approval of opening and closing the company's account with various banks

Responsibility of Company's Committee

The Company's committee 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 Company's committee 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 for

proposing to the shareholders to approve as a director through a screening process or carefully considered careful by the Board of Directors.

3. The Board of Directors shall held 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 months, The Board of Directors will set the meeting date in advance of the next year. By having a meeting at least 4 times a year and presenting to the Board of Directors for consideration in the last meeting of the year and present to the meeting of the board of directors for determining the date of the joint meeting in the last board meeting of the year Which was held on 6 November 2019. In Y.2020 the company meetings are scheduled for February, April, (with April 1 additional special meetings), August, and November, So that the board can plan and attend every meeting.
5. The Board of Directors shall produce a balance sheet and profit and loss account on the last day of the Company's accounting period and submits 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

As of 31 December 2019 The Board of Directors 13 Persons comprises of

- Executive Directors	3	Persons
- Non-Executive Directors	6	Persons
- Independent Directors	4	Persons
(Equal 1/3 of total director)		

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, and 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 Y. 2019 by considering and company with same industry and equivalent are as follows :

Monetary Compensate

Company Director consist of 13 persons are as follows :

1. Chairman	480,000 baht/person/year
2. Chairman of Audit Committee	420,000 baht/person/year
3. Audit Committee	360,000 baht/person/year
4. Director	300,000 baht/person/year

Executive Directors and Management

	Y. 2019		Y. 2018	
	No. of Person (Persons)	Amount (baht)	No. of Person (Persons)	Amount (baht)
Attendant Payment	11	3,381,610.73	11	3,211,548.00
Bonus	-	-	-	-
Others	-	-	-	-
Total	11	3,381,610.73	11	3,211,548.00

Board of Directors

Year 2019 as of 31 December 2019 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.

The Board of Directors of the Company on 31 December 2019 consists of

1.	Mr. Chai	Sophonpanich	Chairman
2	Mrs. Chanida	Asdathorn	Director
3	Mr. Takeshi	Nishizawa	Director
4	Mr. Tinnakorn	Asdathorn	Director
5	Mr. Nobutaka	Taniguchi	Director
6	Mr. Makoto	Kasuga	Director
7	Mr. Junichi	Ishihara	Director and Managing Director
8	Mr. Daisuke	Hamada	Director
9	Mr. Gendai	Yamaguchi	Director
10	Mr. Vibul	Aunsuntha	Chairman of Audit Committee and Independent Director
11	Mr. Chor Nun	Petpaisit	Audit Committee and Independent Director
12	Mr. Akira	Fujita	Audit Committee and Independent Director
13	Mr. Deja	Tulananda	Independent Director

Executive Directors and Management

	Y. 2019		Y. 2018	
	No. of Person (Persons)	Amount (baht)	No. of Person (Persons)	Amount (baht)
Salary	10	25,127,409.00	10	23,848,374.00
Bonus	7	6,124,582.00	7	5,559,951.00
Attendant Payment	-	-	-	-
Total	17	31,251,991.00	17	29,408,325.00

10. Board of Directors' 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 more than 7 days

prior to the Meeting, so as to allow sufficient time for them to review data and information prepare for asking in Board Meeting . All directors are free to express their opinions in the Meeting. In year 2019, there were set 4 Board of Directors Meetings that included the following participants :

Directors Monetary Compensation Year 2019

No.	Name	Position	Meeting Fee	(Baht/Year)
1.	Mr. Chai Sophonpanich	Chairman		480,000.00
2.	Mrs. Chanida Asdathorn	Director		300,000.00
3.	Mr. Takeshi Nishizawa	Director		300,000.00
4.	Mr. Tinnakorn Asdathorn	Director		300,000.00
5.	Mr. Nobutaka Taniguchi	Director		300,000.00
6.	Mr. Makoto Kasuga	Director		225,000.00
7.	Mr. Junichi Ishihara	Director and Managing Director		-
8.	Mr. Daisuke Hamada	Director		-
9.	Mr. Takashi Yamamoto	Director (To 22 February 2019)		44,643.00
10.	Mr. Gendai Yamaguchi	Director (From 23 February 2019)		-
11.	Mr. Vibul Aunsuntha	Chairman of Audit Committee and Independent Director		420,000.00
12.	Mr. Virojn Srethapramotaya	Audit Committee Member and Independent Director (To 7 April 2019)		109,000.00
13.	Mr. Chor Nun Petpaisit	Audit Committee Member and Independent Director (From 29 April 2019)		242,000.00
14.	Mr. Seiji Tojo	Audit Committee Member and Independent Director (To 5 August 2019)		214,838.70
15.	Mr. Akira Fujita	Audit Committee Member and Independent Director (From 5 August 2019)		146,129.03
16.	Mr. Deja Tulananda	Independent Director		300,000.00
Total				3,381,610.73

Meeting Attendance/All Meeting Attendance in Year 2019 (Times)

No	Director's Name		Term Appointed to Office	Board of Directors Meeting (Times)	Audit Committee Meeting (Times)
1.	Mr. Chai	Sophonpanich	Apr 2019-Apr 2022	4/4 (100%)	-
2.	Mr. Deja	Tulananda	Apr 2019-Apr 2022	3/4 (75%)	-
3.	Mr. Tinnakorn	Asdathorn	Apr 2019-Apr 2022	3/4 (75%)	-
4.	Mr. Junichi	Ishihara	Apr 2019-Apr 2022	4/4 (100%)	4/4 (100%)
5.	Mr. Virojn	Srethapramotaya (To 7 Apr 2019)	Apr 2017-Apr 2020	1/1 (100%)	1/1 (100%)
6.	Mr. Chor nun	Petpaisit (From 29 Apr 2019)	Apr 2017-Apr 2020	2/2 (100%)	2/2 (100%)
7.	Mr. Vibul	Aunsunnta	Apr 2017-Apr 2020	4/4 (100%)	4/4 (100%)
8.	Mr. Takeshi	Nishizawa	Apr 2017-Apr 2020	4/4 (100%)	-
9.	Mr. Seiji	Tojo (To 5 Aug 2019)	Apr 2017-Apr 2020	1/3 (33%)	1/3 (33%)
10.	Mr. Akira	Fujita (From 5 Aug 2019)	Apr 2017-Apr 2020	1/1 (100%)	1/1 (100%)
11.	Mr. Nobutaka	Taniguchi	Apr 2017-Apr 2020	4/4 (100%)	-
12.	Mrs. Chanida	Asdathorn	Apr 2018-Apr 2021	2/4 (50%)	-
13.	Mr. Takashi	Yamamoto (To 22 Feb 2019)	Apr 2018-Apr 2021	0/0 (0%)	-
14.	Mr. Gendai	Yamaguchi (From 23 Feb 2019)	Apr 2018-Apr 2021	4/4 (100%)	4/4 (100%)
15.	Mr. Daisuke	Hamada	Apr 2018-Apr 2021	4/4 (100%)	-
16.	Mr. Makoto	Kasuga	Apr 2018-Apr 2021	4/4 (100%)	-

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 and Independent Director
2. Mr. Chor Nun Petpaisit
Audit Committee Member and Independent Director
3. Mr. Akira Fujita
Audit Committee Member and Independent Director
Mrs. Siriporn Lueangrachanee
Secretary to the Audit Committee



Year 2019, the Audit Committee held 4 Meetings together with the management team to review the Company quarterly financial statements and the 2019 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. Review to ensure that the company has accurate and sufficient disclosure of financial reports, by coordinating external auditors and executives management whom responsible for preparing quarterly and annual reports. The audit committee may suggest the auditor to review or review any item that is considered necessary important.
2. To review the company to have an appropriate and effective internal audit annually.
3. Reviewing compliance with the Securities and Exchange Act, regulations, regulations, and related laws to ensure that the company has correctly complied with relevant laws.
4. Consider and propose to appoint the auditor or propose to terminate the auditor including considering remuneration of the auditor with regard to reliability and the workload of the auditor including the experience of the personnel whom assigned to audit the company's accounts and propose to appointment from the shareholders meeting.
5. Attend the Annual General Meeting of Shareholders for the year 2019 to clarify the matter regarding the audit.
6. Giving an opinion regarding legal compliance and various regulations related Including all requirements of the Stock Exchange of Thailand

11.2 Nomination and Remuneration Committee

The Company has no Nomination and Remuneration Committee because The Company is a small listed company. Appropriate preliminary process will be appointed as a committee will consider together by gender knowledge, ability, experience and qualifications as required by law with not less than half of the total number of directors must have residence in the Kingdom according to the Company's regulations. However 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 2019, 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 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

- 1.5 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 a part of ISO14001. 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. The company has assigned the Information Technology Section to be the agency that monitor the information system and review the information system for security. The company provides websites to collect information of the company on www.fmt.co.th for allowing interested people to enter study company information.

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 2019

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 Subin Seesantor Ext. 253 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.set.or.th or www.fmt.co.th

External Auditors Fee

- ▶ Audit Fee in 2019, the Company's external auditors fee in 2019 by KPMG Phoomchai Audit Limited = 1,405,000 Baht
- ▶ Non Audit Fee
- None -

.....

Corporate Social Responsibility in Process

For over 30 years in copper manufacturing business and sell seamless copper tube which is an important part in various cooling industries. The company can produce products that cover responding to the requirement of consumers with sincere and responsible service, both before and after sales service with responsibility and social responsibility in parallel.

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 2019, 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. Whether it is maintaining relationships with customers and the company's partners which is based on equality and fairness. Which the company will consider the highest satisfaction of customers and avoid situations that may cause conflicts of interest which the company focuses on maintaining good relationships sustainable both for customers and the company's partners. 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. The Board of Directors' meeting held on 9 November 2018 studied information and participated in the "Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)" to apply to join the project

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

The company has a policy to conduct business with transparency, adhere to accuracy not support the creation of success by fraud, The Board of Directors has a policy to comply with anti-corruption laws.

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

Corruption The Company recognizes the importance of the use of power acquired or company property in the wrong way. Both for the benefit of oneself, family, friends, acquaintances, that may cause damage to the interests of others. The Company considers that fraud can occur in many ways, such as bribery of officials by giving or accepting bribes, money and belongings conflicts of interest, misappropriation, concealment of facts, etc.

The company has established guidelines for the proper conduct of directors, executives, and employees in business ethics and good corporate governance by prohibiting of the company acts that are related to all forms of corruption. Regardless of whether he is in the position of a receiver or giver either in monetary or non-monetary to government agencies or private agencies in which the company and subsidiaries operate or contact as following

1. In purchasing procurement / commission payment must proceed through the procedures in accordance with the company's regulations.
2. Responsible for the preparation of financial reports that are accurate and complete in accordance with generally accounting standards
3. Not accepting bribes or bribes to stakeholders in matters that they are responsible for, either directly or indirectly In order to gain benefits in a wrong way

4. Providing a strong and effective internal control system and assessing the adequacy of the internal control system every year In this regard, the Company hired an outsource company to act as an internal auditor. To assess the risk and unusual items the internal audit results will be presented to the audit committee annually.
5. Employees or anyone whom found a fraud that affects the company, both directly and indirectly shall notify to managing director immediately The company will keep the confidentiality of the person who reports or complaints about corruption.

For employees to be aware of the anti-corruption policy, The Company has publicized Anti-Corruption Policy via company's communication channels, such as publishing as a handbook to employees.

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.

Notify by mail or send documents to the managing director or the chairman of the audit committee of the company

<u>Headquarters</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

4. For complaints within the Company, the Company has announced the company notification date 19 September 2018, prescribing guidelines and matters to complain which is a violation of the rules or laws for the management and employees of the company by specifying the scope of actions that are illegal, break the rule or have a bribe to make a complaint directly to the Managing Director via "Hotline to MD" in the suggestion box or complain to the parent company, the major shareholder, to check the other way. Including the company has issued regulations and guidelines for donation and support in order to achieve good performance in the organization and support the policy of Company regarding the appropriation of donations and for the benefit of the donor in applying for the purpose and effect Including supporting the prevention of corruption in the company or occur to employees at all levels.

The company has established a donation policy and support for executives and employees upheld and follow this regulation by aiming for donations and support of the company Is transparent without involvement in providing assistance or political support. The donation is considered a basic virtue of living together, good conscious planting, let society have love Generous to each other unselfish and still considered a friendly friendship to know the common good of the public and inform executives and employees to acknowledge, practice together

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

In order to protect the rights of the complainant and the information provider acting in good faith, the company will conceal the name, address or information of the complainant or information provider and keeping all information confidential by limiting responsible of investigation that can access information.

However, the responsible person shall keep information and documents of the complainant in confidential. Do not disclose information to other persons who didn't have related duties unless it is disclosed in accordance with the law.

In the year 2019, the Company didn't receiving a corruption complaint both within the organization and from any outside. The Company has reviewed for directors, executives and employees include contractors who working with the company to be transparent when doing business by documenting the guidelines for preventing corrupt, giving or receiving various bribes. The Company had training for employees at the management level and communication for the employees in the organization to be thoroughly informed. The Company is in the process of studying the guidelines to join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

3. Respect for Human Rights

Respect for human rights by treating the stakeholders, the community and the society with respect for human values and didn't violate their basic rights with the following guidelines

- 3.1 Support and respect for the protection of human rights by preventing businesses from getting involved in human rights abuses such as not supporting forced labor or against child labor
- 3.2 Promoting compliance with human rights requirements within the company affairs and encourage the implementation of human rights principles in accordance with international standards.

4. Fair Treatment of Labor

The Company has a policy to treat all employees equally and fairly, taking care of the well-being safety and hygiene in the workplace. As well as promoting organizational learning and personnel development to enhance the professional work of the employees and create innovation in the organization with the following

- 4.1 Provide fair employment conditions and allow to receive appropriate compensation based on their potential
- 4.2 Provide appropriate welfare for employees such as annual leave, overtime, Medical treatment etc
- 4.3 Appointment, transfer, reward and punishment of employees will be done with honesty and equality and based on knowledge capabilities and suitability.
- 4.4 Providing a sanctify safety and environment in working place for better life and employee property

4.5 Develop employees to practice skills and increase potential by providing opportunities for employees to have thorough and consistent learning.

4.6 Complying with the law and regulations relating to employees strictly.

4.7 Avoid any actions that is not fair which may have an effect on job security of employees As well as treat employees with politeness

4.8 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 zero 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 and find ways to control and prevent such hazards. The company is able to achieve the target number of days without accidents up to 500 days in the year 2019 and the goal is to achieve the number of days without accidents to the holidays at 1,000 days in the following year.

4.9 Promote and develop staff to have expertise in relevant areas at all times, such as green industry certification practice course, quantitative risk assessment for health and safety, production management techniques for supervisors, etc. The company can training to employees in the year of 2019 up to 7,960 hours or an average of 13.17 hours per person.

- 4.10 HRMS system has been developed to facilitate employees to search for information about work, welfare regulations, including leave approval and overtime, So that employees can do both inside and outside working hours.
- 4.11 The company supports the employment of the elderly. By hiring a retired employee whom age over 55 years who still has the ability to work and necessary to continue working in company for gove consultant, suggestions for improving work and morale for the employees who working.

5. Responsibility for the Consumers

The company intends to produce products and services of quality and standard at a fair price to customers. Keeping customers' confidential information seriously and consistently and following various conditions strictly with the following

- 5.1 Deliver products with quality and standards that meet the needs of customers under fair conditions.
- 5.2 Continuous development product and service to add value to the business and increase the benefits for customers.
- 5.3 Providing accurate, sufficient, and unbiased information about products and services provide to customers with sufficient information to make decisions.
- 5.4 Keeping customer confidentiality didn't use for the benefit of one's own or related persons wrongfully

6. Conservation of the Environment

The company is aware of protecting the environment by didn't cause various pollution including global warming which affects the quality of human life and environment. The company has a policy not to violate to natural resources with the following

- 6.1 Use resources efficiently have energy saving measures and considering the reuse of resources
- 6.2 Develop products and services that do not affect the environment, Safe and using
- 6.3 Use technology and standardized production procedures by considering to reduction and pollution treatment before releasing to the nature
- 6.4 To support activities that contribute to society and the environment regularly

In 2019, the result of environmental monitoring in the factory showed that it met the standard and the Company hired United Analyst & Engineering Consultant Co., Ltd to undertake environmental monitoring as follows :

- Sound pressure level Since the beginning of 2018, the Department of Labor Welfare has announced a change in the standards of the average working time level (TWA) and the stricter measurement standards in accordance with Announcement of the Department of Labor Protection and Welfare regarding the standard of noise level that allows the average worker to receive throughout the day. Announced in the Government Gazette on January 26, 2018, causing the result of self-monitoring of personal sound levels in some areas to be slightly above the standard as a result of these measurements, the company has realized and prioritized this problem in the past. The company has a set of regulations requiring employees to use noise reduction equipment that is specified for use in the work area. Ear plugs are NRR 33 dB (A) when calculating noise reduction as required by law.
- For the management of the sound environment in the operational area in the year 2019, the company has prepared 2 management plans as follows
 - 1) The plan for hearing conservation in 2019 is a management plan. For overall image of the company by establishing the Committee for the Hearing Conservation Project to oversee the management of noise, training Staff, health check and public relations campaign.
 - 2) Plan to reduce noise is an action plan to reduce the exposure of employees according to the basic principles of reducing the noise that employees receive. Reducing the sound at the sound source by means of machine improvement, reduce the sound level, preventing noise path by adding blocking devices at the sound source

The company abides by the law and requirements of the ISO 14001 environmental management standard strictly.

7. Participation in the Community and Society Development

The company has a policy to promote the benefit of improving the quality of life. Help build economy and strengthen to the nearby community and society with the following

- 7.1 Employment support in the community.
- 7.2 Seek opportunities to support social and community creative activities such as providing nearby communities to sell their products to the employees in factory every month to encourage the community to have income.
- 7.3 Raise awareness of social and environmental responsibility among employees at all levels.
- 7.4 The company has a policy to support activities for the benefit of society and environment with the nearby community, temple, school as yearly.

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 2019, the Company developed innovation about products and services as follows :

- 8.1 Increase Productivity in productivity by reduces cycle time.
- 8.2 Increase weight per coil in delivery process for reduces delivery cost.
- 8.3 Produce Furukawa Multi Grove Tube with thinner thickness.
- 8.4 Increase Capillary Tube production capacity for higher production to support customers demand
- 8.5 Packing design to use less natural resources, such as reducing use of paper, plastic, etc.
- 8.6 Designing production to be more effective (Yield Up) to reduce waste (Defect Reduction).
- 8.7 Design and develop tools to last longer using.
- 8.8 Develop products with customers in order to reduce the production time of finished products.
- 8.9 Raise the quality of the product to be equal to the quality requirements of the customers.

Business Operation Affecting Corporate Social Responsibility

In 2019, the Company did not operate business with impacts on corporate social responsibility.

.....

Social Activities in 2019



The Company promotes the quality of life and wellbeing for staffs and neighbor by set the market in canteen in factory. For support neighboring community to sell products of the community to our staffs by didn't paid rental fee.



The Company supports career of disabled people by encouraging people with disabilities to sell the lottery within the factory for promote career and make money to disabled people



The Company organized charity activities by put rice dry food to monk to be charitable to His majesty King Bhumibol Adulyadej.



The Company sponsors the education of employees' children by offering scholarships yearly.



The Company initiated the retirement day event. In order to thank the employees who have worked with the company for a long time until retirement



To support the future of the Natural, the Company donates toys and other to the neighbor's school around the Company.



The Company initiated the Activity Day on December 20, 2019 in order to create employees to develop awareness of working with safety. By inviting Phra Maha Sompong and Phra Ajahn Somphong to lecture on the topic "Safety for Long Life Good Healthy" and training from Solution Engineering Consultant Co., Ltd to trains on the topic "To Emphasize Awareness of Energy Conservation" to stimulate and awareness staff to save electricity And energy.

Report from the Audit Committee

To Shareholders Furukawa Metal (Thailand) Public Company Limited

The Board of Directors of Furukawa Metal (Thailand) Public Company Limited appointed and assigned the audit committee to carry out its duties as specified in the audit committee charter which comprised of 3 independent directors as follows :

1.	Mr. Vibul	Aunsnunta	Chairman of the Audit Committee
2.	Mr. Chor Nun	Petpaisit	Audit Committee
3.	Mr. Akira	Fujita	Audit Committee
	Mrs. Siriporn	Lueangrachanee	Secretary to the audit committee

In 2019, Audit Committee performed his own duties according to the charter as designated by the Board of Directors. The Committee carried out its supervisory tasks pursuant to the regulations concerning with audit committee and compliance with the good corporate governance principles of the Stock Exchange of Thailand. The Committee held 4 Meeting are summarized as following.

1. Supervision and review of the quarterly and annual financial statement for the year 2019.
Supervised and reviewed disposition of the financial statement to ensure that they were executed accurately, completely and timely, and adequate information were disclosed in conformity with the accounting standards as well as the notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand, and it thereby endorsed the financial statement as certified by the auditors for further deliberation by the Board of Directors.
2. Supervision of internal control.
Supervised and reviewed the internal control system administered by the audit office and the auditors. The concerned parties concurred that the system was adequate and suitable for efficient business operations, and no material weak points were found, and have a Meeting together with the auditors without the management to allow the auditors to report events and information of the Company and exchange comments independently.
3. Supervision of good corporate governance.
Reviewed compliance to good corporate governance principles, disclosed information, and supervised related transactions pertaining to interests pursuant to the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as applicable laws and government regulations.
4. The Audit Committee considered and proposed KPMG Poomchai Audit Limited, and its fee proposal for the year 2020 then sent their recommendation to the Board of Directors for consideration and such proposal will be proposed to the 2020 Annual Ordinary General Meeting of Shareholders for approval.
5. The Audit Committee participated in the 2019 Annual Ordinary General Meeting of Shareholders held on Monday, 29 April 2019.

The Audit Committee had comment that the Company upholds good corporate governance policies by monitoring and evaluating results of agreed operational plans, rendering the internal control system of the Company to be sufficiently efficient. The Company's financial statements for the year ending 31 December 2019 were properly prepared and relevant information was disclosed adequately pursuant to the accounting standards. No events were found to indicate problems or transactions with significant impact.

On Behalf of the Audit Committee



(Mr. Vibul Aunsnunta)

Chairman of the Audit Committee

19 February 2020

Management Discussion And Analysis



Overview of Operation Results in 2019

The operational performance in 2019 showed the total revenue from net sales of 6,067 million baht, decreased of 428 million baht from the previous year, the earning from local sales was 3,936 million baht and earning from export was 2,131 million baht or equivalent to 65% and 35% respectively. The Company has a net profit of 124 million baht, decreased by 21 million baht was due to 14% decreased due to the world cooper prices decrease.

Economic and Industrial Condition

In the past 2019, the air-conditioner market has grown slightly compared to the year 2018 due to the weather conditions all over the world and in Thailand with the continuous hot temperature despite of rain during the rainy season, including shorter period of summer. Therefore, the people have turned to install more air conditioners. In accompany with the continuous expansion of several projects in home and condominium business, the Company has adjusted its

proactive marketing in order to efficiently maintain its sales volume and developed a marketing plan to support the demand that has been expected for the continuous growth. In 2018, the Company has still maintained its sales volume, partly due to the collaboration and intention of the Company, the management and the employees to produce best quality products at full production capacity, mutual reduction of expenses in serious and continuous manners, and development of products to fulfill the demand of the inverter air conditioners with yearly increasing trend. As the inverter air converter is the product with a faster and saving cooling technology, and higher efficiency of usability than the traditional air-conditioner, the demand has tended to be yearly increased. Moreover, the Company is always aware to produce its products to meet the customer needs, provide the on time product delivery services to the customers, and focus on pre-sales and post-sales services as well as maintain a good customer relationship until now.

Net Sales

In 2019, the net sales were 6,067 million baht, a decrease of 428 million baht, from the previous year. The local sales were 3,936 million baht, or 65% and the export sales were 2,130 million baht or 35% from world copper prices decrease.

Other Income

In 2019, other income was 5 million baht from sales of copper slag and others.

Cost and Expense

The Company's total costs and expenses in 2019 was 5,917 million baht decreased of 417 million baht comes from world copper prices decrease and the baht exchange rate strengthened.

Cost of Goods Sold

The cost of goods sold in 2019 was 5,602 million baht, or 95% of the total costs and expenses, decreased of 442 million baht from the previous year due to the world copper price decrease.

Selling and Administrative Expense

In the year 2019, the Company has selling and administrative expenses of 298 million baht or 5% of the total cost and expenses. Selling expenses increased by 13 million baht due to the increased sales volume. Which the sales volume in 2019 is 25,153 tons higher than the year 2018 is 285 tons, administrative expenses increased by 8 million baht, of which 6 million baht came from the loss from copper price hedging.

Financial Costs

The financial cost in 2019 was 11 million baht decreased 2 million baht from the Company due to entering into a cash management agreement with Furukawa group. The Bank rate of interest was decreased.

Income Tax

The Company has payable corporate income tax in 2019, was 31 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 2019 the Company had the net profit of 124 million baht, decrease by 21 million baht or 14% due to world copper price decrease.

The Company had loss from exchange rate of 6 million baht in 2019.

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. Capital Structure

Capital Structure	Baht	Ratio
Current Liabilities	1,002,897,859	0.62
Long-term Liabilities	137,613,600	0.08
Total Liabilities	1,140,511,459	0.70
Shareholder Equity		
Common Share	480,000,000	0.30
Share Premium	507,500,000	0.32
Retained Earning	618,237,861	0.38
Share Holders Equity	1,605,737,861	1
Illegibility & Shareholder Equity	2,746,249,320	

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 liquidity ratio is 2.3 times higher than year 2018.
4. The interest coverage ratio is 15.3, 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 2019 was 2.3 which higher than year 2018.
2. Receivable turnover and collection period for the year 2019 was 3.8 times and 96 days.
3. Account payable turnover and payment period for the year 2019 was 10.3 times and 35 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 in order to accordance with the policy to reduce costs and expenses.

Profitability Ratio

Gross profit margin of the year 2019 was 7.7% higher than year 2018 due to LME price was decrease than year 2018.

Return on equity for the year 2019, 7.7% as a result of net gain decrease.

Performance Efficiency Ratio

Return on total assets for the year 2019, 4.5% was come from net gain.

Assets turnover of the year 2019 was 2.2 times same as year 2018.

Financial Policy Analysis Ration

Debt to equity for the year 2019 was 0.7 decreases from year 2018.

.....

Statement of Financial Position

Assets

As of 31 December 2019, the total assets of Furukawa Metal (Thailand) Public Company Limited amount to 2,746 million baht, decrease of 210 million baht or 7.64 from year 2018 which comprised of :

- ▶ Current assets amounted to 2,323 million baht, or 84.59% of the total assets.
- ▶ Property, plant and equipment amounted to 385 million baht, or 14.04% of the total assets.

Summary of Financial Ratio as of 31 December 2019

Financial ratio	Year 2019	Year 2018	Year 2017
LIQUIDITY RATIO			
CURRENT RATIO (TIMES)	2.32	1.94	1.77
RECEIVABLES TURNOVER (TIMES)	3.76	4.12	4.46
COLLECTION PERIOD (DAYS)	95.65	87.38	80.74
INVENTORY TURNOVER (TIMES)	7.59	6.87	6.25
INVENTORY TURNOVER PERIOD (DAYS)	47.45	52.41	57.61
ACCOUNT PAYABLE TURNOVER (TIMES)	10.31	9.26	8.09
PAYMENT PERIOD (DAYS)	34.93	38.87	44.52
PROFITABILITY RATIO			
GROSS PROFIT MARGIN (%)	7.66	6.95	6.54
NET PROFIT MARGIN (%)	2.05	2.22	2.24
RETURN ON EQUITY (%)	7.74	9.90	9.40
EFFICIENCY RATIO			
RETURN ON TOTAL ASSETS (%)	4.52	4.89	4.57
ASSET TURNOVER (TIMES)	2.21	2.20	2.03
FIXED ASSET TURNOVER (TIMES)	15.73	15.14	13.60
FINANCIAL POLICY RATIO			
DEBT TO EQUITY (TIMES)	0.71	0.90	1.06
INTEREST COVERAGE (TIMES)	15.29	15.24	12.43

Analysis of Financial Ratio

The Company's debt to equity ratio for the year 2019 equal to 0.7: 0.9, decreased from the year 2018 due to the Company's total liabilities decreased by 256 million baht.

Capital Structure	Year 2019		Year 2018	
	Baht	Ratio	Baht	Ratio
Current Liabilities	1,002,897,859	0.6246	1,289,112,744	0.8266
Long-Term Liabilities	137,613,600	0.0857	107,452,964	0.0689
Total Liabilities	1,140,511,459	0.7103	1,396,565,708	0.8955
Shareholder Equity				
Common Share	480,000,000	0.2989	480,000,000	0.3078
Share Premium	507,500,000	0.3161	507,500,000	0.3254
Retained Earnings (Deficit)	618,237,861	0.385	572,030,606	0.3668
Shareholder Equity	1,605,737,861	1	1,559,530,606	1
Liabilities & Shareholders' Equity	2,746,249,320		2,956,096,314	

Report on the Board of Directors' Responsibilities for Financial Statements.

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

The Company Financial Statements of Furukawa Metal (Thailand) Public Company Limited has been made in accordance with the generally accepted accounting principles for the benefits of the shareholders and investors to reflect the real results.

The Board of Directors has established and maintained an effective internal control to ensure that the Company's accounting record is accurate, complete and adequate for the maintenance of our assets and for monitoring weaknesses to prevent corrupted of unusual practices that are material. In this regard, the Board of Directors has appointed an Audit Committee consisting of three non-executive independent directors to be responsible for the quality of the financial statement and the internal control. The Audit Committee's opinions regarding the matters are published in the Audit Committee's Report also included in the Annual Report.

The structure of management and internal controls in connection with the Auditors' report ensure the Board of Directors that the financial statement of Furukawa Metal (Thailand) Public Company Limited as of December 31, 2019 represent fairly the financial position, results of operations, and cash flow statements prepared in accordance with Thai Financial Reporting Standards.



(Mr. Chai Sophonpanich)
Chairman



(Mr. Junichi Ishihara)
Managing Director



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ kpmg.com/th

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 2019, 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 2019, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. 



Valuation of inventories	
Refer to Notes 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process. 



Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. 



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Sirinuch Vimolsathit)
Certified Public Accountant
Registration No. 8413

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2020

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2019	2018
		<i>(in Baht)</i>	
Current assets			
Cash and cash equivalents	5	14,690,278	7,822,979
Trade accounts receivable	4, 6	1,592,597,861	1,631,006,772
Other receivables	4, 7	31,110,195	65,434,874
Inventories	8	684,650,213	792,202,023
Total current assets		2,323,048,547	2,496,466,648
Non-current assets			
Property, plant and equipment	9	385,676,575	429,144,377
Intangible assets	10	7,531,705	6,592,887
Deferred tax assets	21	27,551,040	21,518,913
Other non-current assets		2,441,453	2,373,489
Total non-current assets		423,200,773	459,629,666
Total assets		2,746,249,320	2,956,096,314

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

Furukawa Metal (Thailand) Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2019	2018
		(in Baht)	
Current liabilities			
Short-term borrowings from financial institution	11	100,000,000	-
Trade accounts payable	4	437,677,625	649,337,345
Other payables	4, 12	32,052,843	44,475,399
Short-term borrowings from related party	4, 11	405,777,700	564,405,278
Income tax payable		13,580,311	20,125,884
Other current liabilities		13,809,380	10,768,838
Total current liabilities		1,002,897,859	1,289,112,744
Non-current liability			
Provision for employee benefits	13	137,613,600	107,452,964
Total non-current liability		137,613,600	107,452,964
Total liabilities		1,140,511,459	1,396,565,708
Equity			
Share capital	14		
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	14	507,500,000	507,500,000
Retained earnings			
Appropriated			
Legal reserve	15	48,000,000	48,000,000
Unappropriated		570,237,861	524,030,606
Total equity		1,605,737,861	1,559,530,606
Total liabilities and equity		2,746,249,320	2,956,096,314

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	2019	2018
(in Baht)			
Revenues			
Revenue from sale of goods	4, 16	6,066,619,519	6,495,438,777
Net gain on foreign exchange		-	13,299,903
Other income		5,242,495	6,892,184
Total revenues		6,071,862,014	6,515,630,864
Expenses			
Cost of sale of goods	4, 8	5,601,828,525	6,044,011,830
Distribution costs	17	140,586,146	127,789,246
Administrative expenses	4, 18	122,184,997	120,484,303
Net loss on foreign exchange		5,940,552	-
Loss on copper hedging and service fee	4	35,329,619	28,969,047
Finance costs	4	10,856,265	12,756,734
Total expenses		5,916,726,104	6,334,011,160
Profit before income tax		155,135,910	181,619,704
Income tax expense	21	(30,928,655)	(37,005,382)
Profit for the year		124,207,255	144,614,322
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gains on remeasurements of defined benefit plans	13	-	12,267,923
Income tax relating to items that will not be reclassified	21	-	(2,453,585)
Other comprehensive income for the year, net of tax		-	9,814,338
Total comprehensive income for the year		124,207,255	154,428,660
Basic earnings per share	23	2.59	3.01

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	Retained earnings		Total equity
				Legal reserve (in Baht)	Unappropriated	
Year ended 31 December 2018						
Balance at 1 January 2018		480,000,000	507,500,000	48,000,000	441,601,946	1,477,101,946
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	24	-	-	-	(72,000,000)	(72,000,000)
<i>Total transactions with owners, recorded directly in equity</i>		-	-	-	(72,000,000)	(72,000,000)
Comprehensive income for the year						
Profit		-	-	-	144,614,322	144,614,322
Other comprehensive income		-	-	-	9,814,338	9,814,338
<i>Total comprehensive income for the year</i>		-	-	-	154,428,660	154,428,660
Balance at 31 December 2018		480,000,000	507,500,000	48,000,000	524,030,606	1,559,530,606
Year ended 31 December 2019						
Balance at 1 January 2019		480,000,000	507,500,000	48,000,000	524,030,606	1,559,530,606
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	24	-	-	-	(78,000,000)	(78,000,000)
<i>Total transactions with owners, recorded directly in equity</i>		-	-	-	(78,000,000)	(78,000,000)
Comprehensive income for the year						
Profit		-	-	-	124,207,255	124,207,255
<i>Total comprehensive income for the year</i>		-	-	-	124,207,255	124,207,255
Balance at 31 December 2019		480,000,000	507,500,000	48,000,000	570,237,861	1,605,737,861

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	
	2019	2018
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	124,207,255	144,614,322
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Income tax expense	30,928,655	37,005,382
Finance costs	10,856,265	12,756,734
Depreciation and amortisation	67,698,205	70,833,344
Reversal of impairment losses on equipment	-	(3,579,812)
Provision for employee benefits	42,517,856	9,028,429
Unrealised gain on foreign exchange	(769,382)	(3,403,798)
(Gain) loss on disposal of equipment	(201,965)	3,292,912
	<u>275,236,889</u>	<u>270,547,513</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	37,813,277	(111,186,320)
Other receivables	34,324,679	(13,216,641)
Inventories	107,551,810	175,528,016
Other non-current assets	(67,964)	200,699
Trade accounts payable	(210,294,704)	(759,399)
Other payables	(8,284,162)	8,715,160
Other current liabilities	<u>581,232</u>	<u>493,597</u>
Cash flows generated from operating activities	236,861,057	330,322,625
Employee benefit paid	(12,357,220)	(12,000,099)
Income tax paid	<u>(43,506,355)</u>	<u>(26,273,981)</u>
Net cash flows from operating activities	<u>180,997,482</u>	<u>292,048,545</u>
<i>Cash flows from investing activities</i>		
Cash payments to purchase of equipment	(27,019,658)	(44,651,457)
Cash payments to purchase of intangible assets	(2,027,891)	(3,559,798)
Cash receipts from sale of equipment	<u>282,874</u>	<u>286,900</u>
Net cash flows used in investing activities	<u>(28,764,675)</u>	<u>(47,924,355)</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>	2019	2018
		<i>(in Baht)</i>	
<i>Cash flows from financing activities</i>			
Interest paid		(11,197,240)	(12,704,966)
Dividends paid		(75,540,690)	(71,993,335)
Proceeds from borrowings from financial institution		2,600,000,000	250,000,000
Repayment of borrowings from financial institution		(2,500,000,000)	(250,000,000)
Proceeds from borrowings from related party		4,657,117,214	4,221,344,967
Repayment of borrowings from related party		<u>(4,815,744,792)</u>	<u>(4,382,029,084)</u>
Net cash flows used in financing activities		<u>(145,365,508)</u>	<u>(245,382,418)</u>
Net increase (decrease) in cash and cash equivalents		6,867,299	(1,258,228)
Cash and cash equivalents at 1 January		<u>7,822,979</u>	<u>9,081,207</u>
Cash and cash equivalents at 31 December	5	<u><u>14,690,278</u></u>	<u><u>7,822,979</u></u>
<i>Non-cash transaction</i>			
Payable for fixed assets purchased		2,962,839	6,760,258

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 2019

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Other receivables
8	Inventories
9	Property, plant and equipment
10	Intangible assets
11	Interest-bearing liabilities
12	Other payables
13	Provision for employee benefits
14	Share capital
15	Legal reserve
16	Segment information and disaggregation of revenue
17	Distribution costs
18	Administrative expenses
19	Employee benefit expenses
20	Expenses by nature
21	Income tax
22	Promotional privileges
23	Basic earnings per share
24	Dividends
25	Financial instruments
26	Commitments with non-related parties
27	Events after the reporting period
28	Thai Financial Reporting Standards (TFRS) not yet adopted

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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 26 February 2020.

1 General information

Furukawa Metal (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in 1996. The Company’s registered offices as follows:

- (a) Head Office : 183 Regent House Building, 14th Floor, Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330
- (b) Factory : 213 Moo 4 Friendship Highway Km. 125th, Tab Kwang, Kaeng Khoi, Saraburi 18260

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

On 27 September 2019, the Company has been informed that Furukawa Electric Co., Ltd., the major shareholder of the Company has entered into a Shares Sale and Purchase Agreement with CTJ Holdings2 LLC, a Japanese Company, in respect of the sale 20,280,280 shares of the Company, representing 42.25% of total issued and paid-up shares at a price of Baht 10.20 per share or totalling approximately Baht 206.9 million. This transaction is expected to be completed by April 2020.

The principal activity of the Company is the manufacturing and distributing of seamless copper tube, which is an important component for air-conditioner and refrigerator equipment.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. There is no material impact on the Company’s financial statements. The Company has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3(m).

In addition, the Company has not early adopted a number of new TFRS which are not yet effective for the current period in preparing these financial statements. Those new TFRS that are relevant to the Company’s operations are disclosed in note 28.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(b) Functional and presentation currency

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

(c) Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of liability in the next financial year is included in note 13 to the financial statements: *Measurement of defined benefit obligations: key actuarial assumptions.*

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 receivables

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

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(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.

(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 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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

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.

(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 of computer software is 5 years.

Golf membership is measured at cost less accumulated impairment losses.

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

(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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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.

(h) Interest-bearing liabilities

Interest bearing liabilities are recognised at cost.

(i) Trade and other payables

Trade and other 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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

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.

(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) Measurement of fair values

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).

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

(m) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

For bundled packages, the Company accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Company sells the products and services in separate transactions.

Accounting policies for revenue recognition in 2018

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.

(n) Interest income

Interest income is recognised in the profit or loss as it accrues.

(o) 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 periods of time to be prepared for its intended use or sale.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(p) Lease payments

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

(q) 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 assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) 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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

(s) *Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(t) *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

Other related parties that the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Furukawa Electric Co., Ltd.	Japan	Parent, 42.25% shareholding
Bangkok Insurance Public Company Limited	Thailand	A common shareholder, 9.51% 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 shareholder
Furukawa Precision (Thailand) Co., Ltd.	Thailand	A common 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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of goods	Market price or contractually agreed price
Purchase of raw material	Market price or contractually agreed price
Technical assistance fee	Contractually agreed price
(Gain) loss on copper hedging and service fee	Contractually agreed price
Service fee and others	Contractually agreed price
Interest income or interest expense	Contractually agreed rate
Directors' remuneration	Approved by shareholders' meeting

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	2019	2018
	<i>(in thousand Baht)</i>	
Parent		
Technical assistance fee	17,925	18,597
Loss on copper hedging and service fee	35,330	28,969
Other related parties		
Revenue from sales of goods	1,795,133	1,774,782
Purchase of raw material	897,973	1,485,655
Service fee and others	9,840	6,117
Interest expense	8,188	10,367
Directors' remuneration	3,382	3,212
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	34,633	32,620
Post-employment benefits	1,602	317
Total key management personnel compensation	36,235	32,937

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

	2019	2018
	<i>(in thousand Baht)</i>	
Trade accounts receivable		
Other related parties	396,457	437,827
Other receivables		
Parent	1,599	-
Trade accounts payable		
Other related party	139,523	255,352
Other payables		
Parent	8,087	17,603
Other related parties	1,010	853
Total	9,097	18,456

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

<i>Movements of borrowings from</i>	At 1 January	Increase	Decrease	At 31 December
		<i>(in thousand Baht)</i>		
2019				
Other related party	564,405	4,657,117	(4,815,744)	405,778
Total	564,405			405,778
2018				
Other related party	725,089	4,221,345	(4,382,029)	564,405
Total	725,089			564,405

As at 31 December 2019, short-term borrowings from related party bears interest at the rate of 1.25% per annum (2018: 1.75% per annum).

Commitments with related party

As at 31 December 2019, the Company had outstanding future contracts with Furukawa Electric Co., Ltd., a parent company, to hedge the copper cathode price of 2,890 tons, in amount of U.S. Dollars 17.0 million, equivalent to Baht 515.8 million (2018: 4,341 tons, in amount of U.S. Dollars 27.2 million, equivalent to Baht 888.0 million).

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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

Technical Collaboration Agreement

On 1 January 2019, 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 2019. 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 2019, the Company entered into the System Development Service Support Agreement with Furukawa (Thailand) Co., Ltd., a related company. Under the terms of agreement, Furukawa (Thailand) Co., Ltd. shall provide the Company with support for maintenance project of Total Production Management System. In consideration thereof, the Company is committed to pay a service fee computed from consulting service hour at the rates as stipulated in the agreement. The agreement will be expired on 31 May 2020.

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

	2019	2018
	<i>(in thousand Baht)</i>	
Cash on hand	113	113
Cash at banks - current accounts	11,679	4,246
Cash at banks - savings accounts	2,898	3,464
Total	14,690	7,823

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

6 Trade accounts receivable

	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms	4	<u>396,457</u>	<u>437,827</u>
		396,457	437,827
Other parties			
Within credit terms		1,193,447	1,192,477
Overdue:			
Less than 3 months		<u>2,694</u>	<u>703</u>
		1,196,141	1,193,180
Total		<u>1,592,598</u>	<u>1,631,007</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 receivables

	2019	2018
	<i>(in thousand Baht)</i>	
Refundable value added tax	27,195	62,056
Others	<u>3,915</u>	<u>3,379</u>
Total	<u>31,110</u>	<u>65,435</u>

8 Inventories

	2019	2018
	<i>(in thousand Baht)</i>	
Finished goods	270,161	283,525
Work in progress	94,006	190,602
Raw materials	85,492	63,651
Factory supplies	171,811	168,095
Goods in transit	<u>63,180</u>	<u>86,329</u>
Total	<u>684,650</u>	<u>792,202</u>
Inventories recognised as an expense in cost of sales of goods:		
- Cost	<u>5,601,829</u>	<u>6,044,012</u>

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements
For the year ended 31 December 2019

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 2018	180,983	582,865	4,385,335	42,595	4,429	15,990	5,212,197
Additions	123	528	3,836	2,306	236	36,242	43,271
Transfers	494	4,850	41,004	67	-	(46,415)	-
Disposals	-	-	(33,939)	(869)	(550)	-	(35,358)
At 31 December 2018 and 1 January 2019	181,600	588,243	4,396,236	44,099	4,115	5,817	5,220,110
Additions	-	1,018	3,974	1,107	114	17,010	23,223
Transfers	-	4,686	13,795	1,229	-	(19,710)	-
Disposals	-	-	(7,534)	(464)	(245)	-	(8,243)
At 31 December 2019	181,600	593,947	4,406,471	45,971	3,984	3,117	5,235,090
Depreciation and impairment losses							
At 1 January 2018	62,207	480,866	4,171,627	38,348	4,395	-	4,757,443
Depreciation charge for the year	2,695	18,248	45,973	1,931	33	-	68,880
Reversal of impairment losses	-	-	(3,580)	-	-	-	(3,580)
Disposals	-	-	(30,358)	(869)	(550)	-	(31,777)
At 31 December 2018 and 1 January 2019	64,902	499,114	4,183,662	39,410	3,878	-	4,790,966
Depreciation charge for the year	2,712	16,443	45,723	1,660	71	-	66,609
Disposals	-	-	(7,534)	(383)	(245)	-	(8,162)
At 31 December 2019	67,614	515,557	4,221,851	40,687	3,704	-	4,849,413
Net book value							
At 1 January 2018	118,776	101,999	213,708	4,247	34	15,990	454,754
At 31 December 2018 and 1 January 2019	116,698	89,129	212,574	4,689	237	5,817	429,144
At 31 December 2019	113,986	78,390	184,620	5,284	280	3,117	385,677

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 4,168 million (2018: Baht 4,133 million).

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

10 Intangible assets

	Computer software	Golf membership (in thousand Baht)	Computer software under installation	Total
Cost				
At 1 January 2018	134,119	2,200	-	136,319
Additions	2,011	-	1,549	3,560
Write-off	(406)	-	-	(406)
At 31 December 2018 and 1 January 2019	135,724	2,200	1,549	139,473
Additions	-	-	2,028	2,028
Transfers	2,248	-	(2,248)	-
At 31 December 2019	137,972	2,200	1,329	141,501
Amortisation				
At 1 January 2018	131,333	-	-	131,333
Amortisation for the year	1,953	-	-	1,953
Write-off	(406)	-	-	(406)
At 31 December 2018 and 1 January 2019	132,880	-	-	132,880
Amortisation for the year	1,089	-	-	1,089
At 31 December 2019	133,969	-	-	133,969
Net book value				
At 1 January 2018	2,786	2,200	-	4,986
At 31 December 2018 and 1 January 2019	2,844	2,200	1,549	6,593
At 31 December 2019	4,003	2,200	1,329	7,532

The gross amount of the Company's fully amortised intangible assets that was still in use as at 31 December 2019 amounted to Baht 132 million (2018: Baht 132 million).

11 Interest-bearing liabilities

	Note	2019 (in thousand Baht)	2018
Current			
Unsecured			
Short-term borrowings from financial institution		100,000	-
Short-term borrowings from related party	4	405,778	564,405
Total		505,778	564,405

Short-term borrowings from financial institution

As at 31 December 2019, short-term borrowings from financial institution amounted to Baht 100 million shall be repayable at call. These loans bears interest at the rate of 1.39% per annum (2018: nil).

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Unutilised credit facilities

As at 31 December 2019, the Company had unutilised credit facilities totalling U.S. Dollars 1 million and Baht 3,347 million (2018: U.S. Dollars 1 million and Baht 3,447 million).

12 Other payables

	<i>Note</i>	2019 (in thousand Baht)	2018
Electricity and natural gas payable		11,690	12,507
Accrued technical assistance fee	4	7,991	8,388
Payable for fixed assets purchased		2,963	6,760
Payable for copper hedging and service fee	4	96	9,215
Others	4	9,313	7,605
Total		32,053	44,475

13 Provision for employee benefits

	2019 (in thousand Baht)	2018
Statement of financial position		
Provisions for:		
Post-employment benefits	120,775	91,024
Other long-term employee benefits	8,896	8,653
Others	7,943	7,776
Total	137,614	107,453
 Year ended 31 December	 2019	 2018
	(in thousand Baht)	
Statement of comprehensive income		
Recognised in profit or loss:		
Post-employment benefits	39,870	8,188
Other long-term employee benefits	888	(665)
Others	1,760	1,505
Total	42,518	9,028
 Recognised in other comprehensive income:		
Actuarial gains recognised in the year	-	12,268
Cumulative actuarial gains recognised	36,016	36,016

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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

<i>Present value of the defined benefit obligations</i>	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	91,024	102,520
Included in profit or loss:		
Current service cost	7,622	5,508
Past service cost	29,199	-
Interest on obligation	3,049	2,680
	<u>39,870</u>	<u>8,188</u>
Included in other comprehensive income		
Actuarial gain		
- Demographic assumptions	-	649
- Financial assumptions	-	(7,481)
- Experience adjustment	-	(5,436)
	<u>-</u>	<u>(12,268)</u>
Benefit paid	<u>(10,119)</u>	<u>(7,416)</u>
	<u>(10,119)</u>	<u>(7,416)</u>
At 31 December	<u>120,775</u>	<u>91,024</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

<i>Principle actuarial assumptions</i>	2019	2018
	<i>(%)</i>	
Discount rate	2.8	2.8
Future salary growth	3 - 4	3 - 4
Employee turnover	0 - 14	0 - 14

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

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 8.8 years (2018: 8.8 years).

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.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	<i>(in thousand Baht)</i>	
At 31 December 2019	Increase	Decrease
Discount rate (1% movement)	(7,280)	8,066
Future salary growth (1% movement)	9,144	(8,370)
Employee turnover (20% movement)	(1,630)	1,705
Future mortality (1% movement)	(196)	182
At 31 December 2018	Increase	Decrease
Discount rate (1% movement)	(5,804)	6,448
Future salary growth (1% movement)	6,323	(5,806)
Employee turnover (20% movement)	(1,088)	1,133
Future mortality (1% movement)	(134)	125

14 Share capital

	Par value per share (in Baht)	2019		2018	
		Number	Baht	Number	Baht
		(thousand shares / in thousand Baht)			
Authorised/issued and paid-up shares					
At 1 January					
- ordinary shares	10	48,000	480,000	48,000	480,000
At 31 December					
- ordinary shares	10	48,000	480,000	48,000	480,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

15 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.

16 Segment information and disaggregation of revenue

Management considers that the Company operates in a single line of business, namely seamless copper tube, and has, therefore, only one reportable segment.

Geographical segments

The Company is managed and operates principally in Thailand. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	2019	2018
	<i>(in thousand Baht)</i>	
Disaggregation of revenue		
Primary geographical markets		
Thailand	3,935,860	4,225,472
Malaysia	548,651	563,868
Japan	122,486	106,924
Singapore	116,977	132,787
Other countries	1,342,646	1,466,388
Total revenue	6,066,620	6,495,439
Timing of revenue recognition		
At a point in time	6,066,620	6,495,439
Total revenue	6,066,620	6,495,439

Major customer

Revenues from major customers represent approximately Baht 2,818 million (2018: Baht 2,579 million) of the Company's total revenues.

17 Distribution costs

	2019	2018
	<i>(in thousand Baht)</i>	
Packaging and supplies	64,174	49,319
Freight charge	42,460	43,511
Employee benefit expenses	24,551	24,469
Others	9,401	10,490
Total	140,586	127,789

18 Administrative expenses

	Note	2019	2018
		<i>(in thousand Baht)</i>	
Employee benefit expenses		71,735	68,987
Technical assistance fee	4	17,925	18,597
Professional fee and training expenses		7,859	5,672
Others		24,666	27,228
Total		122,185	120,484

19 Employee benefit expenses

	Note	2019	2018
		<i>(in thousand Baht)</i>	
Wages, salaries and welfare		339,195	327,598
Defined benefit plans	13	42,518	9,028
Defined contribution plans		6,470	6,906
Total		388,183	343,532

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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.

20 Expenses by nature

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	109,960	261,859
Raw materials and consumables used	4,891,558	5,223,947
Employee benefit expenses	291,896	250,076
Depreciation of plant and equipment	65,027	67,359
Amortisation of intangible assets	862	1,731
<i>Included in distribution costs:</i>		
Depreciation of plant and equipment	284	284
<i>Included in administrative expenses:</i>		
Depreciation of plant and equipment	1,298	1,238
Amortisation of intangible assets	227	222

21 Income tax

Income tax recognised in profit or loss

	2019	2018
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	36,973	35,695
Over provided in prior year	(12)	-
	<u>36,961</u>	<u>35,695</u>
Deferred tax expense		
Movements in temporary differences	(6,032)	1,310
Total	<u>30,929</u>	<u>37,005</u>

Income tax recognised in other comprehensive income

	Before tax	2019 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2018 Tax expense	Net of tax
Defined benefit plan actuarial gains	-	-	-	12,268	(2,454)	9,814

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Reconciliation of effective tax rate

	Rate (%)	2019 (in thousand Baht)	Rate (%)	2018 (in thousand Baht)
Profit before income tax expense		155,136		181,620
Income tax using the Thai corporation tax rate	20	31,027	20	36,324
Expenses additionally deductible for tax purposes		(146)		(16)
Expenses not deductible for tax purposes		60		697
Over provided in prior year		(12)		-
Total	20	30,929	20	37,005

Deferred tax assets

At 31 December

	Assets	Liabilities
	2019	2018
		(in thousand Baht)
Total	27,551	-
Set off of tax	-	-
Net deferred tax assets	27,551	-

	At 1 January 2019	(Charged) / credited to Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2019
Deferred tax assets				
Provision for employee benefits	21,491	6,032	-	27,523
Others	28	-	-	28
Total	21,519	6,032	-	27,551

	At 1 January 2018	(Charged) / credited to Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2018
Deferred tax assets				
Impairment loss of fixed assets	716	(716)	-	-
Provision for employee benefits	24,539	(594)	(2,454)	21,491
Others	28	-	-	28
Total	25,283	(1,310)	(2,454)	21,519

22 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 2020.
- exemption from the payment of import duty on item which the promoted company imports for re-export, from 14 January 2017 to 13 January 2020.

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

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

23 Basic earnings per share

	2019 (in thousand Baht / thousand shares)	2018
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>		
Profit attributable to ordinary shareholders of the Company (basic)	124,207	144,614
Number of ordinary shares outstanding	48,000	48,000
Earnings per share (basic) (in Baht)	2.59	3.01

24 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2019				
Annual dividend	29 April 2019	May 2019	1.625	78,000
2018				
Annual dividend	27 April 2018	May 2018	1.50	72,000

25 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 derivatives 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.

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because loan interest rates are mainly fixed. The Company is primarily exposed to interest rate risk from its borrowings (see note 11). The Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

<i>At 31 December</i>	Maturity period			Total
	Effective interest rates	Within 1 year	After 1 year but within 5 years	
	(% per annum)		(in thousand Baht)	
<i>2019</i>				
<i>Financial liabilities</i>				
Short-term borrowings from financial institution	1.39	100,000	-	100,000
Short-term borrowings from related party	1.25	405,778	-	405,778
Total		505,778	-	505,778
<i>2018</i>				
<i>Financial liabilities</i>				
Short-term borrowings from related party	1.75	564,405	-	564,405
Total		564,405	-	564,405

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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.

<i>Assets and liabilities denominated in foreign currencies at 31 December</i>	2019				2018			
	United States Dollars	Japanese Yen	Euro	Total (in thousand Baht)	United States Dollars	Japanese Yen	Euro	Total
Trade accounts receivable	166,039	7,615	-	173,654	198,347	9,041	-	207,388
Trade accounts payable	(294,639)	(17,260)	-	(311,899)	(482,485)	(25,245)	(706)	(508,436)
Other payables	(96)	(67)	-	(163)	(9,215)	(123)	-	(9,338)
Gross statement of financial position exposure	(128,696)	(9,712)	-	(138,408)	(293,353)	(16,327)	(706)	(310,386)
Estimated forecast purchases	(287,090)	-	-	(287,090)	(217,599)	-	-	(217,599)
Gross exposure	(415,786)	(9,712)	-	(425,498)	(510,952)	(16,327)	(706)	(527,985)
Currency forwards purchase	530,505	14,419	-	544,924	670,055	16,643	-	686,698
Currency forwards sales	(154,853)	(7,740)	-	(162,593)	(84,122)	(9,119)	-	(93,241)
Net exposure	(40,134)	(3,033)	-	(43,167)	74,981	(8,803)	(706)	65,472

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

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			Total
		Level 1	Level 2	Level 3	
(in thousand Baht)					
31 December 2019					
Financial asset and financial liabilities not measured at fair value					
Foreign Currency forward contracts	-	-	(11,175)	-	(11,175)
Copper future contracts	-	-	24,198	-	24,198
31 December 2018					
Financial asset and financial liabilities not measured at fair value					
Foreign Currency forward contracts	-	-	(7,667)	-	(7,667)
Copper future contracts	-	-	(52,532)	-	(52,532)

Financial instruments not measured at fair value

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

Furukawa Metal (Thailand) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

26 Commitments with non-related parties

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Future minimum lease payments under non-cancellable operating lease commitments</i>		
Within 1 year	5,181	3,952
1 - 5 years	7,716	755
Total	12,897	4,707
<i>Other commitments</i>		
Bank guarantees for electricity use	13,369	13,369

Lease and service agreements

As at 31 December 2019, the Company had lease agreements covering office premise and related service, vehicle and equipment for periods 5 years up to 2024.

Forward contracts

As at 31 December 2019, the Company had outstanding sale forward contracts amounting to U.S. Dollars 5.2 million and Yen 28.0 million, equivalent to Baht 162.6 million (2018: U.S. Dollars 2.6 million and Yen 31.3 million, equivalent to Baht 93.2 million). The contracts will be due during January to April 2020.

As at 31 December 2019, the Company had outstanding purchase forward contracts amounting to U.S. Dollars 17.3 million and Yen 51.1 million, equivalent to Baht 544.9 million (2018: U.S. Dollars 20.5 million and Yen 56.6 million, equivalent to Baht 686.7 million). The contracts will be due during January to November 2020.

27 Events after the reporting period

At the Board of Directors' meeting held on 26 February 2020, the directors resolved to propose the dividend payment at Baht 1.625 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

28 Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRS, which are relevant to the Company's operations, expected to have material impact on the Company's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation

* TFRS - Financial instruments standards

Furukawa Metal (Thailand) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Company will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 12.9 million, on an undiscounted basis. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

สำนักงานกรุงเทพฯ

183 อาคารเรจินท์เฮ้าส์ ชั้น 14
ถนนราชดำริห์ แขวงลุมพินี เขตปทุมวัน
กรุงเทพมหานคร 10330
โทรศัพท์ 0-2256-0641-50
โทรสาร 0-2256-0651-2

Bangkok Office

183 Regent House Building, 14th Floor,
Rajdamni Road, Lumpini, Pathumwan,
Bangkok 10330
Tel. 0-2256-0641-50
Fax. 0-2256-0651-2

ที่ตั้งโรงงาน

213 หมู่ 4 ถนนมิตรภาพ
ตำบลทับทวน อำเภอกอฉก
จังหวัดสระบุรี 18260
โทรศัพท์ (036) 329-811-9
โทรสาร (036) 329-822

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

