

Alucon Public Company Limited

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2008 and 2007

Audit Report of Certified Public Accountant

To the Shareholders of Alucon Public Company Limited

I have audited the accompanying balance sheet of Alucon Public Company Limited as at 31 December 2008, and the related statements of income, changes in equity and cash flows for the year then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Alucon Public Company Limited for the year ended 31 December 2007 were audited by another auditor whose report dated 22 February 2008 expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alucon Public Company Limited as at 31 December 2008, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2009

Alucon Public Company Limited

Balance Sheets

As at 31 December 2008 and 2007

Assets	<i>Note</i>	2008	2007
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	277,093,738	92,658,783
Trade accounts receivable	4, 6	507,938,283	477,862,343
Inventories	7	523,814,131	375,019,987
Refundable value added tax		18,483,880	22,978,313
Other current assets	8	10,924,456	3,280,089
Total current assets		<u>1,338,254,488</u>	<u>971,799,515</u>
<i>Non-current assets</i>			
Property, plant and equipment	4, 9, 11, 26	2,280,544,998	1,944,007,292
Intangible assets	10	13,503,327	14,110,080
Other non-current assets		233,800	233,800
Total non-current assets		<u>2,294,282,125</u>	<u>1,958,351,172</u>
Total assets		<u><u>3,632,536,613</u></u>	<u><u>2,930,150,687</u></u>

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

Alucon Public Company Limited

Balance Sheets

As at 31 December 2008 and 2007

Liabilities and equity	<i>Note</i>	2008	2007
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions	<i>11</i>	169,910,236	176,227,822
Trade accounts payable	<i>4, 12</i>	58,008,253	55,395,658
Current portion of long-term loans			
from financial institutions	<i>11</i>	180,480,080	104,900,600
Other payable to and short-term loans			
from related parties	<i>4, 11</i>	384,674,660	354,148,526
Other payables and accrued expenses		87,272,278	108,817,438
Income tax payable		118,312,946	65,631,815
Other current liabilities	<i>13</i>	23,403,773	22,511,990
Total current liabilities		1,022,062,226	887,633,849
<i>Non-current liabilities</i>			
Long-term loans from financial institutions	<i>11</i>	238,560,320	52,450,300
Provisions	<i>14</i>	167,929,824	148,588,512
Total non-current liabilities		406,490,144	201,038,812
Total liabilities		1,428,552,370	1,088,672,661
<i>Equity</i>			
Share capital			
Authorised share capital	<i>15</i>	288,000,000	288,000,000
Issued and paid-up share capital	<i>15</i>	288,000,000	288,000,000
Share premium	<i>16</i>	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	<i>16</i>	28,800,000	28,800,000
Unappropriated		1,633,184,243	1,270,678,026
Total equity		2,203,984,243	1,841,478,026
Total liabilities and equity		3,632,536,613	2,930,150,687

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

Alucon Public Company Limited

Statements of income

For the years ended 31 December 2008 and 2007

	<i>Note</i>	2008	2007
		<i>(in Baht)</i>	
Revenues			
Revenue from sale of goods	4, 17	3,630,754,356	3,189,136,508
Net foreign exchange gain		-	11,181,027
Other income	18	117,939,711	133,869,424
Total revenues		3,748,694,067	3,334,186,959
Expenses			
Cost of sale of goods	4, 9, 10	2,769,642,916	2,651,344,444
Selling and administrative expenses	4, 9, 10, 19	220,404,503	238,649,617
Net foreign exchange loss		39,690,925	-
Total expenses		3,029,738,344	2,889,994,061
Profit before interest and income tax expenses		718,955,723	444,192,898
Interest expense	4, 21	20,505,252	28,279,504
Income tax expense	22	184,744,254	117,790,208
Profit for the year	17	513,706,217	298,123,186
Basic earnings per share	23	17.84	10.35

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

Alucon Public Company Limited

Statements of changes in equity

For the years ended 31 December 2008 and 2007

		Issued and paid-up share capital	Share premium	Retained earnings		Total equity
	Note			Appropriated to legal reserve (in Baht)	Unappropriated	
Balance at 1 January 2007		288,000,000	254,000,000	28,800,000	1,094,954,840	1,665,754,840
Profit for the year		-	-	-	298,123,186	298,123,186
Dividends	24	-	-	-	(122,400,000)	(122,400,000)
Balance at 31 December 2007		288,000,000	254,000,000	28,800,000	1,270,678,026	1,841,478,026
Balance at 1 January 2008		288,000,000	254,000,000	28,800,000	1,270,678,026	1,841,478,026
Profit for the year		-	-	-	513,706,217	513,706,217
Dividends	24	-	-	-	(151,200,000)	(151,200,000)
Balance at 31 December 2008		288,000,000	254,000,000	28,800,000	1,633,184,243	2,203,984,243

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

Alucon Public Company Limited
Statements of cash flows
For the years ended 31 December 2008 and 2007

	<i>Note</i>	2008	2007
<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>			
Profit for the year		513,706,217	298,123,186
<i>Adjustments for</i>			
Depreciation and amortisation		259,954,375	263,424,320
Loss (Reversal) from devaluation of inventories		5,448,338	(194,600)
Reversal of allowance for doubtful accounts		-	(521,147)
Interest income		(2,514,823)	(394,035)
Interest expense		20,505,252	28,279,504
Set up provisions for retirement benefits and provident fund		25,043,952	21,125,035
Loss (Gain) on disposal of assets		996,860	(4,203,637)
Net unrealised foreign exchange loss (gain)		84,322,949	(6,694,384)
Income tax expense		184,744,254	117,790,208
		<u>1,092,207,374</u>	<u>716,734,450</u>
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(29,572,779)	(60,995,677)
Inventories		(154,242,482)	121,734,115
Refundable value added tax		4,494,433	(4,169,399)
Other current assets		(7,529,995)	(672,327)
Other non-current assets		-	(64,000)
Trade accounts payable		2,149,632	11,129,251
Other payables from related parties		(193,499)	2,218,501
Other payables and accrued expenses		(39,405,041)	22,738,577
Other current liabilities		(776,078)	8,437,160
Provisions paid		(5,702,640)	(13,895,079)
Income taxes paid		(132,063,123)	(102,011,372)
Net cash provided by operating activities		<u>729,365,802</u>	<u>701,184,200</u>

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

Alucon Public Company Limited

Statements of cash flows

For the years ended 31 December 2008 and 2007

	<i>Note</i>	2008	2007
		<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>			
Interest received		2,400,451	379,123
Purchase of plant and equipment		(575,412,579)	(146,593,432)
Interest paid for plant and equipment		(3,904,462)	-
Sale of equipment		3,239,081	4,455,797
Purchase of intangible assets		(3,033,694)	(3,624,635)
Net cash used in investing activities		(576,711,203)	(145,383,147)
<i>Cash flows from financing activities</i>			
Interest paid		(18,117,758)	(30,027,919)
Dividends paid		(151,200,000)	(122,400,000)
Decrease in bank overdrafts and short-term loans from financial institutions		(35,141,286)	(306,642,158)
Proceeds from short-term loans from related parties		30,000,000	72,000,000
Proceeds from long-term loans from financial institutions		311,140,000	-
Repayment of long-term loans from financial institutions		(104,900,600)	(107,025,450)
Net cash provided by (used in) financing activities		31,780,356	(494,095,527)
<i>Net increase in cash and cash equivalents</i>		184,434,955	61,705,526
Cash and cash equivalents at beginning of year	5	92,658,783	30,953,257
Cash and cash equivalents at end of year	5	277,093,738	92,658,783

Supplemental disclosure of cash flow information

Significant non-cash transaction

During the year ended 31 December 2008, the Company acquired plant and equipment totalling Baht 597 million, cash payments of Baht 579 million were made to purchase plant and equipment.

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

Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2008 and 2007

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Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2008 and 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 24 February 2009.

1 General information

Alucon Public Company Limited “the Company” is incorporated in Thailand and has its registered office at 500 Moo 1, Soi Sirikam, Sukhumvit 72 Road, North Samrong, Muang, Samut Prakarn. Another plant at Chonburi is located at 272/5, Moo 3, Bor Win, Sriracha, Chonburi.

The Company was listed on the Stock Exchange of Thailand in November 1989 and converted to a public company in May 1994.

The Company’s parent company during the financial year was Takeuchi Press Industries Company Limited, incorporated in Japan, who held 66.46% of the paid up share capital.

The principal activities of the Company are producing and distributing aluminum containers such as Aluminum Collapsible Tubes, Aluminum Monobloc Aerosol Cans, Aluminum Rigid Wall Containers, Aluminum Bottles, Technical Impact Extrusions, Aluminum Slugs (Blanks), Aluminum Coils, Aluminum Pellets, strips, plates, etc.

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The Company has adopted the following new and revised Thai Accounting Standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008:

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 33 (revised 2007)	<i>Borrowing Costs</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 51	<i>Intangible Assets</i>

The adoption of these new and revised TAS does not have any material impact on the Company’s financial statements.

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The FAP has issued during 2008 a number of revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in note 27.

The financial statements are presented in Thai Baht, except as otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors, including management's assessment of the potential impact on the Company's operations and financial position of the global economic crisis. Actual results may differ from these estimates. Accordingly, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 3 (k) & 14 Provisions
Note 25 Valuation of financial instruments

3 Significant accounting policies

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(b) Derivative financial instruments

Derivative financial instruments are used to manage exposure to commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. Gains and losses from commodity price swap agreement used to hedge anticipated future commodity purchases are deferred until the forecasted transaction occurs.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Alucon Public Company Limited
Notes to the financial statements
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(d) Trade and other accounts receivable

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

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

(e) Inventories

Raw materials, work in progress and finished goods

Inventories are stated at the lower of cost and net realizable value.

Cost is calculated using the first in first out 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 overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(f) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvement	20	years
Machinery	10	years
Plant equipment	5	years
Office equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

(g) Intangible assets

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses (if any).

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Software license	10	years
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Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2008 and 2007

(h) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet 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 whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of assets is the greater of the assets' net selling price and value in use. 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 independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other 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.

(i) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(k) Employee benefits

Provident fund

The Company has established a contributory provident fund for its employees. Membership to the fund is on a voluntary basis. The Company contributes 50% of the amount paid in by each employee who has been a member of the provident fund scheme for five years and an additional 10% of the balance on the employee's provident fund in each subsequent year. The Company is the fund management.

Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2008 and 2007

Retirement benefits

The Company records retirement benefits for employees who have completed 10 years service by estimating the amount of benefit payable based on the employees' work periods at rates determined by the Company.

(l) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(m) Revenue

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

Sale of goods

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

Interest and other income

Interest and other income is recognized in the statement of income as it accrues.

(n) Expenses

Expenses are recognized in the statement of income for the period in which they are incurred.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred.

(o) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2008 and 2007

4 Related party transactions and balance

Related parties are those parties linked to the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that have transactions with the Company were as follows:

Name of entities	Country of incorporation	Nature
Takeuchi Press Industries Company Limited	Japan	Parent, 66.46% shareholding

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

Transactions	Pricing policies
Revenue from sale of goods	The market price or the price based on the memorandum of understanding. The selling price structure with the parent company is based on the actual cost incurred plus gross margin rate including the consideration of size, sale volume, country and transportation.
Purchase of raw materials and spare part	The market price.
Purchase of machinery and equipment	The market price/the invoice price.
Interest expense	2.50% - 3.50% per annum in 2008 and 3.00% - 4.75% per annum in 2007
Commission expenses	Percentage of sales amount.
Directors' bonus, directors' remuneration and other benefits	Amount approved by the directors and the shareholders.

Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
<i>Parent</i>		
Sale of goods	956,499	903,321
Purchase of raw materials and spare parts	4,466	3,163
Purchase of machinery and equipment	8,324	2,972
Interest expense	11,053	12,479
Commission expenses	239	302
<i>Directors</i>		
Directors' bonus, directors' remuneration and other benefits	41,958	42,489

Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2008 and 2007

Balances as at 31 December 2008 and 2007 with related parties were as follows:

Trade accounts receivable from related party

	2008 <i>(in thousand Baht)</i>	2007 <i>(in thousand Baht)</i>
Parent		
Takeuchi Press Industries Company Limited	<u>51,604</u>	<u>61,132</u>

Trade accounts payable to related party

	2008 <i>(in thousand Baht)</i>	2007 <i>(in thousand Baht)</i>
Parent		
Takeuchi Press Industries Company Limited	<u>1,101</u>	<u>-</u>

Payable to and short-term loans from related parties

	Interest rate (%)		2008 <i>(in thousand Baht)</i>	2007 <i>(in thousand Baht)</i>
	2008	2007		
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	2.50 - 3.50	3.00	377,295	347,295
<i>Other payables</i>				
Parent				
Takeuchi Press Industries Company Limited			2,042	2,183
<i>Accrued commission payable</i>				
Parent				
Takeuchi Press Industries Company Limited			24	77
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited			2,710	1,991
<i>Accrued directors' remuneration and other benefits</i>				
Other related party				
Directors			<u>2,604</u>	<u>2,603</u>
Total			<u>384,675</u>	<u>354,149</u>

Movements of loans from related party during the years ended 31 December 2008 and 2007 were as follows:

	2008 <i>(in thousand Baht)</i>	2007 <i>(in thousand Baht)</i>
<i>Short-term</i>		
Parent		
At 1 January	347,295	275,295
Increase	30,000	72,000
At 31 December	<u>377,295</u>	<u>347,295</u>

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Commitments for purchase of raw materials and spare parts

	2008	2007
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	27,887	90

Significant memorandum of understanding

As at 31 December 2007, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in the minimum quantity of 6,000 MT for the production of aluminum monobloc aerosol cans and collapsible tubes for a period from December 2006 to March 2008. Later on 21 January 2008, the Company entered into another memorandum of understanding to supply aluminium slugs in quantity of about 6,000 MT for a new period from April 2008 to March 2009.

On 4 February 2009, the Company entered into a memorandum of understanding to supply aluminium slugs in the minimum quantity of 5,200 MT for the production of aluminum monobloc aerosol cans and collapsible tubes for a period from April 2009 to March 2010.

5 Cash and cash equivalents

	2008	2007
	<i>(in thousand Baht)</i>	
Cash on hand	61	64
Cash at banks - current accounts	1,700	1,733
Cash at banks - saving accounts	142,887	85,827
Cheques on hand	2,446	5,035
Highly liquid short-term investments - Bills of exchange	130,000	-
Total	277,094	92,659

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	150,768	7,885
United States Dollars (USD)	90,702	66,413
Japanese Yen (YEN)	35,624	18,361
Total	277,094	92,659

6 Trade accounts receivable

	<i>Note</i>	2008	2007
		<i>(in thousand Baht)</i>	
Related party	4	51,604	61,132
Other parties		462,273	422,669
		513,877	483,801
<i>Less allowance for doubtful accounts</i>		(5,939)	(5,939)
Total		507,938	477,862
Reversal of allowance for doubtful accounts for the year		-	521

Alucon Public Company Limited
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Aging analyses for trade accounts receivable were as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	51,604	59,956
Overdue:		
Less than 3 months	-	1,176
	<u>51,604</u>	<u>61,132</u>
Other parties		
Within credit terms	364,597	293,880
Overdue:		
Less than 3 months	91,714	121,804
3 - 6 months	17	1,046
6 - 12 months	6	-
Over 12 months	5,939	5,939
	<u>462,273</u>	<u>422,669</u>
Less allowance for doubtful accounts	<u>(5,939)</u>	<u>(5,939)</u>
Net	<u>456,334</u>	<u>416,730</u>
Total	<u>507,938</u>	<u>477,862</u>

The normal credit term granted by the Company ranges from 7 days to 90 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	199,032	174,201
United States Dollars (USD)	250,124	200,408
Japanese Yen (YEN)	45,138	58,065
Australian Dollar (AUD)	12,790	44,341
Other (GBP, HKD and SGD)	6,793	6,786
Total	<u>513,877</u>	<u>483,801</u>

7 Inventories

	2008	2007
	<i>(in thousand Baht)</i>	
Finished goods	149,402	105,253
Work in progress	135,633	62,493
Raw materials	82,647	103,171
Packing materials	1,037	1,358
Spare parts	104,736	71,211
Goods in transit	57,016	32,743
	<u>530,471</u>	<u>376,229</u>
Less allowance for decline in value of inventory	<u>(6,657)</u>	<u>(1,209)</u>
Total	<u>523,814</u>	<u>375,020</u>

The cost of inventories which is recognized as an expense and included in cost of sale of goods for the year ended 31 December 2008 amounted to Baht 1,786 million (2008: Baht 1,718 million).

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8 Other current assets

	2008	2007
	<i>(in thousand Baht)</i>	
Prepaid expenses	848	932
Tax compensation for export	343	44
Purchase VAT waiting for tax invoice	3,528	1,831
Other receivables	6,070	-
Others	135	473
Total	10,924	3,280

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9 Property, plant and equipment

	Land	Buildings and building improvement	Machinery and Equipment	Office equipment	Vehicles	Construction in progress	Total
<i>Cost</i>							
At 1 January 2007	121,102	907,447	2,245,661	12,519	23,024	19,444	3,329,197
Additions	-	2,449	20,793	783	1,570	120,998	146,593
Disposals	-	(110)	(1,058)	(74)	(354)	-	(1,596)
At 31 December 2007 and 1 January 2008	121,102	909,786	2,265,396	13,228	24,240	140,442	3,474,194
Additions	55,602	9,317	27,668	2,878	5,808	495,814	597,087
Disposals	-	-	(2,787)	(60)	-	-	(2,847)
Transfers	-	40,831	305,678	-	-	(346,509)	-
At 31 December 2008	176,704	959,934	2,595,955	16,046	30,048	289,747	4,068,434
<i>Finance costs capitalised</i>							
Finance costs capitalised during 2008 (<i>note 21</i>)	-	-	1,624	-	-	2,280	3,904
Rates of interest capitalised during 2008 (<i>% per annum</i>)	-	-	2.8% -2.9%	-	-	2.8% -2.9%	2.8% -2.9%

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	Land	Buildings and building improvement	Machinery and Equipment	Office equipment <i>(in thousand Baht)</i>	Vehicles	Construction in progress	Total
<i>Accumulated depreciation</i>							
At 1 January 2007	-	283,961	963,070	7,191	14,083	-	1,268,305
Depreciation charge for the year	-	42,346	215,205	1,858	3,817	-	263,226
Disposals	-	(15)	(908)	(67)	(354)	-	(1,344)
At 31 December 2007 and 1 January 2008	-	326,292	1,177,367	8,982	17,546	-	1,530,187
Depreciation charge for the year	-	43,455	211,028	1,860	2,760	-	259,103
Disposals	-	-	(1,345)	(56)	-	-	(1,401)
At 31 December 2008	-	369,747	1,387,050	10,786	20,306	-	1,787,889
<i>Net book value</i>							
At 31 December 2007	121,102	583,494	1,088,029	4,246	6,694	140,442	1,944,007
At 31 December 2008	176,704	590,187	1,208,905	5,260	9,742	289,747	2,280,545

The Company's land and structures thereon are mortgaged as collateral for credit facilities from financial institutions, as described in Note 11 to the financial statements.

Depreciation for the year ended 31 December 2008 amounted to Baht 259.1 million (2007: Baht 263.2 million), of which Baht 256.5 million (2007: Baht 256.5 million) is included in cost of sale of goods, and Baht 2.6 million (2007: Baht 6.7 million) is included in selling and administrative expenses.

As at 31 December 2008, the gross carrying amount of fully depreciated buildings, machinery and equipment that were still in use amounted to Baht 402 million (2007: Baht 282.4 million).

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10 Intangible assets

	Software licence <i>(in thousand Baht)</i>
<i>Cost</i>	
At 1 January 2007	11,228
Additions	3,625
At 31 December 2007 and 1 January 2008	14,853
Additions	3,033
Disposals	(2,789)
At 31 December 2008	15,097
<i>Accumulated amortisation</i>	
At 1 January 2007	545
Amortisation charge for the year	198
At 31 December 2007 and 1 January 2008	743
Amortisation charge for the year	851
At 31 December 2008	1,594
<i>Net book value</i>	
At 31 December 2007	14,110
At 31 December 2008	13,503

Amortisation of software licence for the year ended 31 December 2008 of Baht 0.3 million is included in cost of sale of good, and Baht 0.6 million (2007: Baht 0.2 million) is included in selling and administrative expenses.

11 Interest-bearing liabilities

	Note	2008	2007
		<i>(in thousand Baht)</i>	
<i>Current</i>			
Bank overdrafts			
secured		-	81
unsecured		344	405
Short-term loans from financial institutions			
secured		-	-
unsecured		169,566	175,742
Bank overdrafts and short-term loans from financial institutions		169,910	176,228
Current portion of long-term loans from financial institutions			
secured		-	44,957
unsecured		180,480	59,943
		180,480	104,900
Short-term loans from related parties			
unsecured	4	377,295	347,295
		727,685	628,423

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	<i>Note</i>	2008	2007
		<i>(in thousand Baht)</i>	
<i>Non-current</i>			
Long-term loans from financial institutions			
secured		-	22,479
unsecured		238,560	29,971
		<u>238,560</u>	<u>52,450</u>
Total		<u>966,245</u>	<u>680,873</u>

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

	2008	2007
	<i>(in thousand Baht)</i>	
Within one year	727,685	628,423
After one year but within five years	238,560	52,450
Total	<u>966,245</u>	<u>680,873</u>

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	2008	2007
	<i>(in thousand Baht)</i>	
Property and plant	<u>27,000</u>	<u>47,000</u>

As at 31 December 2008, three title deeds of land including structures, which are presently and/or will be subsequently constructed in the future were pledged as collateral for bank overdrafts and short-term loans from financial institutions totaling Baht 27 million (2007: Baht 47 million).

As at 31 December 2008, the Company had unutilised credit facilities of approximately Baht 2,615.63 million (2007: 2,217.37 million).

As at 31 December 2008 and 2007, long-term loans included a loan from a foreign commercial bank-domestic branch to be used to finance construction of plant and purchase of machinery in the amount of YEN 800 million. Principal is repayable in eight equal semi-annual installments of YEN 100 million each within 5 years. The first repayment was on 19 December 2005 and the final repayment will be on 17 June 2009. Interest is charged semi-annually at the rate of 1.68% per annum. The first interest period commenced on 17 December 2004.

As at 31 December 2008 and 2007 long-term loans also included a loan from a foreign commercial bank-domestic branch to be used to finance construction of plant and purchase of machinery in the amount of YEN 600 million. Principal is repayable in eight equal semi-annual installments of YEN 75 million each. The first repayment was on 26 December 2005 and the final repayment will be on 25 June 2009. Interest is charged semi-annually at the rate of 1.6711% per annum starting from 25 June 2004.

As at 31 December 2008, long-term loan included an unsecured loan from a foreign commercial bank-domestic branch to be used to finance the purchase of machinery in the amount of USD 4 million. Principal is repayable in five equal semi-annual installments of USD 0.8 million each within 3.5 years. The first repayment is due on 21 September 2009 and the final repayment is due on 19 September 2011. Interest is charged semi-annually at the rate of 2.90% per annum. The first interest period commenced on 19 September 2008.

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As at 31 December 2008, long-term loan included an unsecured loan from a foreign commercial bank-domestic branch to be used to finance the purchase of machinery in the amount of USD 6 million. Principal is repayable in five equal semi-annual installments of USD 1.2 million each within 3 years. The first repayment is due on 24 March 2009 and the final repayment is due on 24 March 2011. Interest is charged semi-annually at the rate of 2.80% per annum. The first interest period commenced on 24 September 2008.

Such agreements contain certain restrictions, among other things, status of Company, failure to perform under the term of agreement, litigation and maintaining financial ratio covenants. Further, the agreements contain certain events of default if, among other events, the Company fails to make payment on the due dates, fails to perform other obligations, or there is a material adverse change that, in the opinion of the lender, is likely to affect the Company's ability to comply with the terms of the agreement. In case of the occurrence of an event of default, the lender is entitled to declare the loan immediately due.

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	377,639	382,781
United States Dollars (USD)	403,447	50,827
Japanese Yen (YEN)	185,159	247,266
Total	<u>966,245</u>	<u>680,874</u>

12 Trade accounts payable

	<i>Note</i>	2008	2007
		<i>(in thousand Baht)</i>	
Related party	4	1,101	-
Other parties		56,907	55,396
Total		<u>58,008</u>	<u>55,396</u>

The currency denomination of trade accounts payable as at 31 December was as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	52,172	37,855
United States Dollars (USD)	413	(370)
Japanese Yen (YEN)	1,487	9,658
Other (CHF and EUR)	3,936	8,253
Total	<u>58,008</u>	<u>55,396</u>

13 Other current liabilities

	2008	2007
	<i>(in thousand Baht)</i>	
Advances received for goods	8,716	11,943
Accrued withholding tax payable	11,985	9,448
Accrued social fund	2,703	1,121
Total	<u>23,404</u>	<u>22,512</u>

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14 Provisions

	2008	2007
	<i>(in thousand Baht)</i>	
Retirement benefits	137,732	122,756
Provident fund	30,198	25,833
Total	<u>167,930</u>	<u>148,589</u>

Retirement benefits

The Company entered an agreement with the Labour Union as registered by the Labour Department on retirement benefits which has been effective since 3 October 2000. The Company has made provision for retirement benefits for the year ended 31 December 2008 totaling Baht 17.98 million (2007: Baht 14.60 million) in the statements of income.

(Please see note 3 (k) to the financial statements).

15 Share capital

	<i>Par value per share (in Baht)</i>	2008		2007	
		Number	Baht	Number	Baht
		<i>(thousand Shares / thousand Baht)</i>			
Authorised and issued and fully paid					
At 1 January					
- ordinary shares	10	<u>28,800</u>	<u>288,000</u>	<u>28,800</u>	<u>288,000</u>
At 31 December					
- ordinary shares	10	<u>28,800</u>	<u>288,000</u>	<u>28,800</u>	<u>288,000</u>

16 Reserves

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.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a 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.

17 Segment information

Segment information is presented in respect of the Company's business and geographic segments. The primary format, geographic segments, is based on the Company's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents, inventories, other payables and accrued expenses and provisions.

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Geographic segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers. Segment assets are based on the geographical location of the assets.

The following are the main geographical locations:

	Segment 1	Domestic				
	Segment 2	Export	Segment 1	Segment 2	Total	
	2008	2007	2008	2007	2008	2007
	<i>(in thousand Baht)</i>					
Revenues						
Revenue from sale of goods	854,135	819,210	2,776,619	2,369,927	3,630,754	3,189,137
Net foreign exchange gain	-	3,141	-	8,040	-	11,181
Other income	117,940	133,869	-	-	117,940	133,869
Total revenues	972,075	956,220	2,776,619	2,377,967	3,748,694	3,334,187
Expenses						
Cost of sale of goods	620,739	618,668	2,148,904	2,032,677	2,769,643	2,651,345
Selling and administrative expenses	84,873	77,211	135,532	161,438	220,405	238,649
Net foreign exchange loss	48,580	-	(8,890)	-	39,690	-
Total expenses	754,192	695,879	2,275,546	2,194,115	3,029,738	2,889,994
Profit before interest and income tax expenses	217,883	260,341	501,073	183,852	718,956	444,193
Interest expense	4,751	7,156	15,754	21,124	20,505	28,280
Income tax expense	27,007	36,659	157,737	81,131	184,744	117,790
Profit for the year	186,125	216,526	327,582	81,597	513,707	298,123
Cash and cash equivalents	277,094	92,659	-	-	277,094	92,659
Trade accounts receivable	180,418	168,262	327,520	309,600	507,938	477,862
Property, plant and equipment	2,280,545	1,944,007	-	-	2,280,545	1,944,007
Intangible assets	13,503	14,110	-	-	13,503	14,110
Unallocated other assets					553,457	401,513
Total assets					3,632,537	2,930,151
Interest-bearing borrowings	588,950	333,579	377,295	347,295	966,245	680,874
Trade accounts payables	52,172	37,855	5,836	17,541	58,008	55,396
Unallocated liabilities					404,299	352,403
Total liabilities					1,428,552	1,088,673
Capital expenditure	600,121	150,218	-	-	600,121	150,218
Depreciation and amortization expense	259,954	263,424	-	-	259,954	263,424
Gain (loss) on disposal of assets	(997)	4,203	-	-	(997)	4,203

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18 Other income

	2008	2007
	<i>(in thousand Baht)</i>	
Sale of scrap	101,812	113,795
Gain on disposal of assets	1,699	4,204
Others	14,429	15,871
Total	<u>117,940</u>	<u>133,870</u>

19 Selling and administrative expenses

	2008	2007
	<i>(in thousand Baht)</i>	
Personnel expenses	93,508	95,748
Director's remuneration	3,046	2,699
Selling expenses	92,329	115,818
Premises and equipment expenses	7,390	7,455
Depreciation and amortisation expenses	3,157	6,907
Other expenses	20,975	10,023
Total	<u>220,405</u>	<u>238,650</u>

20 Personnel expenses

	2008	2007
	<i>(in thousand Baht)</i>	
Wages and salaries	435,580	388,388
Retirement benefit	17,818	14,598
Contribution to provident fund	2,991	3,245
Others	30,103	25,086
Total	<u>486,492</u>	<u>431,317</u>
Allocated		
Cost of sale of goods	392,984	335,569
Selling and administrative expenses	93,508	95,748
Total	<u>486,492</u>	<u>431,317</u>

21 Interest expense

	<i>Note</i>	2008	2007
		<i>(in thousand Baht)</i>	
Interest paid and payable to:			
Related party	4	11,053	12,479
Financial institutions		13,356	15,800
		<u>24,409</u>	<u>28,279</u>
Capitalised as cost of construction in progress	9	(3,904)	-
Total		<u>20,505</u>	<u>28,279</u>

22 Income tax expense

The current tax expense in the income statement less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

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- (a) the Company has been granted tax exemption under Royal Decree No. 460 B.E. 2549 dated 13 July 2006 grants companies listed on the Stock Exchange of Thailand exemption for 25% of payments for investment or improvement of assets that relating with the Company's core business and the project amount is more than Baht 5 million.
- (b) the different treatment for accounting and taxation purposes of certain items of expense, in particular, depreciation expense.

23 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	2008	2007
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to equity holders of the Company	<u>513,706</u>	<u>298,123</u>
Number of ordinary shares outstanding	<u>28,800</u>	<u>28,800</u>
Basic earnings per share (in Baht)	<u>17.84</u>	<u>10.35</u>

24 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2008, the shareholders approved the appropriation of dividends of Baht 5.25 per share, amounting to Baht 151.20 million. The dividend was paid to shareholders during 2008.

At the annual general meeting of the shareholders of the Company held on 24 April 2007, the shareholders approved the appropriation of dividends of Baht 4.25 per share, amounting to Baht 122.40 million. The dividend was paid to shareholders during 2007.

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 derivative financial instruments for speculative or trading purposes.

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.

With total debt to equity ratio of 0.65:1 in 2008 and 0.59:1 in 2007 the Company has low borrowings and therefore minimal and immaterial exposure to changes of interest rates. To be flexible and able to obtain favorable interest rates, the Company mostly takes short term and on call loans from different financial institutions and a related company who offer the best interest rates.

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

	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2008				
Current				
Loans payable - Financial institutions	1.40-3.25	350,390	-	350,390
Loans payable - Related parties	2.5-3.5	377,295	-	377,295
Non-current				
Loans payable - Financial institutions	2.8-2.9	-	238,560	238,560
Total		727,685	238,560	966,245
2007				
Current				
Loans payable - Financial institutions	1.44-5.52	281,128	-	281,128
Loans payable - Related parties	3.00	347,295	-	347,295
Non-current				
Loans payable - Financial institutions	1.6711-1.68	-	52,450	52,450
Total		628,423	52,450	680,873

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales, short-term and long-term loans which are denominated in foreign currencies.

Most receipts in foreign currencies are credited into foreign currency accounts such as US Dollar, Japanese YEN, etc. with banks in Thailand. The Company foregoes interest earnings on such foreign currency accounts. Foreign currencies obtained from exports are used for payment of raw material purchased, spare parts and machinery and equipment imported, thus the Company saves foreign currency conversion charges.

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

	Note	2008 (in thousand Baht)	2007
United States Dollars			
Cash and cash equivalents	5	90,702	66,413
Trade accounts receivable	6	250,124	200,408
Interest-bearing liabilities	11	(403,447)	(50,827)
Trade accounts payable	12	(413)	370
		(63,034)	216,364
Japanese Yen (YEN)			
Cash and cash equivalents	5	35,624	18,361
Trade accounts receivable	6	45,138	58,065
Interest-bearing liabilities	11	(185,159)	(247,266)
Trade accounts payable	12	(1,487)	(9,658)
		(105,884)	(180,498)

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	<i>Note</i>	2008 <i>(in thousand Baht)</i>	2007
<i>Australian Dollar (AUD)</i>			
Trade accounts receivable	6	12,790	44,341
<i>Other (GBP, HKD, SGD, EUR and CHF)</i>			
Trade accounts receivable	6	6,793	6,786
Trade accounts payable	12	<u>(3,936)</u>	<u>(8,253)</u>
		2,857	(1,467)
Gross balance sheet exposure		<u>(153,271)</u>	<u>78,740</u>

Credit risk

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

The Company has a policy of selling to customers who are granted credit lines based on good financial status and debt service capacity. Therefore, the Company expects that losses from these receivables will not exceed the allowance for doubtful accounts.

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.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

Mostly, the Company's financial assets and liabilities are short-term loans and loans with market's interest rate. The Management believes that fair values of such financial assets and liabilities as at 31 December 2008 and 2007 do not materially different from the carrying amounts.

The fair value of Commodity Price Swap agreement outstanding as of 31 December 2008 and 2007 are determined by the market price at the balance sheet date. The comparison of the contract value and the fair value are as follow:

Type of agreement	Contract amount		Contract value		Fair value	
	2008	2007	2008	2007	2008	2007
	(Ton)		(YEN per ton)		(YEN per ton)	
Commodity Price Swap agreement	1,800	1,800	188,000	188,000	163,716	246,000

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26 Commitments with non-related parties

	2008	2007
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Contracted but not provided for Machinery and equipment	<u>234,448</u>	<u>295,565</u>
<i>Other commitments</i>		
Unused letters of credits	68,561	92,807
Purchase orders accepted by suppliers		
Due within one year	1,063,941	1,442,601
Due after one year but within five years	1,404,433	848,650
Due after five years but within ten years	<u>349,697</u>	<u>548,696</u>
	<u>2,818,071</u>	<u>2,839,947</u>
Commodity Price Swap agreement	131,911	101,424
Bank guarantees	<u>48,301</u>	<u>49,074</u>
Total	<u>3,066,844</u>	<u>3,083,252</u>

Purchase orders accepted by suppliers

As at 31 December 2008, the Company had purchase orders accepted by suppliers for purchase aluminium ingot in total quantity of 53,900 MT (2007: 53,620 MT), at the ranging fixed price of YEN 123,000 - 157,100 per MT (2007: YEN 123,000 - 316,569 per MT) that will be delivered during 2009 to 2016 (2007: 2008 to 2016).

Commodity Price Swap agreement

As at 31 December 2008 and 2007, the Company had a Commodity Price Swap agreement to hedge the risk of aluminium price fluctuation with a foreign financial institution in quantity of 25 MT per month, maximum totaling 1,800 MT, at a price of YEN 188,000 per MT. This agreement is for 6 years from 1 January 2010 to 31 December 2015.

27 Thai Accounting Standards (TAS) not yet adopted

The Company has not adopted the following revised TAS that have been issued as of the balance sheet date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2009.

TAS 36 (revised 2007) *Impairment of Assets*

TAS 54 (revised 2007) *Non-current Assets Held for Sale and Discontinued Operations*

The adoption and initial application of these revised TAS is not expected to have any material impact on the Company's financial statements.