

Alucon Public Company Limited

Financial statements for the year ended
31 December 2012
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Alucon Public Company Limited

I have audited the accompanying financial statements of Alucon Public Company Limited, which comprise the statement of financial position as at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 2012, and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2013

Alucon Public Company Limited
Statement of financial position

Assets	<i>Note</i>	31 December	
		2012	2011
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	241,969,619	184,527,568
Trade accounts receivable	4, 6	821,826,331	758,433,615
Inventories	7	792,516,293	817,091,209
Refundable value added tax		11,598,982	23,166,161
Other current assets		7,228,128	12,569,916
Total current assets		<u>1,875,139,353</u>	<u>1,795,788,469</u>
<i>Non-current assets</i>			
Property, plant and equipment	4, 8, 11	3,331,060,120	3,165,893,528
Intangible assets	9	11,066,394	11,982,504
Deferred tax assets	10	76,486,655	70,096,157
Other non-current assets		208,910	248,800
Total non-current assets		<u>3,418,822,079</u>	<u>3,248,220,989</u>
Total assets		<u>5,293,961,432</u>	<u>5,044,009,458</u>

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

Alucon Public Company Limited
Statement of financial position

Liabilities and equity	<i>Note</i>	31 December	
		2012	2011
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions	11	154,425,851	171,477,970
Trade accounts payable	4, 12	156,392,703	283,382,961
Other payables to and short-term loans			
from related parties	4, 11	894,303,758	780,297,040
Current portion of long-term loans from			
and accrued interest payable to related party	4, 11	10,524,385	61,501,028
Other payables	13	121,145,610	170,312,104
Income tax payable		92,771,022	110,090,991
Other current liabilities	14	21,145,206	21,971,397
Total current liabilities		<u>1,450,708,535</u>	<u>1,599,033,491</u>
<i>Non-current liabilities</i>			
Long-term loans from and accrued interest			
payable to related party	4, 11	-	10,300,205
Deferred income	15	40,976,213	46,777,874
Employee benefit obligations	16	416,025,528	342,798,754
Total non-current liabilities		<u>457,001,741</u>	<u>399,876,833</u>
Total liabilities		<u>1,907,710,276</u>	<u>1,998,910,324</u>
<i>Equity</i>			
Share capital	17		
Authorised share capital		432,000,000	432,000,000
Issued and paid-up share capital		431,999,860	431,999,860
Additional paid-in capital			
Premium on ordinary shares	17	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	18	43,200,000	43,200,000
Unappropriated		2,657,051,296	2,315,899,274
Total equity		<u>3,386,251,156</u>	<u>3,045,099,134</u>
Total liabilities and equity		<u>5,293,961,432</u>	<u>5,044,009,458</u>

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

Alucon Public Company Limited
Statement of comprehensive income

		For the year ended 31 December	
	<i>Note</i>	2012	2011
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sale of goods	4, 19, 28	4,813,624,783	4,567,189,591
Net foreign exchange gain		2,414,824	26,307,036
Other income	20	122,033,949	141,727,512
Total income		<u>4,938,073,556</u>	<u>4,735,224,139</u>
<i>Expenses</i>			
Cost of sale of goods	4, 7	3,841,075,627	3,759,203,694
Selling expenses	4, 21	127,903,851	108,330,853
Administrative expenses	22	96,371,982	86,092,863
Key management personnel compensation	4, 23	63,561,070	65,971,377
Finance costs	4, 25	31,680,515	18,804,429
Total expenses	24	<u>4,160,593,045</u>	<u>4,038,403,216</u>
Profit before income tax expense		777,480,511	696,820,923
Income tax expense	26	177,128,573	242,602,895
Profit and total comprehensive income for the year	19	<u>600,351,938</u>	<u>454,218,028</u>
Basic earnings per share	27	<u>13.90</u>	<u>10.51</u>

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

Alucon Public Company Limited

Statement of changes in equity

		Issued and paid-up share capital	Additional paid-in capital Premium on ordinary shares	Retained earnings		Total equity
	Note			Legal reserve <i>(in Baht)</i>	Unappropriated	
Balance at 1 January 2011		431,999,860	254,000,000	43,200,000	2,142,481,155	2,871,681,015
Profit and total comprehensive income for the year		-	-	-	454,218,028	454,218,028
Dividends	29	-	-	-	(280,799,909)	(280,799,909)
Balance at 31 December 2011 and 1 January 2012		431,999,860	254,000,000	43,200,000	2,315,899,274	3,045,099,134
Profit and total comprehensive income for the year		-	-	-	600,351,938	600,351,938
Dividends	29	-	-	-	(259,199,916)	(259,199,916)
Balance at 31 December 2012		431,999,860	254,000,000	43,200,000	2,657,051,296	3,386,251,156

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

Alucon Public Company Limited

Statement of cash flows

	For the year ended 31 December	
<i>Note</i>	2012	2011
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	600,351,938	454,218,028
<i>Adjustments for</i>		
Depreciation	433,602,760	388,341,620
Amortisation of intangible assets	1,743,430	1,654,783
Recognised deferred income	(5,801,661)	(5,785,810)
Interest income	(880,800)	(1,040,629)
Finance costs	31,680,515	18,804,429
Unrealised (gain) loss on exchange	(15,340,342)	6,845,195
(Reversal of) provision for loss from devaluation of inventories	(835,623)	556,080
Loss on disposal of plant and equipment	852,261	3,712,175
Income tax expense	177,128,573	242,602,895
	<u>1,222,501,051</u>	<u>1,109,908,766</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(66,272,332)	(130,825,507)
Inventories	25,410,539	(145,054,400)
Refundable value added tax	11,567,179	9,497,166
Other current assets	5,347,599	(4,395,798)
Other non-current assets	39,890	(10,000)
Trade accounts payable	(126,655,304)	101,589,832
Other payables to related parties	(193,466)	2,856,107
Other payables	(19,372,392)	(6,351,708)
Other current liabilities	(826,191)	(3,921,232)
Employee benefit obligations	73,226,774	24,701,654
	<u>1,124,773,347</u>	<u>957,994,880</u>
Cash generated from operating activities	1,124,773,347	957,994,880
Income tax paid	(200,839,040)	(210,812,114)
	<u>923,934,307</u>	<u>747,182,766</u>
Net cash from operating activities	923,934,307	747,182,766

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

Alucon Public Company Limited

Statement of cash flows

	For the year ended 31 December	
<i>Note</i>	2012	2011
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Interest received	874,989	1,049,861
Purchase of plant and equipment	(628,289,900)	(666,150,772)
Interest paid for plant and equipment	(1,975,421)	(4,242,329)
Sale of plant and equipment	725,219	1,476,748
Purchase of intangible assets	<u>(827,320)</u>	<u>(2,206,019)</u>
Net cash used in investing activities	<u>(629,492,433)</u>	<u>(670,072,511)</u>
<i>Cash flows from financing activities</i>		
Finance costs paid	(29,368,188)	(14,762,605)
Dividends paid	(259,199,916)	(280,799,909)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	863,281	(1,064,898)
Proceeds from short-term loans from related party	360,000,000	240,000,000
Repayment of long-term loans from financial institutions	-	(84,829,640)
Repayment of short-term loans from related party	<u>(309,295,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(236,999,823)</u>	<u>(141,457,052)</u>
Net increase (decrease) in cash and cash equivalents	57,442,051	(64,346,797)
Cash and cash equivalents at 1 January	<u>184,527,568</u>	<u>248,874,365</u>
Cash and cash equivalents at 31 December	5 <u>241,969,619</u>	<u>184,527,568</u>

Non-cash transaction

During the year ended 31 December 2012, the Company acquired plant and equipment totalling Baht 600 million (2011: Baht 732 million), cash payments of Baht 631 million (2011: Baht 670 million) were made to purchase plant and equipment including related interest.

During the year ended 31 December 2012, the Company agreed to reschedule the long-term promissory note due for repayment with the parent company to short-term promissory note in amount of Baht 60 million.

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

Alucon Public Company Limited

Notes to the financial statements

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	Inventories
8	Property, plant and equipment
9	Intangible assets
10	Deferred tax
11	Interest-bearing liabilities
12	Trade accounts payable
13	Other payables
14	Other current liabilities
15	Deferred income
16	Employee benefit obligations
17	Share capital
18	Reserves
19	Segment information
20	Other income
21	Selling expenses
22	Administrative expenses
23	Employee benefit expenses
24	Expenses by nature
25	Finance costs
26	Income tax expense
27	Basic earnings per share
28	Promotional privileges
29	Dividends
30	Financial instruments
31	Commitments with non-related parties
32	Thai Financial Reporting Standards (TFRS) not yet adopted

Alucon Public Company Limited

Notes to the financial statements

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 authorised for issue by the Board of Directors on 21 February 2013.

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 parent company during the financial year was Takeuchi Press Industries Company Limited, incorporated in Japan, who held 66.40% of the paid up share capital.

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

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.

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 32.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Alucon Public Company Limited

Notes to the financial statements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate are revised and in any future periods affected.

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 (o)	Current and deferred taxation
Note 16	Measurement of defined benefit obligations
Note 30	Valuation of financial instruments

3 Significant accounting policies

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

(a) *Foreign currencies 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 reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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 foreign exchange and 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 recognised when 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.

(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*

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

Alucon Public Company Limited

Notes to the financial statements

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 production overheads based on normal operating capacity.

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

(f) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated 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. 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Land improvement	3 - 20 years
Buildings and building improvement	20 and 30 years
Machinery and equipment	2 - 20 years
Office equipment	5 years
Vehicles	5 years

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

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

Alucon Public Company Limited

Notes to the financial statements

(g) *Intangible assets*

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software license	10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) *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 profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' 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 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.

Alucon Public Company Limited

Notes to the financial statements

(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 profit or loss 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*

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into the fund and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans 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, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Alucon Public Company Limited

Notes to the financial statements

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue

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

Sale of goods

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

Interest and other income

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

(n) Finance costs

Finance costs comprise interest expense on borrowings and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to 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. 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 by the reporting date.

Alucon Public Company Limited

Notes to the financial statements

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 judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation	Nature of relationships
Takeuchi Press Industries Company Limited	Japan	Parent, 66.40% shareholding
Key management personnel		Person having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

Transactions	Pricing policies
Revenue from sale of goods	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 parts	The market price
Purchase of machinery and equipment	The market price/the invoice price
Interest expense	1.75-3.25% per annum in 2012 and 1.25-3.25% per annum in 2011

Alucon Public Company Limited
Notes to the financial statements

Transactions	Pricing policies
License fee	Percentage of sales amount as determined in an agreement.
Commission expenses	Percentage of sales amount as determined in an agreement.
Key management personnel compensation	Amount approved by the directors and / or the shareholders.

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

Year ended 31 December	2012	2011
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	1,041,399	1,049,337
Purchase of raw materials and spare parts	13,883	11,400
Purchase of machinery and equipment	2,185	25,835
Interest expense (included capitalise as the cost of asset)	28,541	18,135
License fee	11,866	3,208
Commission expenses	1,149	593
Other expenses	356	-
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	58,341	62,371
Termination benefits	5,220	3,600
Total	<u>63,561</u>	<u>65,971</u>

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

Trade account receivable from related party

	2012	2011
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>74,450</u>	<u>53,119</u>

Trade account payable to related party

	2012	2011
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>1,701</u>	<u>128</u>

Alucon Public Company Limited
Notes to the financial statements

Other payable to and short-term loans from related parties

	Interest rate		2012	2011
	2012	2011	2012	2011
	(% per annum)		(in thousand Baht)	
Short-term loans				
Parent				
Takeuchi Press Industries Company Limited	2.50 - 3.00	2.50 - 3.25	878,000	767,295
Other payables				
Parent				
Takeuchi Press Industries Company Limited			905	2,252
Accrued commission payable				
Parent				
Takeuchi Press Industries Company Limited			366	86
Accrued license fee				
Parent				
Takeuchi Press Industries Company Limited			2,555	1,097
Accrued interest expense				
Parent				
Takeuchi Press Industries Company Limited			8,990	6,242
Accrued management's remuneration and other benefits				
Key management personnel			3,488	3,325
Total			894,304	780,297

Movements during the years ended 31 December of short-term loans from related party were as follows:

	2012	2011
	(in thousand Baht)	
Short-term loans		
Parent		
At 1 January	767,295	527,295
Increase	420,000	240,000
Decrease	(309,295)	-
At 31 December	878,000	767,295

Alucon Public Company Limited
Notes to the financial statements

Long-term loans from and accrued interest payable to related party

	Interest rate		2012	2011
	2012	2011	(in thousand Baht)	
	(% per annum)			
Long-term loans				
Parent				
Takeuchi Press Industries Company Limited	2.25	1.75 - 2.25	10,000	70,000
Accrued interest expense				
Parent				
Takeuchi Press Industries Company Limited			524	1,801
Total			10,524	71,801
Less current portion			(10,524)	(61,501)
Net			-	10,300

Movements during the years ended 31 December of long-term loans from related party were as follows:

	2012	2011
	(in thousand Baht)	
Long-term loans		
Parent		
At 1 January	70,000	70,000
Decrease	(60,000)	-
At 31 December	10,000	70,000

On 1 September 2010, the Company has issued promissory notes to a related party totalling Baht 70 million which bears interest at rates ranging from 1.75% - 2.25% per annum. These long-term loans will be repayable together with interest expenses on various dates from March 2012 to March 2013.

Significant agreement with related party

Technical license agreement

The Company entered into a technical license agreement with Takeuchi Press Industries Company Limited, the parent company. Under the term of the agreement, the parent company agrees to provide technical assistance inclusive technical information and know-how, equipment for manufacturing and right to sell the products. The Company is committed to pay a license and commission fee as indicated in an agreement. This agreement is valid for 10 years and shall be renewed automatically from year to year unless either party notifies the other party by a written notice at least 6 months prior to the expiration of the agreement.

Commitments for purchase of raw materials and spare parts

	2012	2011
	(in thousand Baht)	
Parent		
Takeuchi Press Industries Company Limited	2,360	1,719

Alucon Public Company Limited
Notes to the financial statements

Significant memorandum of understanding

On 9 February 2011, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 5,000 MT for the production of aluminium monobloc aerosol cans and collapsible tubes for a period from April 2011 to March 2012.

Subsequently, on 14 February 2012, the Company entered into a new memorandum of understanding to supply aluminium slugs in quantity about of 6,000 MT for a period from April 2012 to March 2013.

5 Cash and cash equivalents

	2012	2011
	<i>(in thousand Baht)</i>	
Cash on hand	83	58
Cash at banks - current accounts	2,773	11,625
Cash at banks - saving accounts	151,580	139,084
Cash at banks - fixed accounts	23	23
Bill of exchange shorter than 3 months	50,000	-
Cheques in transit	37,511	33,738
Total	<u>241,970</u>	<u>184,528</u>

Cheques in transit

Cheques in transit as at 31 December 2012 were all subsequently collected by 9 January 2013 (2011: 6 January 2012).

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

	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	142,881	91,110
United States Dollars (USD)	88,104	62,298
Japanese Yen (YEN)	10,985	31,120
Total	<u>241,970</u>	<u>184,528</u>

6 Trade accounts receivable

	<i>Note</i>	2012	2011
		<i>(in thousand Baht)</i>	
Related party	4	74,450	53,119
Other parties		747,376	711,260
		<u>821,826</u>	<u>764,379</u>
<i>Less allowance for doubtful accounts</i>		-	(5,945)
Net		<u>821,826</u>	<u>758,434</u>

Alucon Public Company Limited
Notes to the financial statements

Aging analyses for trade accounts receivable were as follows:

	2012	2011
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	74,450	53,119
	<u>74,450</u>	<u>53,119</u>
Other parties		
Within credit terms	576,868	558,162
Overdue:		
Less than 3 months	169,279	146,101
3 - 6 months	1,229	1,050
Over 12 months	-	5,947
	<u>747,376</u>	<u>711,260</u>
<i>Less allowance for doubtful accounts</i>	-	(5,945)
Net	<u>747,376</u>	<u>705,315</u>
Total	<u>821,826</u>	<u>758,434</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:

	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	448,427	349,310
United States Dollars (USD)	269,272	318,224
Japanese Yen (YEN)	74,450	53,119
Australian Dollars (AUD)	13,068	27,068
Pound Sterling (GBP)	2,039	7,643
Others (HKD and SGD)	14,570	9,015
Total	<u>821,826</u>	<u>764,379</u>

7 Inventories

	2012	2011
	<i>(in thousand Baht)</i>	
Finished goods	185,306	159,408
Work in progress	169,241	199,474
Raw materials	220,259	154,458
Packing materials	1,668	1,699
Spare parts	131,348	108,124
Goods in transit	86,768	196,838
	<u>794,590</u>	<u>820,001</u>
<i>Less allowance for decline in value</i>	(2,074)	(2,910)
Net	<u>792,516</u>	<u>817,091</u>
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	3,841,912	3,758,648
- Write-down to net realisable value	(836)	556
Total	<u>3,841,076</u>	<u>3,759,204</u>

Alucon Public Company Limited
Notes to the financial statements

8 Property, plant and equipment

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Office equipment <i>(in thousand Baht)</i>	Vehicles	Spare parts	Asstes under construction	Total
Cost								
At 1 January 2011	176,704	1,007,828	3,590,609	18,180	32,407	-	344,734	5,170,462
Additions	789	9,537	68,694	1,225	-	-	651,906	732,151
Transfers	-	193,900	483,220	-	-	23,372	(677,120)	23,372
Disposals	-	-	(125,581)	(1,099)	(3,533)	-	-	(130,213)
At 31 December 2011 and 1 January 2012	177,493	1,211,265	4,016,942	18,306	28,874	23,372	319,520	5,795,772
Additions	3,206	8,449	63,676	558	1,228	30,725	492,509	600,351
Transfers	12,264	9,194	421,383	-	-	(12,224)	(430,617)	-
Disposals	-	-	(50,420)	(976)	-	-	-	(51,396)
At 31 December 2012	192,963	1,228,908	4,451,581	17,888	30,102	41,873	381,412	6,344,727
Depreciation								
At 1 January 2011	-	453,053	1,879,097	14,201	20,196	-	-	2,366,547
Depreciation charge for the year	45	36,626	346,326	1,424	3,921	-	-	388,342
Disposals	-	-	(120,386)	(1,092)	(3,533)	-	-	(125,011)
At 31 December 2011 and 1 January 2012	45	489,679	2,105,037	14,533	20,584	-	-	2,629,878
Depreciation charge for the year	994	41,040	386,370	1,521	3,678	-	-	433,603
Disposals	-	-	(48,840)	(974)	-	-	-	(49,814)
At 31 December 2012	1,039	530,719	2,442,567	15,080	24,262	-	-	3,013,667
Net book value								
At 1 January 2011	176,704	554,775	1,711,512	3,979	12,211	-	344,734	2,803,915
At 31 December 2011 and 1 January 2012	177,448	721,586	1,911,905	3,773	8,290	23,372	319,520	3,165,894
At 31 December 2012	191,924	698,189	2,009,014	2,808	5,840	41,873	381,412	3,331,060

Alucon Public Company Limited
Notes to the financial statements

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2012 amounted to Baht 943 million (2011: Baht 501 million).

Assets under construction

As at 31 December 2012, the Company is in process of constructing a new factory which has an estimated cost of approximately Baht 548 million (2011: Baht 219 million). The cost incurred up to 31 December 2012 amounted to approximately Baht 209 million (2011: Baht 145 million).

Capitalised borrowing costs relating to the construction of a new factory amounted to Baht 1.3 million (2011: Baht 5.1 million), with a capitalisation rate of 1.75% - 3.25% (2011: 1.75% - 3.25%).

9 Intangible assets

	Software licence (in thousand Baht)
<i>Cost</i>	
At 1 January 2011	15,866
Additions	2,206
At 31 December 2011 and 1 January 2012	18,072
Additions	827
At 31 December 2012	18,899
<i>Amortisation</i>	
At 1 January 2011	4,435
Amortisation charge for the year	1,654
At 31 December 2011 and 1 January 2012	6,089
Amortisation charge for the year	1,744
At 31 December 2012	7,833
<i>Net book value</i>	
At 1 January 2011	11,431
At 31 December 2011 and 1 January 2012	11,983
At 31 December 2012	11,066

10 Deferred tax

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

	2012	2011
	(in thousand Baht)	
Deferred tax assets	86,851	75,772
Deferred tax liability	(10,364)	(5,676)
Net	76,487	70,096

Alucon Public Company Limited
Notes to the financial statements

Movements in total deferred tax assets and liability during the year were as follows:

	At 1 January 2012	(Charged) / credited to Profit or loss (Note 26) (in thousand Baht)	At 31 December 2012
<i>Deferred tax assets</i>			
Accounts receivable <i>(doubtful accounts)</i>	1,189	(1,189)	-
Inventories <i>(allowance for decline in value)</i>	669	(255)	414
Employee benefit obligations	64,385	13,856	78,241
Deferred income	9,529	(1,333)	8,196
Total	75,772	11,079	86,851
<i>Deferred tax liability</i>			
Property, plant and equipment <i>(depreciation gap)</i>	(5,676)	(4,688)	(10,364)
Total	(5,676)	(4,688)	(10,364)
Net	70,096	6,391	76,487
	At 1 January 2011	(Charged) / credited to Profit or loss (Note 26) (in thousand Baht)	At 31 December 2011
<i>Deferred tax assets</i>			
Accounts receivable <i>(doubtful accounts)</i>	1,784	(595)	1,189
Inventories <i>(allowance for decline in value)</i>	706	(37)	669
Employee benefit obligations	89,035	(24,650)	64,385
Deferred income	15,769	(6,240)	9,529
Total	107,294	(31,522)	75,772
<i>Deferred tax liability</i>			
Property, plant and equipment <i>(depreciation gap)</i>	(8,499)	2,823	(5,676)
Total	(8,499)	2,823	(5,676)
Net	98,795	(28,699)	70,096

Alucon Public Company Limited
Notes to the financial statements

11 Interest-bearing liabilities

	<i>Note</i>	2012 <i>(in thousand Baht)</i>	2011
<i>Current</i>			
Bank overdrafts unsecured		872	8
Short-term loans from financial institutions unsecured		153,554	171,470
Bank overdrafts and short-term loans from financial institutions		154,426	171,478
Current portion of long-term loans from related party unsecured	4	10,000	60,000
Short-term loans from related party unsecured	4	878,000	767,295
Total current interest-bearing liabilities		1,042,426	998,773
<i>Non-current</i>			
Long-term loans from related party unsecured	4	-	10,000
Total non-current interest-bearing liabilities		-	10,000

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

	2012 <i>(in thousand Baht)</i>	2011
Within one year	1,042,426	998,773
After one year but within five years	-	10,000
Total	1,042,426	1,008,773

As at 31 December 2012, the Company had unutilised credit facilities of approximately Baht 2,646 million (2011: 3,145 million).

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

	2012 <i>(in thousand Baht)</i>	2011
Thai Baht (THB)	888,872	837,303
United States Dollars (USD)	46,166	47,748
Japanese Yen (YEN)	107,388	123,722
Total	1,042,426	1,008,773

Alucon Public Company Limited
Notes to the financial statements

12 Trade accounts payable

	<i>Note</i>	2012	2011
		<i>(in thousand Baht)</i>	
Related party	4	1,701	128
Other parties		154,692	283,255
Total		<u>156,393</u>	<u>283,383</u>

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

	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	65,467	78,632
United States Dollars (USD)	73,956	170,511
Japanese Yen (YEN)	11,710	22,809
Others (CHF, AUD, EUR and GBP)	5,260	11,431
Total	<u>156,393</u>	<u>283,383</u>

13 Other payables

	2012	2011
	<i>(in thousand Baht)</i>	
Other payables	52,423	81,301
Construction payable	29,067	60,616
Accrued operating expenses	39,656	28,395
Total	<u>121,146</u>	<u>170,312</u>

14 Other current liabilities

	2012	2011
	<i>(in thousand Baht)</i>	
Accrued withholding tax payable	12,118	13,013
Advances received from customers	7,579	7,292
Accrued social fund	1,448	1,666
Total	<u>21,145</u>	<u>21,971</u>

15 Deferred income

Deferred income represents a contribution of approximately Baht 57.8 million received by the Company from a major customer as an unconditional subsidy in respect of the cost of a new production line that the Company is required to undertake in order to facilitate the management of incoming purchase orders from this customer and to meet the customer's specific production requirements. This contribution is presented as "deferred income" under non-current liabilities in the statement of financial position and will be recognised as income in profit or loss on the straight-line method over the asset's estimated useful life of 10 years from the date that the line is ready for use since 1 February 2010. During the year ended 31 December 2012, the Company recognised income in profit or loss of Baht 5.8 million (2011: Baht 5.8 million).

Alucon Public Company Limited
Notes to the financial statements

16 Employee benefit obligations

	2012	2011
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	323,619	263,775
Other long-term employee benefits	38,948	30,693
Provident fund	53,459	48,331
Total	<u>416,026</u>	<u>342,799</u>

	2012	2011
	<i>(in thousand Baht)</i>	
Year ended 31 December		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	77,790	29,852
Other long-term employee benefits	12,985	5,213
Provident fund	6,104	3,766
Total	<u>96,879</u>	<u>38,831</u>

The Company operate a defined benefit pension plan 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 statement of financial position obligation was determined as follows:

	2012	2011
	<i>(in thousand Baht)</i>	
Present value of unfunded obligation	<u>362,567</u>	<u>294,468</u>

Movement in the present value of the defined benefit obligations

	2012	2011
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	294,468	273,823
Benefits paid by the plan	(22,676)	(14,420)
Current service costs and interest	41,671	35,048
Actuarial loss	49,104	17
Defined benefit obligations at 31 December	<u>362,567</u>	<u>294,468</u>

Expense recognised in profit or loss (note 23)

	2012	2011
	<i>(in thousand Baht)</i>	
Current service costs	29,760	23,410
Interest on obligation	11,911	11,638
Actuarial loss	49,104	17
Total	<u>90,775</u>	<u>35,065</u>

Alucon Public Company Limited
Notes to the financial statements

The expense is recognised in the following line items in the statement of comprehensive income:

	2012 <i>(in thousand Baht)</i>	2011
Cost of sales	74,865	26,607
Selling expenses	2,414	1,148
Administrative expenses	13,496	7,310
Total	<u>90,775</u>	<u>35,065</u>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2012	2011
Discount rate (%)	3.65	4.25
Future salary increases (%)	3.5 - 4.5	4
Retirement age (years)	55	55

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

17 Share capital

	Par value per share <i>(in Baht)</i>	2012 Number Amount <i>(thousand shares / thousand Baht)</i>		2011 Number Amount	
<i>Authorised</i>					
At 1 January					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>
At 31 December					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>
At 31 December					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>

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.

18 Reserves

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.

Alucon Public Company Limited

Notes to the financial statements

19 Segment information

Segment information is presented in respect of the Company's geographical 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, property, plant and equipment, interest-bearing liabilities, other payables and accrued expenses and provisions.

Business segments

Management considers that the Company operates in a single line of business, and has, therefore, only one major business segment.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical 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

Geographical segment results

	Segment 1		Segment 2		Total	
	2012	2011	2012	2011	2012	2011
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	1,537,776	1,287,957	3,275,849	3,279,233	4,813,625	4,567,190
Cost of sale of goods	<u>1,227,082</u>	<u>1,060,103</u>	<u>2,613,994</u>	<u>2,699,101</u>	<u>3,841,076</u>	<u>3,759,204</u>
Segment result	<u>310,694</u>	<u>227,854</u>	<u>661,855</u>	<u>580,132</u>	<u>972,549</u>	<u>807,986</u>
Unallocated revenues					124,449	168,034
Unallocated expenses					(287,836)	(260,395)
Finance costs					(31,681)	(18,804)
Income tax expense					<u>(177,129)</u>	<u>(242,603)</u>
Profit for the year					<u>600,352</u>	<u>454,218</u>

Geographical segment financial position

	Segment 1		Segment 2		Total	
	2012	2011	2012	2011	2012	2011
	<i>(in thousand Baht)</i>					
Assets and liabilities						
Trade accounts receivable	425,278	333,103	396,548	425,331	821,826	758,434
Unallocated other assets					<u>4,472,135</u>	<u>4,285,575</u>
Total assets					<u>5,293,961</u>	<u>5,044,009</u>
Trade accounts payables	65,467	78,632	90,926	204,751	156,393	283,383
Unallocated liabilities					<u>1,751,317</u>	<u>1,715,527</u>
Total liabilities					<u>1,907,710</u>	<u>1,998,910</u>

Alucon Public Company Limited
Notes to the financial statements

20 Other income

	2012	2011
	<i>(in thousand Baht)</i>	
Sale of scrap	96,654	124,334
Others	25,380	17,394
Total	122,034	141,728

21 Selling expenses

	2012	2011
	<i>(in thousand Baht)</i>	
Freight expenses	75,524	70,613
Employee benefit expenses	27,035	24,238
Others	25,345	13,480
Total	127,904	108,331

22 Administrative expenses

	2012	2011
	<i>(in thousand Baht)</i>	
Employee benefit expenses	61,493	56,499
Depreciation and amortisation	4,761	4,695
Transportation expenses	4,800	3,756
Repair and maintenance	3,364	3,291
Others	21,954	17,852
Total	96,372	86,093

23 Employee benefit expenses

	2012	2011
	<i>(in thousand Baht)</i>	
Wages and salaries	546,877	522,841
Pension costs - defined benefit plans	90,775	35,065
Contribution to defined contribution plans	6,104	3,766
Director's remuneration	4,146	3,951
Others	35,217	40,764
Total	683,119	606,387

Defined benefit plans

Details of the defined benefit plans are given in note 16.

Defined contribution plans

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

24 Expenses by nature

	2012	2011
	<i>(in thousand Baht)</i>	
Changes in inventories of finished goods and work in progress	(4,212)	(161,758)
Raw materials and consumables used	2,193,108	2,437,846
Employee benefit expenses	619,558	540,416
Depreciation and amortisation	435,346	389,997
Utilities expenses	339,727	316,149
Repair and maintenance	110,235	114,395
Freight expenses	75,524	70,613
Key management personnel compensation	63,561	65,971
Finance costs	31,681	18,804
Others	296,065	245,970
Total cost of sales of goods, selling expenses and administrative expenses	<u>4,160,593</u>	<u>4,038,403</u>

25 Finance costs

	<i>Note</i>	2012	2011
		<i>(in thousand Baht)</i>	
<i>Interest expense:</i>			
Related party	4	28,541	18,135
Financial institutions		4,436	5,748
		<u>32,977</u>	<u>23,883</u>
<i>Less amounts included in the cost of assets under construction</i>	8	(1,296)	(5,079)
Net		<u>31,681</u>	<u>18,804</u>

26 Income tax expense

Income tax recognised in profit or loss

	<i>Note</i>	2012	2011
		<i>(in thousand Baht)</i>	
<i>Current tax expense</i>			
Current year		183,520	213,904
<i>Deferred tax expense</i>			
Movements in temporary differences	10	(8,224)	(5,208)
Income tax reduction - deferred		1,833	33,907
Total		<u>177,129</u>	<u>242,603</u>

Alucon Public Company Limited
Notes to the financial statements

Reconciliation of effective tax rate

	2012		2011
	Rate (%)	(in thousand Baht)	Rate (%)
		(in thousand Baht)	
Profit before income tax expense		<u>777,481</u>	<u>696,821</u>
Income tax using the Thai corporation tax rate	23	178,820	209,046
Income tax reduction - deferred		1,833	33,907
Income not subject to tax		(4,600)	-
Others		1,076	(350)
Total	<u>23</u>	<u>177,129</u>	<u>35</u> <u>242,603</u>

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 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:

	2012	2011
	(in thousand Baht / thousand shares)	
Profit attributable to equity holders of the Company	<u>600,352</u>	<u>454,218</u>
Number of ordinary shares outstanding	<u>43,200</u>	<u>43,200</u>
Basic earnings per share (in Baht)	<u>13.90</u>	<u>10.51</u>

28 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the production of aluminium containers. The privileges granted include:

- (a) own land in the amount the Board deems it appropriate;
- (b) exemption from payment of import duty on machinery and equipment approved by the Board;
- (c) exemption from payment of income tax for certain operations for a period of three years from the date on which the income is first derived from such operation

Alucon Public Company Limited

Notes to the financial statements

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

Summary of revenue from promoted and non-promoted businesses:

	2012			2011		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	93,123	3,182,726	3,275,849	16,429	3,262,804	3,279,233
Local sales	232,760	1,305,016	1,537,776	-	1,287,957	1,287,957
Total Revenue	325,883	4,487,742	4,813,625	16,429	4,550,761	4,567,190

29 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the shareholders approved the appropriation of cash dividends of Baht 6 per share, amounting to Baht 259.2 million. The dividend was paid to shareholders in May 2012.

At the annual general meeting of the shareholders of the Company held on 27 April 2011, the shareholders approved the appropriation of cash dividends of Baht 6.50 per share, amounting to Baht 280.8 million. The dividend was paid to shareholders in May 2011.

30 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.

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, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows.

With total debt to equity ratio of 0.56:1 in 2012 and 0.66:1 in 2011, 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.

Alucon Public Company Limited

Notes to the financial statements

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
2012				
Current				
Loans payable - Financial institutions	0.54 - 0.66	154,426	-	154,426
Loans payable - Related party	2.25 - 3.00	888,000	-	888,000
Total		1,042,426	-	1,042,426
2011				
Current				
Loans payable - Financial institutions	0.54 - 0.75	171,478	-	171,478
Loans payable - Related party	1.25 - 3.25	827,295	-	827,295
Non-current				
Loans payable - Related party	2.25	-	10,000	10,000
Total		998,773	10,000	1,008,773

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	2012 (in thousand Baht)	2011
United States Dollars (USD)			
Cash and cash equivalents	5	88,103	62,298
Trade accounts receivable	6	269,272	318,224
Interest-bearing liabilities	11	(46,166)	(47,748)
Trade accounts payable	12	(73,956)	(170,511)
		<u>237,253</u>	<u>162,263</u>
Japanese Yen (YEN)			
Cash and cash equivalents	5	10,985	31,120
Trade accounts receivable	6	74,449	53,119
Interest-bearing liabilities	11	(107,388)	(123,722)
Trade accounts payable	12	(11,710)	(22,809)
		<u>(33,664)</u>	<u>(62,292)</u>
Australian Dollar (AUD)			
Trade accounts receivable	6	13,068	27,068
Trade accounts payable	12	(2,482)	(73)
		<u>10,586</u>	<u>26,995</u>

Alucon Public Company Limited
Notes to the financial statements

	<i>Note</i>	2012 <i>(in thousand Baht)</i>	2011
<i>Pound Sterling (GBP)</i>			
Trade accounts receivable	<i>6</i>	2,039	7,643
Trade accounts payable	<i>12</i>	(43)	-
		<u>1,996</u>	<u>7,643</u>
<i>Others (HKD, SGD, EUR and CHF)</i>			
Trade accounts receivable	<i>6</i>	14,570	9,015
Trade accounts payable	<i>12</i>	(2,734)	(11,358)
		<u>11,836</u>	<u>(2,343)</u>
Gross statement of financial position exposure		<u>228,007</u>	<u>132,266</u>

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.

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.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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 do not materially different from the carrying amounts.

Fair values of outstanding Commodity Price Swap agreement, together with the carrying values, as of 31 December were as follows:

Type of agreement	Contract amount		Contract value		Fair value	
	2012	2011	2012	2011	2012	2011
	(Ton)		(YEN per ton)		(YEN per ton)	
Commodity Price Swap agreement	900	1,200	188,000	188,000	187,656	170,894

Alucon Public Company Limited
Notes to the financial statements

31 Commitments with non-related parties

	2012	2011
	<i>(in thousand Baht)</i>	
Capital commitments		
Contracted but not provided for:		
Factory, machinery and equipment	<u>408,092</u>	<u>281,654</u>
Other commitments		
Unused letters of credits	76,742	44,607
Purchase orders accepted by suppliers		
Within one year	1,677,164	1,409,083
After one year but within five years	<u>1,439,807</u>	<u>755,000</u>
	<u>3,116,971</u>	<u>2,164,083</u>
Commodity Price Swap agreement	60,567	93,039
Bank guarantees	<u>24,718</u>	<u>24,718</u>
Total	<u>3,278,998</u>	<u>2,326,447</u>

Purchase orders accepted by suppliers

As at 31 December 2012, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 53,800 MT (2011: 37,100 MT), at the prices in the range of YEN 123,000 - 134,100 per MT, and at the price as determined in purchase orders (2011: at the prices in the range of YEN 123,000 - 137,500 per MT and at the price as determined in purchase orders) that will be delivered during 2013 to 2016 (2011: 2011 to 2016).

Commodity Price Swap agreement

As at 31 December 2012 and 2011, 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.

32 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Alucon Public Company Limited

Notes to the financial statements

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new and revised standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 21 (revised 2009) – The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

TFRS 8 – Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Company's financial statements.