

Alucon Public Company Limited

Financial statements for the year ended
31 December 2014
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 2014, 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 2014, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Banthit Tangpakarn)
Certified Public Accountant
Registration No. 8509

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2015

Alucon Public Company Limited
Statement of financial position

Assets	<i>Note</i>	31 December	
		2014	2013
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	50,620,684	69,052,219
Trade accounts receivable	4, 6	912,842,300	879,255,006
Inventories	7	1,371,214,258	999,623,784
Refundable value added tax		64,902,721	65,184,617
Other current assets		9,641,012	7,445,802
Total current assets		<u>2,409,220,975</u>	<u>2,020,561,428</u>
<i>Non-current assets</i>			
Property, plant and equipment	4, 8	4,366,964,452	4,000,478,082
Intangible assets	9	8,345,779	9,639,033
Deferred tax assets	10	64,364,501	76,920,205
Other non-current assets		303,909	208,910
Total non-current assets		<u>4,439,978,641</u>	<u>4,087,246,230</u>
Total assets		<u>6,849,199,616</u>	<u>6,107,807,658</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	
		2014	2013
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions	<i>11</i>	134,833,537	144,653,076
Trade accounts payable	<i>4, 12</i>	369,436,083	237,891,267
Other payables to and short-term loans			
from related parties	<i>4, 11</i>	1,383,678,293	1,114,184,069
Other payables	<i>13</i>	196,693,445	262,786,167
Income tax payable		62,166,545	72,127,318
Other current liabilities	<i>14</i>	21,466,903	22,222,213
Total current liabilities		<u>2,168,274,806</u>	<u>1,853,864,110</u>
<i>Non-current liabilities</i>			
Deferred income	<i>15</i>	29,404,594	35,190,403
Employee benefit obligations	<i>16</i>	483,296,510	455,657,671
Total non-current liabilities		<u>512,701,104</u>	<u>490,848,074</u>
Total liabilities		<u>2,680,975,910</u>	<u>2,344,712,184</u>
<i>Equity</i>			
Share capital	<i>17</i>		
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	<i>17</i>	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	<i>18</i>	43,200,000	43,200,000
Unappropriated		3,439,023,846	3,033,895,614
Total equity		<u>4,168,223,706</u>	<u>3,763,095,474</u>
Total liabilities and equity		<u>6,849,199,616</u>	<u>6,107,807,658</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>	2014	2013
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sale of goods	4, 19, 28	5,625,472,548	5,027,287,054
Net foreign exchange gain		5,276,891	27,028,857
Other income	20	189,274,760	145,321,190
Total income		<u>5,820,024,199</u>	<u>5,199,637,101</u>
<i>Expenses</i>			
Cost of sale of goods	4, 7	4,566,779,201	4,040,051,914
Selling expenses	4, 21	153,383,985	138,503,333
Administrative expenses	22	157,757,581	159,375,815
Finance costs	4, 25	26,270,063	28,514,475
Total expenses		<u>4,904,190,830</u>	<u>4,366,445,537</u>
Profit before income tax expense		915,833,369	833,191,564
Income tax expense	26	165,105,249	153,947,344
Profit for the year		<u>750,728,120</u>	<u>679,244,220</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>750,728,120</u></u>	<u><u>679,244,220</u></u>
Basic earnings per share	27	<u><u>17.38</u></u>	<u><u>15.72</u></u>

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

Alucon Public Company Limited

Statement of changes in equity

	Note	Issued and paid-up share capital	Additional paid-in capital Premium on ordinary shares	<u>Retained earnings</u>		Total equity
				Legal reserve <i>(in Baht)</i>	Unappropriated	
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
Transactions with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends to owners of the Company	29	-	-	-	(302,399,902)	(302,399,902)
<i>Total distribution to owners of the Company</i>		-	-	-	(302,399,902)	(302,399,902)
Total transactions with owners, recorded directly in equity		-	-	-	(302,399,902)	(302,399,902)
Comprehensive income for the year						
Profit for the year		-	-	-	679,244,220	679,244,220
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	679,244,220	679,244,220
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 changes in equity

	Note	Issued and paid-up share capital	Additional paid-in capital Premium on ordinary shares	Retained earnings Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity
Year ended 31 December 2014						
Balance at 1 January 2014		431,999,860	254,000,000	43,200,000	3,033,895,614	3,763,095,474
Transactions with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends to owners of the Company	29	-	-	-	(345,599,888)	(345,599,888)
<i>Total distribution to owners of the Company</i>		-	-	-	(345,599,888)	(345,599,888)
Total transactions with owners, recorded directly in equity		-	-	-	(345,599,888)	(345,599,888)
Comprehensive income for the year						
Profit for the year		-	-	-	750,728,120	750,728,120
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	750,728,120	750,728,120
Balance at 31 December 2014		431,999,860	254,000,000	43,200,000	3,439,023,846	4,168,223,706

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	2014	2013
		<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>			
Profit for the year		750,728,120	679,244,220
<i>Adjustments for</i>			
Depreciation	8	433,401,184	442,831,918
Amortisation of intangible assets	9	1,799,455	1,789,611
Recognised deferred income	15	(5,785,809)	(5,785,810)
Interest income		(243,761)	(357,886)
Finance costs	25	26,270,063	28,514,475
Unrealised gain on exchange		(11,252,518)	(18,974,392)
Loss from devaluation of inventories	7	5,972,243	493,132
Gain on disposal of plant and equipment		(405,760)	(177,169)
Provision for employee benefit obligations	16	60,702,030	53,464,595
Income tax expense	26	165,105,249	153,947,344
		<u>1,426,290,496</u>	<u>1,334,990,038</u>
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(34,048,377)	(46,513,469)
Inventories		(377,562,717)	(207,600,623)
Refundable value added tax		281,896	(53,585,635)
Other current assets		(2,192,622)	(222,904)
Other non-current assets		(94,999)	-
Trade accounts payable		131,679,142	80,537,501
Other payables to related parties		(9,091,014)	3,181,950
Other payables		23,597,102	348,109
Other current liabilities		<u>(755,310)</u>	<u>1,077,007</u>
Cash generated from operating activities		1,158,103,597	1,112,211,974
Income tax paid		(162,510,318)	(175,024,598)
Employee benefit obligations paid		<u>(33,063,191)</u>	<u>(13,832,452)</u>
Net cash from operating activities		<u>962,530,088</u>	<u>923,354,924</u>

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>	2014	2013
		<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>			
Interest received		241,172	364,414
Purchase of plant and equipment		(890,098,092)	(963,237,181)
Interest paid for plant and equipment		-	(538,247)
Sale of plant and equipment		897,036	492,005
Purchase of intangible assets		<u>(336,700)</u>	<u>(211,250)</u>
Net cash used in investing activities		<u>(889,296,584)</u>	<u>(963,130,259)</u>
<i>Cash flows from financing activities</i>			
Finance costs paid		(27,807,312)	(30,338,838)
Dividends paid	29	(345,599,888)	(302,399,902)
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions		1,742,161	(403,325)
Proceeds from short-term loans from related party		<u>280,000,000</u>	<u>200,000,000</u>
Net cash used in financing activities		<u>(91,665,039)</u>	<u>(133,142,065)</u>
Net decrease in cash and cash equivalents		(18,431,535)	(172,917,400)
Cash and cash equivalents at 1 January		<u>69,052,219</u>	<u>241,969,619</u>
Cash and cash equivalents at 31 December	5	<u>50,620,684</u>	<u>69,052,219</u>

Non-cash transaction

During the year ended 31 December 2014, the Company acquired plant and equipment and intangible assets totalling Baht 801 million (2013: Baht 1,113 million), cash payments of Baht 890 million (2013: Baht 964 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.

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 2015.

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 66.61% 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 2014:

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

The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

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 annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 32.

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Notes to the financial statements

(b) *Basis of measurement*

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

(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.

Useful life

The Company decided to change from 1 January 2014 the estimated useful lives of certain land improvement and building and building improvement as follows:

	2014	2013
Land improvement	5 - 23 years	3 - 20 years
Building and building improvement	20 - 40 years	20 - 30 years

The change have been applied prospectively and had the impact on the statement of comprehensive income for the year ended 31 December 2014 to decrease in depreciation charge for the year of Baht 72.2 million, increase in profit for the year of Baht 72.2 million and increase in basic earnings per share for the year of Baht 1.67 per share.

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) and 10	Current and deferred taxation
Note 16	Measurement of defined benefit obligations
Note 30	Valuation of financial instruments

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Notes to the financial statements

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 the functional currency at exchange rate at the dates of the transactions.

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

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(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 (if any).

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.

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Notes to the financial statements

(f) *Property, plant and equipment*

Recognition and measurement

Owned assets

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

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. Please see Note 2 (d) for the detail of change of estimated useful lives of certain land improvement and buildings and building improvement. The estimated useful lives are as follows:

Land improvement	5 - 23 years
Buildings and building improvement	5 - 40 years
Machinery and equipment	2 - 20 years
Office equipment	3 - 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.

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Notes to the financial statements

(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 (if any).

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.

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.

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Notes to the financial statements

(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 government 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 government 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.

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Notes to the financial statements

(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 and volume rebates.

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 they relate 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.

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.

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.

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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.

(p) *Segment reporting*

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, selling and administrative expenses, loans and employee benefit obligations.

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, 66.61% shareholding
Key management personnel		Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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Notes to the financial statements

The pricing policies for transactions with related parties 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	1.75 - 2.50% per annum in 2014 and 2.00 - 3.00% per annum in 2013
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:

	2014	2013
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	973,144	930,525
Purchase of raw materials and spare parts	12,320	12,133
Purchase of machinery and equipment	845	11,572
Interest expense (included capitalise as the cost of asset)	22,110	24,531
License fee	21,641	16,307
Commission expenses	2,866	1,946
Other expenses	61	59
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	60,684	59,956
Termination benefits	4,248	7,322
Total	64,932	67,278

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Notes to the financial statements

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

Trade account receivable from related party

	2014	2013
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>55,472</u>	<u>59,379</u>

Trade account payable to related party

	2014	2013
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>1,872</u>	<u>2,329</u>

Other payable to and short-term loans from related parties

	Interest rate		2014	2013
	2014	2013	<i>(in thousand Baht)</i>	
	<i>(% per annum)</i>			
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	1.75 - 1.90	2.00 - 2.50	1,368,000	1,088,000

Other payables

Parent		
Takeuchi Press Industries Company Limited	116	9,091

Accrued license fee

Parent		
Takeuchi Press Industries Company Limited	4,677	4,827

Accrued commission payable

Parent		
Takeuchi Press Industries Company Limited	701	552

Accrued interest expense

Parent		
Takeuchi Press Industries Company Limited	6,159	7,689

Accrued management's remuneration and other benefits

Key management personnel	4,025	4,025
Total	<u><u>1,383,678</u></u>	<u><u>1,114,184</u></u>

Alucon Public Company Limited
Notes to the financial statements

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

	2014	2013
	<i>(in thousand Baht)</i>	
Short-term loans		
Parent		
At 1 January	1,088,000	878,000
Increase	280,000	210,000
At 31 December	1,368,000	1,088,000
Long-term loan		
Parent		
At 1 January	-	10,000
Decrease	-	(10,000)
At 31 December	-	-

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 and during 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.

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

	2014	2013
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	5,578	11,003

Significant memorandum of understanding

On 5 February 2014, 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 2014 to March 2015.

Alucon Public Company Limited
Notes to the financial statements

5 Cash and cash equivalents

	2014	2013
	<i>(in thousand Baht)</i>	
Cash on hand	73	61
Cash at banks - current accounts	1,724	13,828
Cash at banks - saving accounts	45,535	44,684
Cheques on hand	3,289	10,479
Total	<u>50,621</u>	<u>69,052</u>

Cheques on hand

Cheques on hand as at 31 December 2014 were all subsequently cleared by 5 January 2015 (2013: 2 January 2014).

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

	2014	2013
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	34,206	43,466
United States Dollars (USD)	15,542	25,150
Japanese Yen (YEN)	873	436
Total	<u>50,621</u>	<u>69,052</u>

6 Trade accounts receivable

	<i>Note</i>	2014	2013
		<i>(in thousand Baht)</i>	
Related party	4	55,472	59,379
Other parties		857,370	819,876
Total		<u>912,842</u>	<u>879,255</u>

Aging analyses for trade accounts receivable were as follows:

	2014	2013
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	<u>55,472</u>	<u>59,379</u>
	55,472	59,379
Other parties		
Within credit terms	692,318	614,505
Overdue:		
Less than 3 months	163,718	200,044
3 - 6 months	1,031	5,327
6 - 12 months	303	-
	<u>857,370</u>	<u>819,876</u>
Total	<u>912,842</u>	<u>879,255</u>

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

Alucon Public Company Limited
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The currency denomination of trade accounts receivable as at 31 December was as follows:

	2014	2013
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	427,425	416,320
United States Dollars (USD)	352,468	376,650
Japanese Yen (YEN)	55,472	59,379
Australian Dollars (AUD)	60,548	20,731
Others (GBP, HKD and EUR)	16,929	6,175
Total	<u>912,842</u>	<u>879,255</u>

7 Inventories

	2014	2013
	<i>(in thousand Baht)</i>	
Finished goods	159,452	157,442
Work in progress	205,776	135,302
Raw materials	483,435	457,460
Packing materials	3,113	2,722
Spare parts	141,312	131,409
Goods in transit	386,665	117,856
	<u>1,379,753</u>	<u>1,002,191</u>
<i>Less allowance for decline in value</i>	<i>(8,539)</i>	<i>(2,567)</i>
Net	<u>1,371,214</u>	<u>999,624</u>
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	4,560,807	4,039,559
- Write-down to net realisable value	5,972	493
Total	<u>4,566,779</u>	<u>4,040,052</u>

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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
<i>Cost</i>								
At 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 and 1 January 2014	233,695	1,387,910	5,118,540	18,490	32,361	38,935	620,740	7,450,671
Additions	6,021	11,912	80,248	957	2,669	45,661	652,911	800,379
Transfers	16,289	171,924	920,017	97	-	(25,949)	(1,082,378)	-
Disposals	-	(315)	(2,500)	(1,272)	(6,391)	-	-	(10,478)
At 31 December 2014	256,005	1,571,431	6,116,305	18,272	28,639	58,647	191,273	8,240,572
<i>Depreciation</i>								
At 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 and 1 January 2014	3,878	575,501	2,830,337	15,885	24,592	-	-	3,450,193
Depreciation charge for the year	3,745	45,799	379,975	1,082	2,800	-	-	433,401
Disposals	-	(72)	(2,251)	(1,272)	(6,391)	-	-	(9,986)
At 31 December 2014	7,623	621,228	3,208,061	15,695	21,001	-	-	3,873,608
<i>Net book value</i>								
At 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 and 1 January 2014	229,817	812,409	2,288,203	2,605	7,769	38,935	620,740	4,000,478
At 31 December 2014	248,382	950,203	2,908,244	2,577	7,638	58,647	191,273	4,366,964

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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 2014 amounted to Baht 1,512 million (2013: Baht 1,438 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. The cost incurred up to 31 December 2013 amounted to approximately Baht 621 million.

During the year 2013, capitalised borrowing costs relating to the construction of a new factory amounted to Baht 0.4 million, with a capitalisation rate of 2.50% - 3.00% per annum.

9 Intangible assets

	Software licence (in thousand Baht)
<i>Cost</i>	
At 1 January 2013	18,899
Additions	363
At 31 December 2013 and 1 January 2014	19,262
Additions	506
At 31 December 2014	19,768
<i>Amortisation</i>	
At 1 January 2013	7,833
Amortisation charge for the year	1,790
At 31 December 2013 and 1 January 2014	9,623
Amortisation charge for the year	1,799
At 31 December 2014	11,422
<i>Net book value</i>	
At 1 January 2013	11,066
At 31 December 2013 and 1 January 2014	9,639
At 31 December 2014	8,346

10 Deferred tax

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

	2014	2013
	(in thousand Baht)	
Deferred tax assets	98,858	93,510
Deferred tax liability	(34,493)	(16,590)
Net	64,365	76,920

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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 2014	(Charged) / credited to Profit or loss (Note 26) (in thousand Baht)	At 31 December 2014
Deferred tax assets			
Inventories (<i>allowance for decline in value</i>)	513	1,195	1,708
Employee benefit obligations	85,959	5,310	91,269
Deferred income	7,038	(1,157)	5,881
Total	93,510	5,348	98,858
Deferred tax liability			
Property, plant and equipment (<i>depreciation gap</i>)	(16,590)	(17,903)	(34,493)
Total	(16,590)	(17,903)	(34,493)
Net	76,920	(12,555)	64,365
	At 1 January 2013	(Charged) / credited to Profit or loss (Note 26) (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

11 Interest-bearing liabilities

	Note	2014 (in thousand Baht)	2013
Current			
Bank overdrafts - unsecured		2,211	468
Short-term loans from financial institutions - unsecured		132,623	144,185
Bank overdrafts and short-term loans from financial institutions		134,834	144,653
Short-term loans from related party - unsecured	4	1,368,000	1,088,000
Total current interest-bearing liabilities		1,502,834	1,232,653

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Notes to the financial statements

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

	2014	2013
	<i>(in thousand Baht)</i>	
Within one year	1,502,834	1,232,653
Total	<u>1,502,834</u>	<u>1,232,653</u>

As at 31 December 2014, the Company had unutilised credit facilities from financial institutions of approximately Baht 2,376 million (2013: 2,543 million).

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

	2014	2013
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	1,370,211	1,088,468
United States Dollars (USD)	49,670	49,424
Japanese Yen (YEN)	82,953	94,761
Total	<u>1,502,834</u>	<u>1,232,653</u>

12 Trade accounts payable

	<i>Note</i>	2014	2013
		<i>(in thousand Baht)</i>	
Related party	4	1,872	2,329
Other parties		367,564	235,562
Total		<u>369,436</u>	<u>237,891</u>

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

	2014	2013
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	123,192	112,856
United States Dollars (USD)	217,242	94,755
Japanese Yen (YEN)	24,933	9,108
Others (CHF, AUD, EUR and GBP)	4,069	21,172
Total	<u>369,436</u>	<u>237,891</u>

13 Other payables

	2014	2013
	<i>(in thousand Baht)</i>	
Construction and machinery payables	90,779	167,898
Accrued operating expenses	41,752	37,928
Factory supplies and spare parts payables	26,664	14,136
Others	37,498	42,824
Total	<u>196,693</u>	<u>262,786</u>

14 Other current liabilities

	2014	2013
	<i>(in thousand Baht)</i>	
Withholding tax payable	13,037	7,848
Advances received from customers	6,357	12,764
Accrued social fund	2,073	1,610
Total	<u>21,467</u>	<u>22,222</u>

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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. As at 31 December 2014, such deferred income had outstanding balance of Baht 29.4 million (2013: Baht 35.2 million) and during the year ended 31 December 2014, the Company recognised income in profit or loss of Baht 5.8 million (2013: Baht 5.8 million).

16 Employee benefit obligations

	2014	2013
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	390,821	369,110
Other long-term employee benefits	29,934	28,683
Provident fund	62,542	57,865
Total	<u>483,297</u>	<u>455,658</u>
 <i>Year ended 31 December</i>		
	2014	2013
	<i>(in thousand Baht)</i>	
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	49,477	55,580
Other long-term employee benefits	4,673	(8,113)
Provident fund	6,552	5,998
Total	<u>60,702</u>	<u>53,465</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:

	2014	2013
	<i>(in thousand Baht)</i>	
Present value of unfunded obligation	<u>420,755</u>	<u>397,793</u>

Movement in the present value of the defined benefit obligations

	2014	2013
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	397,793	362,567
Benefits paid by the plan	(31,188)	(12,241)
Current service costs and interest	46,230	45,390
Actuarial loss	7,920	2,077
Defined benefit obligations at 31 December	<u>420,755</u>	<u>397,793</u>

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Notes to the financial statements

Expense recognised in profit or loss (note 23)

	2014	2013
	<i>(in thousand Baht)</i>	
Current service costs	33,200	32,256
Interest on obligation	13,030	13,134
Actuarial loss	7,920	2,077
Total	<u>54,150</u>	<u>47,467</u>

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

	2014	2013
	<i>(in thousand Baht)</i>	
Cost of sales	41,604	32,136
Selling expenses	2,412	1,856
Administrative expenses	10,134	13,475
Total	<u>54,150</u>	<u>47,467</u>

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

	2014	2013
Discount rate (%)	3.44	3.70
Future salary increases (%)	4.99 - 6.05	5.6
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>	2014 Number Amount <i>(thousand shares / thousand Baht)</i>		2013 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.

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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.

19 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	
	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	3,542,911	3,420,866	2,082,562	1,606,421	5,625,473	5,027,287
Segment result	<u>841,018</u>	<u>890,896</u>	<u>217,675</u>	<u>96,339</u>	<u>1,058,693</u>	<u>987,235</u>
Unallocated revenues					194,552	172,350
Unallocated expenses					(311,142)	(297,879)
Finance costs					(26,270)	(28,514)
Profit before income tax					<u>915,833</u>	<u>833,192</u>
Segment assets						
Trade accounts receivable	644,607	631,845	268,235	247,410	912,842	879,255
Inventories	276,185	266,088	1,095,029	733,536	1,371,214	999,624
Property, plant and equipment	3,423,256	3,287,676	943,708	712,802	4,366,964	4,000,478
Unallocated assets					198,180	228,451
Total Assets					<u>6,849,200</u>	<u>6,107,808</u>
Segment liabilities						
Trade accounts payable	123,275	127,071	246,161	110,820	369,436	237,891
Unallocated liabilities					2,311,540	2,106,821
Total Liabilities					<u>2,680,976</u>	<u>2,344,712</u>
Other material items						
Depreciation and amortization	323,458	351,660	111,743	92,962	435,201	444,622
Capital expenditure	442,733	888,443	358,152	224,541	800,885	1,112,984

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Notes to the financial statements

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Revenues		Non-current assets	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Asia pacific	2,758,516	2,410,091	-	-
Thailand	1,765,120	1,697,262	4,439,979	4,087,246
America	510,670	335,493	-	-
Others	591,167	584,441	-	-
Total	<u>5,625,473</u>	<u>5,027,287</u>	<u>4,439,979</u>	<u>4,087,246</u>

Major customer

Revenues from a customer of the Company's 1 and 2 segments are approximately Baht 552.5 million (2013: Baht 634.9 million) of the Company's total revenues.

20 Other income

	2014	2013
	<i>(in thousand Baht)</i>	
Sale of scrap	162,399	118,528
Others	26,876	26,793
Total	<u>189,275</u>	<u>145,321</u>

21 Selling expenses

	2014	2013
	<i>(in thousand Baht)</i>	
Freight expenses	86,435	79,630
Employee benefit expenses	31,674	28,034
Others	35,275	30,839
Total	<u>153,384</u>	<u>138,503</u>

22 Administrative expenses

	2014	2013
	<i>(in thousand Baht)</i>	
Employee benefit expenses	128,137	126,509
Depreciation and amortisation	4,813	4,645
Transportation expenses	4,565	4,786
Repair and maintenance	3,440	3,740
Others	16,803	19,696
Total	<u>157,758</u>	<u>159,376</u>

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23 Employee benefit expenses

	2014	2013
	<i>(in thousand Baht)</i>	
Wages and salaries	641,230	589,817
Pension costs - defined benefit plans	54,150	47,467
Contribution to defined contribution plans	6,552	5,998
Director's remuneration	4,796	4,796
Others	43,387	37,663
Total	<u>750,115</u>	<u>685,741</u>

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.

24 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2014	2013
	<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>		
Changes in inventories of finished goods and work in progress	(72,484)	61,802
Raw materials and consumables used	2,854,795	2,337,387
Employee benefit expenses	590,304	531,198
Depreciation and amortisation	429,786	439,069
Utilities expenses	405,100	367,194
<i>Included in selling expenses:</i>		
Freight expenses	86,435	79,630
Employee benefit expenses	31,674	28,034
Depreciation and amortisation	602	908
<i>Included in administrative expenses:</i>		
Employee benefit expenses	128,137	126,509
Depreciation and amortisation	4,812	4,645

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25 Finance costs

	<i>Note</i>	2014 <i>(in thousand Baht)</i>	2013
<i>Interest expense:</i>			
Related party	4	22,110	24,531
Financial institutions		4,160	4,364
		<u>26,270</u>	<u>28,895</u>
<i>Less</i> amounts included in the cost of assets under construction	8	-	(381)
Net		<u><u>26,270</u></u>	<u><u>28,514</u></u>

26 Income tax expense

Income tax recognised in profit or loss

	<i>Note</i>	2014 <i>(in thousand Baht)</i>	2013
<i>Current tax expense</i>			
Current year		152,550	154,380
<i>Deferred tax expense</i>			
Movements in temporary differences	10	12,555	(433)
Total		<u><u>165,105</u></u>	<u><u>153,947</u></u>

Reconciliation of effective tax rate

	2014 <i>(in thousand Baht)</i>		2013 <i>(in thousand Baht)</i>	
	<i>Rate (%)</i>		<i>Rate (%)</i>	
Profit before income tax expense		<u>915,833</u>		<u>833,192</u>
Income tax using the Thai corporation tax rate	20	183,167	20	166,638
Income not subject to tax		(17,063)		(12,048)
Others		(999)		(643)
Total	<u>18</u>	<u><u>165,105</u></u>	<u>18</u>	<u><u>153,947</u></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. Royal Decree No.577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

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27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 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:

	2014	2013
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to equity holders of the Company	<u>750,728</u>	<u>679,244</u>
Number of ordinary shares outstanding	<u>43,200</u>	<u>43,200</u>
Basic earnings per share (<i>in Baht</i>)	<u>17.38</u>	<u>15.72</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 (30 November 2011)

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:

	2014			2013		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	244,044	3,766,055	4,010,099	65,243	3,307,739	3,372,982
Local sales	360,924	1,254,450	1,615,374	409,900	1,244,405	1,654,305
Total Revenue	<u>604,968</u>	<u>5,020,505</u>	<u>5,625,473</u>	<u>475,143</u>	<u>4,552,144</u>	<u>5,027,287</u>

29 Dividends

At the annual general meeting of the shareholders of the Company held on 18 April 2014, the shareholders approved the appropriation of cash dividends of Baht 8 per share, amounting to Baht 345.6 million. The dividend was paid to shareholders in May 2014.

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.

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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 0.64:1 in 2014 and 0.62:1 in 2013, 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 (in thousand Baht)	Total
2014			
Current			
Loans from financial institutions	0.53 - 0.60	134,834	134,834
Loans from related party	1.75 - 1.90	1,368,000	1,368,000
Total		1,502,834	1,502,834
2013			
Current			
Loans from financial institutions	0.52 - 0.65	144,653	144,653
Loans from related party	2.00 - 2.50	1,088,000	1,088,000
Total		1,232,653	1,232,653

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales and short-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.

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

	<i>Note</i>	2014	2013
		<i>(in thousand Baht)</i>	
<i>United States Dollars (USD)</i>			
Cash and cash equivalents	5	15,542	25,150
Trade accounts receivable	6	352,468	376,650
Interest-bearing liabilities	11	(49,670)	(49,424)
Trade accounts payable	12	(217,242)	(94,755)
		<u>101,098</u>	<u>257,621</u>
<i>Japanese Yen (YEN)</i>			
Cash and cash equivalents	5	873	436
Trade accounts receivable	6	55,472	59,379
Interest-bearing liabilities	11	(82,953)	(94,761)
Trade accounts payable	12	(24,933)	(9,108)
		<u>(51,541)</u>	<u>(44,054)</u>
<i>Australian Dollar (AUD)</i>			
Trade accounts receivable	6	60,548	20,731
Trade accounts payable	12	(34)	-
		<u>60,514</u>	<u>20,731</u>
<i>Others (HKD, SGD, EUR, GBP and CHF)</i>			
Trade accounts receivable	6	16,929	6,175
Trade accounts payable	12	(4,035)	(21,172)
		<u>12,894</u>	<u>(14,997)</u>
Gross statement of financial position exposure		<u>122,965</u>	<u>219,301</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.

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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	
	2014	2013	2014	2013	2014	2013
	(Ton)		(YEN per ton)		(YEN per ton)	
Commodity Price Swap agreement	300	600	188,000	188,000	194,410	190,958

31 Commitments with non-related parties

	2014	2013
	<i>(in thousand Baht)</i>	
Capital commitments		
Contracted but not provided for:		
Factory, machinery and equipment	51,048	428,115
Other commitments		
Unused letters of credits	10,632	86,656
Purchase orders accepted by suppliers		
Within one year	1,582,763	1,451,871
After one year but within five years	381,986	285,495
	<u>1,964,749</u>	<u>1,737,366</u>
Commodity Price Swap agreement	15,595	35,630
Bank guarantees	25,799	24,718
Total	<u>2,016,775</u>	<u>1,884,370</u>

Purchase orders accepted by suppliers

As at 31 December 2014, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 35,514 MT (2013: 33,600 MT), at the prices in the range of YEN 123,000 - 127,100 per MT, and at the price as determined in purchase orders (2013: 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 2015 to 2016 (2013: 2014 to 2016).

Commodity Price Swap agreement

As at 31 December 2014 and 2013, 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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32 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but not yet effective and have not been applied in preparing these financial statements. These new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Company does not plan to adopt these TFRS early.

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 13	Fair Value Measurement	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015

The Company has made a preliminary assessment of potential initial impact on the financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.