

Alucon Public Company Limited

Financial statements for the year ended
31 December 2013
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 (the "Company"), which comprise the statement of financial position as at 31 December 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Orawan Chunhakitpaisan)
Certified Public Accountant
Registration No. 6105

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2014

Alucon Public Company Limited
Statement of financial position

Assets	Note	31 December	
		2013	2012
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	6	69,052,219	241,969,619
Trade accounts receivable	5, 7	879,255,006	821,826,331
Inventories	8	999,623,784	792,516,293
Refundable value added tax		65,184,617	11,598,982
Other current assets		7,445,802	7,228,128
Total current assets		2,020,561,428	1,875,139,353
<i>Non-current assets</i>			
Property, plant and equipment	5, 9, 12	4,000,478,082	3,331,060,120
Intangible assets	10	9,639,033	11,066,394
Deferred tax assets	11	76,920,205	76,486,655
Other non-current assets		208,910	208,910
Total non-current assets		4,087,246,230	3,418,822,079
Total assets		6,107,807,658	5,293,961,432

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	
		2013	2012
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions	12	144,653,076	154,425,851
Trade accounts payable	5, 13	237,891,267	156,392,703
Other payables to and short-term loans			
from related parties	5, 12	1,114,184,069	894,303,758
Current portion of long-term loans from			
and accrued interest payable to related party	5, 12	-	10,524,385
Other payables	14	262,786,167	121,145,610
Income tax payable		72,127,318	92,771,022
Other current liabilities	15	22,222,213	21,145,206
Total current liabilities		1,853,864,110	1,450,708,535
<i>Non-current liabilities</i>			
Deferred income	16	35,190,403	40,976,213
Employee benefit obligations	17	455,657,671	416,025,528
Total non-current liabilities		490,848,074	457,001,741
Total liabilities		2,344,712,184	1,907,710,276
<i>Equity</i>			
Share capital	18		
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	18	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	19	43,200,000	43,200,000
Unappropriated		3,033,895,614	2,657,051,296
Total equity		3,763,095,474	3,386,251,156
Total liabilities and equity		6,107,807,658	5,293,961,432

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>	2013	2012
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sale of goods	5, 20, 29	5,027,287,054	4,813,624,783
Net foreign exchange gain		27,028,857	2,414,824
Other income	21	145,321,190	122,033,949
Total income		5,199,637,101	4,938,073,556
<i>Expenses</i>			
Cost of sale of goods	5, 8	4,040,051,914	3,841,075,627
Selling expenses	5, 22	138,503,333	127,903,851
Administrative expenses	23	92,097,638	96,371,982
Key management personnel compensation	5, 24	67,278,177	63,561,070
Finance costs	5, 26	28,514,475	31,680,515
Total expenses	25	4,366,445,537	4,160,593,045
Profit before income tax expense		833,191,564	777,480,511
Income tax expense	27	153,947,344	177,128,573
Profit and total comprehensive income for the year	20	679,244,220	600,351,938
Basic earnings per share	28	15.72	13.90

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 (in Baht)	Unappropriated	
Year ended 31 December 2012						
Balance at 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	30	-	-	-	(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
Year ended 31 December 2013						
Balance at 1 January 2013		431,999,860	254,000,000	43,200,000	2,657,051,296	3,386,251,156
Profit and total comprehensive income for the year		-	-	-	679,244,220	679,244,220
Dividends	30	-	-	-	(302,399,902)	(302,399,902)
Balance at 31 December 2013		431,999,860	254,000,000	43,200,000	3,033,895,614	3,763,095,474

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	
	Note	
	2013	2012
	(in Baht)	
<i>Cash flows from operating activities</i>		
Profit for the year	679,244,220	600,351,938
<i>Adjustments for</i>		
Depreciation	442,831,918	433,602,760
Amortisation of intangible assets	1,789,611	1,743,430
Recognised deferred income	(5,785,810)	(5,801,661)
Interest income	(357,886)	(880,800)
Finance costs	28,514,475	31,680,515
Unrealised gain on exchange	(18,974,392)	(15,340,342)
Provision for (reversal of) loss from devaluation of inventories	493,132	(835,623)
(Gain) loss on disposal of plant and equipment	(177,169)	852,261
Income tax expense	153,947,344	177,128,573
	<u>1,281,525,443</u>	<u>1,222,501,051</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(46,513,469)	(66,272,332)
Inventories	(207,600,623)	25,410,539
Refundable value added tax	(53,585,635)	11,567,179
Other current assets	(222,904)	5,347,599
Other non-current assets	-	39,890
Trade accounts payable	80,537,501	(126,655,304)
Other payables to related parties	3,181,950	(193,466)
Other payables	348,109	(19,372,392)
Other current liabilities	1,077,007	(826,191)
Employee benefit obligations	39,632,143	73,226,774
Cash generated from operating activities	1,098,379,522	1,124,773,347
Income tax paid	(175,024,598)	(200,839,040)
Net cash from operating activities	923,354,924	923,934,307

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	
	Note	2013	2012
		(in Baht)	
Cash flows from investing activities			
Interest received		364,414	874,989
Purchase of plant and equipment		(963,237,181)	(628,289,900)
Interest paid for plant and equipment		(538,247)	(1,975,421)
Sale of plant and equipment		492,005	725,219
Purchase of intangible assets		(211,250)	(827,320)
Net cash used in investing activities		(963,130,259)	(629,492,433)
Cash flows from financing activities			
Finance costs paid		(30,338,838)	(29,368,188)
Dividends paid		(302,399,902)	(259,199,916)
(Decrease) increase in bank overdrafts and short-term loans from financial institutions		(403,325)	863,281
Proceeds from short-term loans from related party		200,000,000	360,000,000
Repayment of short-term loans from related party		-	(309,295,000)
Net cash used in financing activities		(133,142,065)	(236,999,823)
Net (decrease) increase in cash and cash equivalents		(172,917,400)	57,442,051
Cash and cash equivalents at 1 January		241,969,619	184,527,568
Cash and cash equivalents at 31 December	6	69,052,219	241,969,619

Non-cash transaction

During the year ended 31 December 2013, the Company acquired plant and equipment and intangible assets totalling Baht 1,113 million (2012: Baht 600 million), cash payments of Baht 964 million (2012: Baht 631 million) were made to purchase plant and equipment including related interest and intangible assets.

During the year ended 31 December 2013, 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 10 million (2012: Baht 60 million).

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

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Notes to the financial statements

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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 20 February 2014.

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 66.38% 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.

The FAP has issued the following new and revised TFRS relevant to the Company’s operations and effective for accounting periods beginning on or after 1 January 2013:

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

The adoption of these new and revised TFRS has resulted in changes in the Company’s accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 33.

(b) Basis of measurement

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

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Notes to the financial statements

(c) Functional and presentation currency

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

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 4 (o)	Current and deferred taxation
Note 17	Measurement of defined benefit obligations
Note 31	Valuation of financial instruments

3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS and as set out in note 2, the Company has changed its accounting policies in the following areas:

- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Company are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Company.

(b) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Company has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) 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 (revised 2009) 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 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Company's reported assets, liabilities or retained earnings.

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Notes to the financial statements

(c) Presentation of information on operating segments

From 1 January 2013, the Company has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Company's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Company's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Company presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Company presenting segment information (Note 20) in respect of the following segments: Can and tube and Slug.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Foreign currencies transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency 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 the functional currency 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.

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Notes to the financial statements

(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 measured at the lower of cost and net realisable value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of 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.

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Notes to the financial statements

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.

(g) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives, are measured 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 largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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Notes to the financial statements

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.

(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.

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Notes to the financial statements

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.

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.

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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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company's expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

5 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, 66.38% 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.

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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
Interest expense	2.00-3.00% per annum in 2013 and 1.75-3.25% per annum in 2012
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:

	2013	2012
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	930,525	1,041,399
Purchase of raw materials and spare parts	12,133	13,883
Purchase of machinery and equipment	11,572	2,185
Interest expense (included capitalise as the cost of asset)	24,531	28,541
License fee	16,307	11,866
Commission expenses	1,946	1,149
Other expenses	59	356
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	59,956	58,341
Termination benefits	7,322	5,220
Total	67,278	63,561

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

Trade account receivable from related party

	2013	2012
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	59,379	74,450

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Trade account payable to related party

	2013 (in thousand Baht)	2012 (in thousand Baht)
Parent		
Takeuchi Press Industries Company Limited	<u>2,329</u>	<u>1,701</u>

Other payable to and short-term loans from related parties

	Interest rate 2013 2012 (% per annum)	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Short-term loans</i>			
Parent			
Takeuchi Press Industries Company Limited	2.00 - 2.50 2.50 - 3.00	1,088,000	878,000
<i>Other payables</i>			
Parent			
Takeuchi Press Industries Company Limited		9,091	905
<i>Accrued commission payable</i>			
Parent			
Takeuchi Press Industries Company Limited		552	366
<i>Accrued license fee</i>			
Parent			
Takeuchi Press Industries Company Limited		4,827	2,555
<i>Accrued interest expense</i>			
Parent			
Takeuchi Press Industries Company Limited		7,689	8,990
<i>Accrued management's remuneration and other benefits</i>			
Key management personnel		4,025	3,488
Total		<u>1,114,184</u>	<u>894,304</u>

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

	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Short-term loans</i>		
Parent		
At 1 January	878,000	767,295
Increase	210,000	420,000
Decrease	-	(309,295)
At 31 December	<u>1,088,000</u>	<u>878,000</u>

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

	Interest rate			
	2013	2012	2013	2012
	(% per annum)		(in thousand Baht)	
Long-term loans				
Parent				
Takeuchi Press Industries Company Limited	-	2.25	-	10,000
Accrued interest expense				
Parent				
Takeuchi Press Industries Company Limited			-	524
Total			-	10,524
Less current portion			-	(10,524)
Net			-	-

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

	2013	2012
	<i>(in thousand Baht)</i>	
<i>Long-term loans</i>		
Parent		
At 1 January	10,000	70,000
Decrease	<u>(10,000)</u>	<u>(60,000)</u>
At 31 December	-	10,000

On 1 September 2010, the Company issued promissory notes to related party totalling Baht 70 million which bear interest at rates ranging from 1.75% - 2.25% per annum. These long-term loans were 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

	2013	2012
	(in thousand Baht)	
Parent		
Takeuchi Press Industries Company Limited	11,003	2,360

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Significant memorandum of understanding

On 14 February 2012, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 6,000 MT for the production of aluminium monobloc aerosol cans and collapsible tubes for a period from April 2012 to March 2013.

Subsequently, on 6 February 2013, 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 2013 to March 2014.

6 Cash and cash equivalents

	2013	2012
	<i>(in thousand Baht)</i>	
Cash on hand	61	83
Cash at banks - current accounts	13,828	2,773
Cash at banks - saving accounts	44,684	151,580
Cash at banks - fixed accounts	-	23
Bill of exchange shorter than 3 months	-	50,000
Cheques in transit	10,479	37,511
Total	69,052	241,970

Cheques in transit

Cheques in transit as at 31 December 2013 were all subsequently collected by 2 January 2014 (2012: 9 January 2013).

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

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	43,466	142,881
United States Dollars (USD)	25,150	88,104
Japanese Yen (YEN)	436	10,985
Total	69,052	241,970

7 Trade accounts receivable

	Note	2013	2012
		<i>(in thousand Baht)</i>	
Related party	5	59,379	74,450
Other parties		819,876	747,376
Total		879,255	821,826

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Notes to the financial statements

Aging analyses for trade accounts receivable were as follows:

	2013	2012
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	59,379	74,450
	59,379	74,450
Other parties		
Within credit terms	614,505	576,868
Overdue:		
Less than 3 months	200,044	169,279
3 - 6 months	5,327	1,229
	819,876	747,376
Total	879,255	821,826

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:

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	416,320	448,427
United States Dollars (USD)	376,650	269,272
Japanese Yen (YEN)	59,379	74,450
Australian Dollars (AUD)	20,731	13,068
Others (GBP, HKD and SGD)	6,175	16,609
Total	879,255	821,826

8 Inventories

	2013	2012
	<i>(in thousand Baht)</i>	
Finished goods	157,442	185,306
Work in progress	135,302	169,241
Raw materials	457,460	220,259
Packing materials	2,722	1,668
Spare parts	131,409	131,348
Goods in transit	117,856	86,768
	1,002,191	794,590
Less allowance for decline in value	(2,567)	(2,074)
Net	999,624	792,516
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	4,039,559	3,841,912
- Write-down to net realisable value	493	-
- Reversal of write-down	-	(836)
Total	4,040,052	3,841,076

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Notes to the financial statements

9 Property, plant and equipment

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Office equipment (in thousand Baht)	Vehicles	Spare parts	Asstes under construction	Total
<i>Cost</i>								
At 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 and 1 January 2013	192,963	1,228,908	4,451,581	17,888	30,102	41,873	381,412	6,344,727
Additions	27,955	13,124	109,370	1,096	5,385	23,945	931,746	1,112,621
Transfers	12,777	145,878	560,646	-	-	(26,883)	(692,418)	-
Disposals	-	-	(3,057)	(494)	(3,126)	-	-	(6,677)
At 31 December 2013	233,695	1,387,910	5,118,540	18,490	32,361	38,935	620,740	7,450,671
<i>Depreciation</i>								
At 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 and 1 January 2013	1,039	530,719	2,442,567	15,080	24,262	-	-	3,013,667
Depreciation charge for the year	2,839	44,782	390,555	1,298	3,358	-	-	442,832
Disposals	-	-	(2,785)	(493)	(3,028)	-	-	(6,306)
At 31 December 2013	3,878	575,501	2,830,337	15,885	24,592	-	-	3,450,193
<i>Net book value</i>								
At 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 and 1 January 2013	191,924	698,189	2,009,014	2,808	5,840	41,873	381,412	3,331,060
At 31 December 2013	229,817	812,409	2,288,203	2,605	7,769	38,935	620,740	4,000,478

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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 2013 amounted to Baht 1,438 million (2012: Baht 943 million).

Assets under construction

As at 31 December 2013, the Company is in process of constructing a new factory and installing new machinery and equipment which have an estimated cost of approximately Baht 1,049 million (2012: Baht 789 million). The cost incurred up to 31 December 2013 amounted to approximately Baht 621 million (2012: Baht 381 million).

Capitalised borrowing costs relating to the construction of a new factory amounted to Baht 0.4 million (2012: Baht 1.3 million), with a capitalisation rate of 2.50% - 3.00% (2012: 1.75% - 3.25%).

10 Intangible assets

	Software licence (in thousand Baht)
Cost	
At 1 January 2012	18,072
Additions	827
At 31 December 2012 and 1 January 2013	18,899
Additions	363
At 31 December 2013	19,262
Amortisation	
At 1 January 2012	6,089
Amortisation charge for the year	1,744
At 31 December 2012 and 1 January 2013	7,833
Amortisation charge for the year	1,790
At 31 December 2013	9,623
Net book value	
At 1 January 2012	11,983
At 31 December 2012 and 1 January 2013	11,066
At 31 December 2013	9,639

11 Deferred tax

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

	2013 (in thousand Baht)	2012 (in thousand Baht)
Deferred tax assets	93,510	86,851
Deferred tax liability	(16,590)	(10,364)
Net	76,920	76,487

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Notes to the financial statements

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

	At 1 January 2013	(Charged) / credited to Profit or loss (Note 27) (in thousand Baht)	At 31 December 2013
Deferred tax assets			
Inventories (<i>allowance for decline in value</i>)	414	99	513
Employee benefit obligations	78,241	7,718	85,959
Deferred income	8,196	(1,158)	7,038
Total	86,851	6,659	93,510
Deferred tax liability			
Property, plant and equipment (<i>depreciation gap</i>)	(10,364)	(6,226)	(16,590)
Total	(10,364)	(6,226)	(16,590)
Net	76,487	433	76,920
	At 1 January 2012	(Charged) / credited to Profit or loss (Note 27) (in thousand Baht)	At 31 December 2012
Deferred tax assets			
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
Deferred tax liability			
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

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Notes to the financial statements

12 Interest-bearing liabilities

	<i>Note</i>	2013 <i>(in thousand Baht)</i>	2012
<i>Current</i>			
Bank overdrafts			
unsecured		468	872
Short-term loans from financial institutions			
unsecured		144,185	153,554
Bank overdrafts and short-term loans from financial institutions		144,653	154,426
Current portion of long-term loans from related party			
unsecured	5	-	10,000
Short-term loans from related party			
unsecured	5	1,088,000	878,000
Total current interest-bearing liabilities		1,232,653	1,042,426

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

	2013 <i>(in thousand Baht)</i>	2012
Within one year	1,232,653	1,042,426
Total	1,232,653	1,042,426

As at 31 December 2013, the Company had unutilised credit facilities of approximately Baht 2,543 million (2012: 2,646 million).

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

	2013 <i>(in thousand Baht)</i>	2012
Thai Baht (THB)	1,088,468	888,872
United States Dollars (USD)	49,424	46,166
Japanese Yen (YEN)	94,761	107,388
Total	1,232,653	1,042,426

13 Trade accounts payable

	<i>Note</i>	2013 <i>(in thousand Baht)</i>	2012
Related party	5	2,329	1,701
Other parties		235,562	154,692
Total		237,891	156,393

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Notes to the financial statements

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

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	112,856	65,467
United States Dollars (USD)	94,755	73,956
Japanese Yen (YEN)	9,108	11,710
Others (CHF, AUD, EUR and GBP)	21,172	5,260
Total	237,891	156,393

14 Other payables

	2013	2012
	<i>(in thousand Baht)</i>	
Construction payable	167,898	29,067
Other payables	60,391	52,423
Accrued operating expenses	34,497	39,656
Total	262,786	121,146

15 Other current liabilities

	2013	2012
	<i>(in thousand Baht)</i>	
Advances received from customers	12,764	7,579
Accrued withholding tax payable	7,848	12,118
Accrued social fund	1,610	1,448
Total	22,222	21,145

16 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 2013, the Company recognised income in profit or loss of Baht 5.8 million (2012: Baht 5.8 million).

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17 Employee benefit obligations

	2013	2012
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	369,110	323,619
Other long-term employee benefits	28,683	38,948
Provident fund	57,865	53,459
Total	455,658	416,026

	2013	2012
	<i>(in thousand Baht)</i>	
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	55,580	77,790
Other long-term employee benefits	(8,113)	12,985
Provident fund	5,998	6,104
Total	53,465	96,879

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:

	2013	2012
	<i>(in thousand Baht)</i>	
Present value of unfunded obligation	397,793	362,567

Movement in the present value of the defined benefit obligations

	2013	2012
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	362,567	294,468
Benefits paid by the plan	(12,241)	(22,676)
Current service costs and interest	45,390	41,671
Actuarial loss	2,077	49,104
Defined benefit obligations at 31 December	397,793	362,567

Expense recognised in profit or loss (note 24)

	2013	2012
	<i>(in thousand Baht)</i>	
Current service costs	32,256	29,760
Interest on obligation	13,134	11,911
Actuarial loss	2,077	49,104
Total	47,467	90,775

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Notes to the financial statements

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

	2013 (in thousand Baht)	2012
Cost of sales	32,136	74,865
Selling expenses	1,856	2,414
Administrative expenses	13,475	13,496
Total	47,467	90,775

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

	2013	2012
Discount rate (%)	3.70	3.65
Future salary increases (%)	5.6	3.5 - 4.5
Retirement age (years)	55	55

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

18 Share capital

	Par value per share (in Baht)	2013 Number (thousand shares / thousand Baht)	2012 Amount (thousand Baht)	2012 Number (thousand shares / thousand Baht)	2012 Amount (thousand Baht)
Authorised					
At 1 January					
- ordinary shares	10	43,200	43,200	43,200	432,000
At 31 December					
- ordinary shares	10	43,200	43,200	43,200	432,000
Issued and paid-up					
At 1 January					
- ordinary shares	10	43,200	43,200	43,200	432,000
At 31 December					
- ordinary shares	10	43,200	43,200	43,200	432,000

Share premium

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

19 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.

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Notes to the financial statements

20 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments.

Segment 1 Can and tube

Segment 2 Slug

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Segment 1		Segment 2		Total	
	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	3,420,866	3,329,760	1,606,421	1,483,865	5,027,287	4,813,625
Segment result	890,896	864,176	96,339	108,373	987,235	972,549
Unallocated revenues					172,350	124,449
Unallocated expenses					(297,879)	(287,836)
Finance costs					(28,514)	(31,681)
Profit before income tax					833,192	777,481
Segment assets						
Trade account receivable	631,845	638,814	247,410	183,012	879,255	821,826
Inventories	266,088	246,248	733,536	546,268	999,624	792,516
Property, plant and equipment	3,287,676	2,749,656	712,802	581,404	4,000,478	3,331,060
Unallocated assets					228,451	348,559
Total Assets					6,107,808	5,293,961
Segment liabilities						
Trade account payable	127,071	74,651	110,820	81,742	237,891	156,393
Unallocated liabilities					2,106,821	1,751,317
Total Liabilities					2,344,712	1,907,710

Geographical segments

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

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

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Notes to the financial statements

Geographical information

	Revenues	
	2013	2012
	<i>(in thousand Baht)</i>	
Thailand	1,697,262	1,681,771
Asia pacific	2,410,901	2,304,177
America	335,493	281,616
Others	584,441	546,061
Total	5,027,287	4,813,625

Major customer

Revenues from one customer of the Company's 1 and 2 segments are approximately Baht 634.9 million (2012: Baht 480.5 million) of the Company's total revenues.

21 Other income

	2013	2012
	<i>(in thousand Baht)</i>	
Sale of scrap	118,528	96,654
Others	26,793	25,380
Total	145,321	122,034

22 Selling expenses

	2013	2012
	<i>(in thousand Baht)</i>	
Freight expenses	79,630	75,524
Employee benefit expenses	28,034	27,035
Others	30,839	25,345
Total	138,503	127,904

23 Administrative expenses

	2013	2012
	<i>(in thousand Baht)</i>	
Employee benefit expenses	60,235	61,493
Depreciation and amortisation	4,645	4,761
Transportation expenses	3,782	4,800
Repair and maintenance	3,740	3,364
Others	19,696	21,954
Total	92,098	96,372

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Notes to the financial statements

24 Employee benefit expenses

	2013	2012
	<i>(in thousand Baht)</i>	
Wages and salaries	589,817	546,877
Pension costs - defined benefit plans	47,467	90,775
Contribution to defined contribution plans	5,998	6,104
Director's remuneration	4,796	4,146
Others	37,663	35,217
Total	685,741	683,119

Defined benefit plans

Details of the defined benefit plans are given in note 17.

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.

25 Expenses by nature

	2013	2012
	<i>(in thousand Baht)</i>	
Changes in inventories of finished goods and work in progress	61,802	4,335
Raw materials and consumables used	2,337,387	2,193,108
Employee benefit expenses	685,741	683,119
Depreciation and amortisation	444,622	435,346
Utilities expenses	367,194	339,727
Repair and maintenance	117,436	110,235
Freight expenses	79,630	75,524
Finance costs	28,514	31,681
Others	244,120	287,518
Total cost of sales of goods, selling expenses and administrative expenses	4,366,446	4,160,593

26 Finance costs

	Note	2013	2012
		<i>(in thousand Baht)</i>	
<i>Interest expense:</i>			
Related party	5	24,531	28,541
Financial institutions		4,364	4,436
		28,895	32,977
<i>Less amounts included in the cost of assets under construction</i>	9	(381)	(1,296)
Net		28,514	31,681

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Notes to the financial statements

27 Income tax expense

Income tax recognised in profit or loss

	Note	2013 (in thousand Baht)	2012
Current tax expense			
Current year		154,380	183,520
Deferred tax expense	11		
Movements in temporary differences		(433)	(8,224)
Income tax reduction - deferred		-	1,833
Total		153,947	177,129

Reconciliation of effective tax rate

	Rate (%)	2013 (in thousand Baht)	Rate (%)	2012 (in thousand Baht)
Profit before income tax expense		833,192		777,481
Income tax using the Thai corporation tax rate	20	166,638	23	178,820
Income tax reduction - deferred		-		1,833
Income not subject to tax		(12,048)		(4,600)
Others		(643)		1,076
Total	18	153,947	23	177,129

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.

28 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 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:

	2013 (in thousand Baht / thousand shares)	2012
Profit attributable to equity holders of the Company	679,244	600,352
Number of ordinary shares outstanding	43,200	43,200
Basic earnings per share (in Baht)	15.72	13.90

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29 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

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:

	2013			2012		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	65,243	3,307,739	3,372,982	93,123	3,182,726	3,275,849
Local sales	409,900	1,244,405	1,654,305	232,760	1,305,016	1,537,776
Total Revenue	475,143	4,552,144	5,027,287	325,883	4,487,742	4,813,625

30 Dividends

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved the appropriation of cash dividends of Baht 7 per share, amounting to Baht 302.4 million. The dividend was paid to shareholders in May 2013.

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.

31 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.

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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 0.62:1 in 2013 and 0.56:1 in 2012, 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.

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
2013				
Current				
Loans payable - Financial institutions	0.52 - 0.65	144,653	-	144,653
Loans payable - Related party	2.00 - 2.50	1,088,000	-	1,088,000
Total		1,232,653	-	1,232,653
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

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	2013 (in thousand Baht)	2012
United States Dollars (USD)			
Cash and cash equivalents	6	25,150	88,103
Trade accounts receivable	7	376,650	269,272
Interest-bearing liabilities	12	(49,424)	(46,166)
Trade accounts payable	13	(94,755)	(73,956)
		<u>257,621</u>	<u>237,253</u>

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	Note	2013 (in thousand Baht)	2012
Japanese Yen (YEN)			
Cash and cash equivalents	6	436	10,985
Trade accounts receivable	7	59,379	74,449
Interest-bearing liabilities	12	(94,761)	(107,388)
Trade accounts payable	13	(9,108)	(11,710)
		<u>(44,054)</u>	<u>(33,664)</u>
Australian Dollar (AUD)			
Trade accounts receivable	7	20,731	13,068
Trade accounts payable	13	-	(2,482)
		<u>20,731</u>	<u>10,586</u>
Others (HKD, SGD, EUR, GBP and CHF)			
Trade accounts receivable	7	12,864	16,609
Trade accounts payable	13	(21,172)	(2,777)
		<u>(8,308)</u>	<u>13,832</u>
Gross statement of financial position exposure		<u>225,990</u>	<u>228,007</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.

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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	
	2013	2012	2013	2012	2013	2012
	(Ton)		(YEN per ton)		(YEN per ton)	
Commodity Price Swap agreement	600	900	188,000	188,000	190,958	187,656

32 Commitments with non-related parties

	2013	2012
	<i>(in thousand Baht)</i>	
Capital commitments		
Contracted but not provided for:		
Factory, machinery and equipment	428,115	408,092
Other commitments		
Unused letters of credits	86,656	76,742
Purchase orders accepted by suppliers		
Within one year	1,451,871	1,677,164
After one year but within five years	285,495	1,439,807
	1,737,366	3,116,971
Commodity Price Swap agreement	35,630	60,567
Bank guarantees	24,718	24,718
Total	1,884,370	3,278,998

Purchase orders accepted by suppliers

As at 31 December 2013, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 33,600 MT (2012: 53,800 MT), at the prices in the range of YEN 123,000 - 134,100 per MT, and at the price as determined in purchase orders (2012: at the prices in the range of YEN 123,000 - 134,100 per MT and at the price as determined in purchase orders) that will be delivered during 2013 to 2016 (2012: 2013 to 2016).

Commodity Price Swap agreement

As at 31 December 2013 and 2012, 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.

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33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Company's operation, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 13	Customer Loyalty Programmes	2014

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 these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.