

# **Alucon Public Company Limited**

Interim financial statements  
and  
Review report of Certified Public Accountant

For the three-month period ended  
31 March 2008

## **Review report of Certified Public Accountant**

### **To the Board of Directors of Alucon Public Company Limited**

I have reviewed the accompanying balance sheet of Alucon Public Company Limited as at 31 March 2008, and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my review. The statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2007 of Alucon Public Company Limited were reviewed by another auditor whose report dated 11 May 2007 stated that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I conducted my review in accordance with the auditing standard on review engagements. This Standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements for the year ended 31 December 2007 of Alucon Public Company Limited were audited by another auditor who expressed an unqualified opinion on those financial statements in his report dated 22 February 2008. The balance sheet as at 31 December 2007, which is included in the accompanying financial statements for comparative purposes, is a component of those financial statements.

(Siripen Sukcharoenyingyong)  
Certified Public Accountant  
Registration No. 3636

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 May 2008

# Alucon Public Company Limited

## Balance sheets

As at 31 March 2008 and 31 December 2007

<b>Assets</b>	<i>Note</i>	31 March 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>			
<b><i>Current assets</i></b>			
Cash and cash equivalents		394,948	92,659
Trade accounts receivable	3, 4	551,694	477,862
Inventories		345,620	375,020
Refundable value added tax		28,808	22,979
Other current assets		7,051	3,280
<b>Total current assets</b>		<b><u>1,328,121</u></b>	<b><u>971,800</u></b>
<b><i>Non-current assets</i></b>			
Property, plant and equipment	5	2,072,855	1,944,007
Intangible assets		14,083	14,110
Other non-current assets		234	234
<b>Total non-current assets</b>		<b><u>2,087,172</u></b>	<b><u>1,958,351</u></b>
<b>Total assets</b>		<b><u>3,415,293</u></b>	<b><u>2,930,151</u></b>

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

# Alucon Public Company Limited

## Balance sheets

As at 31 March 2008 and 31 December 2007

<b>Liabilities and shareholders' equity</b>	<i>Note</i>	31 March 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>			
Bank overdrafts and short-term loans			
from financial institutions		145,564	176,228
Trade accounts payable	3, 6	47,334	55,396
Current portion of long-term loans from financial institutions		149,361	104,901
Payable to and short-term loans from related parties	3	353,375	354,148
Other payables and accrued expenses		167,788	108,817
Income tax payable		100,039	65,632
Other current liabilities		15,460	22,512
<b>Total current liabilities</b>		<b><u>978,921</u></b>	<b><u>887,634</u></b>
<b><i>Non-current liabilities</i></b>			
Long-term loans from financial institutions	7	333,988	52,450
Provisions		156,084	148,589
<b>Total non-current liabilities</b>		<b><u>490,072</u></b>	<b><u>201,039</u></b>
<b>Total liabilities</b>		<b><u>1,468,993</u></b>	<b><u>1,088,673</u></b>
<b><i>Shareholders' equity</i></b>			
Share capital			
Authorised share capital		288,000	288,000
Issued and paid-up share capital		288,000	288,000
Share premium		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		28,800	28,800
Unappropriated		1,375,500	1,270,678
<b>Total shareholders' equity</b>		<b><u>1,946,300</u></b>	<b><u>1,841,478</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>3,415,293</u></b>	<b><u>2,930,151</u></b>

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

# Alucon Public Company Limited

## Statements of income

For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

	<i>Note</i>	2008	2007
		<i>(in thousand Baht)</i>	
<b><i>Revenues</i></b>			
Revenue from sale of goods	3	844,217	678,107
Net foreign exchange gain		-	5,433
Other income		24,719	41,148
<b>Total revenues</b>	<b>8</b>	<b><u>868,936</u></b>	<b><u>724,688</u></b>
<b><i>Expenses</i></b>			
Cost of sale of goods	3	634,735	586,560
Selling and administrative expenses	3	62,651	60,072
Net foreign exchange loss		27,388	-
<b>Total expenses</b>		<b><u>724,774</u></b>	<b><u>646,632</u></b>
<b>Profit before interest and income tax expenses</b>		<b>144,162</b>	<b>78,056</b>
Interest expense	3	4,933	8,663
Income tax expense		34,407	20,641
<b>Net profit</b>	<b>8</b>	<b><u><u>104,822</u></u></b>	<b><u><u>48,752</u></u></b>
<b>Basic earnings per share (Baht)</b>	<b>9</b>	<b><u><u>3.64</u></u></b>	<b><u><u>1.69</u></u></b>

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

**Alucon Public Company Limited****Statements of changes in shareholders' equity****For the three-month periods ended 31 March 2008 and 2007 (Unaudited)**

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated to legal reserve	Unappropriated	
			<i>(in thousand Baht)</i>		
<b>Balance at 1 January 2007</b>	<b>288,000</b>	<b>254,000</b>	<b>28,800</b>	<b>1,094,955</b>	<b>1,665,755</b>
Net profit	-	-	-	48,752	48,752
<b>Balance at 31 March 2007</b>	<b>288,000</b>	<b>254,000</b>	<b>28,800</b>	<b>1,143,707</b>	<b>1,714,507</b>
<b>Balance at 1 January 2008</b>	<b>288,000</b>	<b>254,000</b>	<b>28,800</b>	<b>1,270,678</b>	<b>1,841,478</b>
Net profit	-	-	-	104,822	104,822
<b>Balance at 31 March 2008</b>	<b>288,000</b>	<b>254,000</b>	<b>28,800</b>	<b>1,375,500</b>	<b>1,946,300</b>

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

# Alucon Public Company Limited

## Statements of cash flows

For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

	2008	2007
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Net profit	104,822	48,752
<i>Adjustments for</i>		
Depreciation and amortisation	61,817	65,970
Loss from devaluation of inventories	422	185
Interest income	(360)	(29)
Interest expense	4,933	8,663
Set up provision for retirement benefits and provident fund	8,996	7,557
Gain on disposal of equipment	(5)	(967)
Net unrealised foreign exchange loss (gain)	21,817	(9,277)
Income tax expense	34,407	20,641
	<u>236,849</u>	<u>141,495</u>
<b><i>Changes in operating assets and liabilities</i></b>		
Trade accounts receivable	(78,627)	(17,533)
Inventories	28,978	(60,357)
Refundable value added tax	(5,829)	7,295
Other current assets	(3,416)	(2,802)
Trade accounts payable	(8,122)	(5,093)
Other payables from related parties	(1,341)	548
Other payables and accrued expenses	6,009	7,484
Other current liabilities	(7,052)	(5,820)
Provisions paid	(1,501)	(9,036)
<b>Net cash provided by operating activities</b>	<b><u>165,948</u></b>	<b><u>56,181</u></b>
<b><i>Cash flows from investing activities</i></b>		
Interest received	5	2
Purchase of plant and equipment	(137,558)	(23,569)
Sale of equipment	6	1,001
Purchase of intangible assets	(25)	(195)
<b>Net cash used in investing activities</b>	<b><u>(137,572)</u></b>	<b><u>(22,761)</u></b>

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

# Alucon Public Company Limited

## Statements of cash flows

For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

	2008	2007
	<i>(in thousand Baht)</i>	
<i>Cash flows from financing activities</i>		
Interest paid	(4,374)	(7,758)
Decrease in bank overdrafts and short-term loans from financial institutions	(32,853)	(23,954)
Proceeds from short-term loans from related parties	-	25,000
Proceeds from long-term loans from financial institutions	311,140	-
<b>Net cash provided by (used in) financing activities</b>	<b>273,913</b>	<b>(6,712)</b>
<b>Net increase in cash and cash equivalents</b>	<b>302,289</b>	<b>26,708</b>
Cash and cash equivalents at beginning of period	92,659	30,953
<b>Cash and cash equivalents at end of period</b>	<b>394,948</b>	<b>57,661</b>

### Supplemental disclosure of cash flow information

Significant non-cash transaction

During the period ended 31 March 2008, the Company acquired plant and equipment totalling Baht 191 million, cash payments of Baht 138 million were made to purchase plant and equipment.

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

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**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

These notes form an integral part of the financial statements.

The interim financial statements were authorised for issue by the directors on 13 May 2008.

**1 General information**

Alucon Public Company Limited “the Company” is incorporated in Thailand and has its registered head 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 period was Takeuchi Press Industries Company Limited, incorporated in Japan, who held 63.28% 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 interim 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 interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No. 41 (revised 2007) *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2007. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2007.

The interim financial statements are presented in Thai Baht, rounded to the nearest thousand unless otherwise stated.

In 2008, the Company adopted the following Thai Accounting Standards (TAS) which are relevant to its operations:

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>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

TAS 41 (revised 2007)      *Interim Financial Reporting*

TAS 51      *Intangible Assets*

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

Accounting policies and methods of computation applied in the interim financial statements for the three-month period ended 31 March 2008 are consistent with those applied in the financial statements for the year ended 31 December 2007.

**3 Related party transactions and balances**

Related parties are those parties linked to the Group and 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 control the Company or have transactions with the Company were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Takeuchi Press Industries Company Limited	Japan	Parent, 63.28% shareholding

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

<b>Transactions</b>	<b>Pricing policies</b>
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.
Interest expense	3.00% per annum in 2008 and 4% - 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.

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

Significant transactions for the three-month periods ended 31 March 2008 and 2007 with related parties were as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Sale of goods	200,779	167,011
Purchase of raw materials and spare parts	815	297
Interest expense	335	3,227
Commission expenses	53	42
<b>Directors</b>		
Directors' bonus, directors' remuneration and other benefits	10,359	10,618

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

**Trade accounts receivable - related party**

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	65,868	61,132

**Trade accounts payable - related party**

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	369	-

**Payable to and short-term loans from related parties**

	<b>Interest rate</b>		31 March	31 December
	2008	2007	2008	2007
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
<b>Short-term loans</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited	3.00	3.00	347,295	347,295
<b>Other payables</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			2,703	2,184
<b>Accrued commission payable</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			53	76
<b>Accrued interest expense</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			2,559	1,991

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b>Accrued directors' remuneration and other benefits</b>		
<b>Other related party</b>		
Directors	765	2,602
<b>Total</b>	<u>353,375</u>	<u>354,148</u>

Movements during the three-month periods ended 31 March 2008 and 2007 of loans from related party were as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
<b>Short-term loans</b>		
<b>Parent</b>		
At 1 January	347,295	275,295
Increase	-	154,995
Decrease	-	(129,995)
<b>At 31 March</b>	<u>347,295</u>	<u>300,295</u>

**Commitments for purchase of raw materials and spare parts**

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	-	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 about of 6,000 MT for a new period from April 2008 to March 2009.

**4 Trade accounts receivable**

	<i>Note</i>	31 March 2008	31 December 2007
		<i>(in thousand Baht)</i>	
Related party	4	65,868	61,132
Other parties		491,765	422,669
		<u>557,633</u>	<u>483,801</u>
Less allowance for doubtful accounts		(5,939)	(5,939)
<b>Total</b>		<u>551,694</u>	<u>477,862</u>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

Aging analyses for trade accounts receivable were as follows:

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b>Related party</b>		
Within credit terms	63,700	59,956
Overdue:		
Less than 3 months	2,168	1,176
	<u>65,868</u>	<u>61,132</u>
<b>Other parties</b>		
Within credit terms	372,317	293,880
Overdue:		
Less than 3 months	113,492	121,804
3 - 6 months	16	1,046
6 - 12 months	1	-
Over 12 months	5,939	5,939
	<u>491,765</u>	<u>422,669</u>
<i>Less allowance for doubtful accounts</i>	<u>(5,939)</u>	<u>(5,939)</u>
<b>Net</b>	<u>485,826</u>	<u>416,730</u>
<b>Total</b>	<u>551,694</u>	<u>477,862</u>

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

**5 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2008 and 2007 were as follows:

	2008		2007	
	Acquisitions and transfers in -at cost	Disposals and transfers out - net book value	Acquisitions and transfers in -at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and building improvement	836	-	133	-
Machineries and equipments	4,822	-	31,657	34
Office equipments	181	1	23	-
Vehicles	2,750	-	-	-
Construction in progress	182,025	-	12,763	21,008
<b>Total</b>	<u>190,614</u>	<u>1</u>	<u>44,576</u>	<u>21,042</u>

**6 Trade accounts payable**

	<i>Note</i>	31 March 2008	31 December 2007
		<i>(in thousand Baht)</i>	
Related party	3	369	-
Other parties		46,965	55,396
<b>Total</b>		<u>47,334</u>	<u>55,396</u>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

**7 Long-term loans from financial institutions**

During the three-month period ended 31 March 2008, the Company entered into new long-term loans agreements with financial institutions during the period as follows:

1. Unsecured long-term loan from a foreign commercial bank-domestic branch to be used to finance 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 commences on 19 September 2008.
2. Unsecured long-term loan from another foreign commercial bank-domestic branch to be used to finance 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 commences 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 agreements. In case of the occurrence of an event of default, the lender is entitled to declare the loan immediately due.

**8 Segment information**

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

***Business segments***

The Company comprises the following main business segments:

Segment 1	Manufacture aluminum monobloc aerosol cans and collapsible tubes
Segment 2	Manufacture aluminum slugs

***Geographic segments***

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

The following are the main geographical locations:

Segment 1	Thailand
Segment 2	Other countries

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

Revenue and results, based on business segments, in the Company's financial statements for the three-month periods ended 31 March 2008 and 2007 were as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
<b><i>Segment revenue</i></b>		
Segment 1	559,771	507,410
Segment 2	309,165	217,278
<b>Total</b>	<b><u>868,936</u></b>	<b><u>724,688</u></b>
<b><i>Segment results</i></b>		
Segment 1	60,814	55,833
Segment 2	44,008	(7,081)
<b>Total</b>	<b><u>104,822</u></b>	<b><u>48,752</u></b>

Revenue and results, based on geographical segments, in the Company's financial statements for the three-month periods ended 31 March 2008 and 2007 were as follows:

	2008	2007
	<i>(in thousand Baht)</i>	
<b><i>Segment revenue</i></b>		
Segment 1	263,156	268,377
Segment 2	605,780	456,311
<b>Total</b>	<b><u>868,936</u></b>	<b><u>724,688</u></b>
<b><i>Segment results</i></b>		
Segment 1	45,642	58,938
Segment 2	59,180	(10,186)
<b>Total</b>	<b><u>104,822</u></b>	<b><u>48,752</u></b>

**9 Basic earnings per share**

The calculation of basic earnings per share for the three-month period ended 31 March 2008 was based on the net profit attributable to ordinary shareholders of Baht 104.82 million (2007: Baht 48.75 million) and the number of shares outstanding during the period of 28,800,000 shares (2007: 28,800,000 shares).

**10 Commitments with non - related parties**

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b><i>Capital commitments</i></b>		
<i>Contracted but not provided for</i>		
Machinery and equipment	<b><u>163,801</u></b>	<b><u>295,565</u></b>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2008 (Unaudited)**

	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>	
<b><i>Other commitments</i></b>		
Unused letters of credits	116,082	92,807
Purchase orders accepted by suppliers	2,566,850	2,839,947
Bank guarantees	48,942	49,074
<b>Total</b>	<b><u>2,731,874</u></b>	<b><u>2,981,828</u></b>

As at 31 March 2008 and 31 December 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.

**11 Events after the balance sheet date**

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 will be paid to shareholders during 2008.