

Alucon Public Company Limited

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Alucon Public Company Limited

Opinion

I have audited the financial statements of Alucon Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2018, 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.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<p>Valuation of defined employee benefit plan Refer to Note 3(j) and 16 to the financial statements.</p>	
<p>The key audit matter</p> <p>The valuation of the defined employee benefit plan requires significant judgment of the Company because the Company has a significant number of employees who are potentially able to meet the conditions of the defined employee benefit plan and there is a low employee turnover rate. The assumptions used for estimation requires judgment of the Company and has uncertainty of estimates made in respect of long-term trends and market conditions to determine the value of employee benefit obligations, this is focus area in my audit.</p>	<p>How the matter was addressed in our audit</p> <p>My audit procedures included testing underlying data provided to the actuary on a sample basis for calculation of the employee benefit obligation. I evaluated the competence and independence of the Company's actuary and assessed the key assumptions with the actual result incurred in previous years. Moreover, I involved KPMG actuarial specialist to assist me in assessing the appropriateness of the assumptions applied and tested calculation for the valuation of the defined benefit obligation by considering the actuarial report and by comparison of key assumptions against externally derived data and performed the sensitivity analysis, which included assessing if the effect of the change of key assumptions were reasonably possible.</p> <p>In addition, I also assessed the adequacy of the Company's disclosure in accordance with Thai Financial Reporting Standard.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2019

Alucon Public Company Limited
Statement of financial position

31 December

Assets	<i>Note</i>	2018	2017
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	248,869,588	201,906,664
Trade accounts receivable	4, 6	1,079,093,568	1,033,227,678
Inventories	7	1,809,132,459	1,243,788,294
Refundable value added tax		33,283,300	32,687,004
Other current assets		<u>12,369,549</u>	<u>11,728,682</u>
Total current assets		<u>3,182,748,464</u>	<u>2,523,338,322</u>
<i>Non-current assets</i>			
Property, plant and equipment	8	3,548,477,285	3,767,201,529
Intangible assets	9	10,167,760	11,427,834
Deferred tax assets	10	38,784,052	42,576,393
Other non-current assets		<u>311,676</u>	<u>361,087</u>
Total non-current assets		<u>3,597,740,773</u>	<u>3,821,566,843</u>
Total assets		<u>6,780,489,237</u>	<u>6,344,905,165</u>

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

Alucon Public Company Limited

Statement of financial position

		31 December	
		2018	2017
		<i>(in Baht)</i>	
Liabilities and equity			
<i>Current liabilities</i>			
Bank overdrafts	11	161,288	2,677,142
Trade accounts payable	4, 12	246,223,182	266,812,239
Other payables to and short-term borrowings from related parties	4, 11	211,990,222	66,337,256
Other payables	13	148,707,634	120,972,345
Deferred income	15	5,785,810	5,785,810
Current tax payable		101,550,267	73,961,033
Current provisions for employee benefits	16	24,956,399	27,477,588
Other current liabilities	14	<u>29,473,140</u>	<u>25,132,966</u>
Total current liabilities		<u>768,847,942</u>	<u>589,156,379</u>
<i>Non-current liabilities</i>			
Deferred income	15	459,694	6,245,504
Non-current provisions for employee benefits	16	<u>468,124,103</u>	<u>478,391,398</u>
Total non-current liabilities		<u>468,583,797</u>	<u>484,636,902</u>
Total liabilities		<u>1,237,431,739</u>	<u>1,073,793,281</u>
Equity			
Share capital	17		
Authorised share capital		<u>432,000,000</u>	<u>432,000,000</u>
Issued and paid-up share capital		431,999,860	431,999,860
Share premium			
Share premium on ordinary shares	17	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	18	43,200,000	43,200,000
Unappropriated		<u>4,813,857,638</u>	<u>4,541,912,024</u>
Total equity		<u>5,543,057,498</u>	<u>5,271,111,884</u>
Total liabilities and equity		<u>6,780,489,237</u>	<u>6,344,905,165</u>

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

Alucon Public Company Limited
Statement of comprehensive income

		Year ended 31 December	
	Note	2018	2017 (in Baht)
Revenue			
Revenue from sale of goods	4, 19	6,304,455,655	6,098,576,337
Net foreign exchange gain		15,760,922	-
Other income	20	197,861,319	182,365,689
Total revenue		6,518,077,986	6,280,942,026
Expenses			
Cost of sale of goods	4, 7	5,305,278,165	4,958,244,696
Distribution costs	4, 21	158,806,057	143,812,825
Administrative expenses	22	160,146,628	168,735,776
Net foreign exchange loss		-	32,828,119
Finance costs	4, 25	2,145,899	3,295,746
Total expenses		5,626,376,749	5,306,917,162
Profit before income tax		891,701,147	974,024,864
Tax expense	26	172,035,446	190,285,982
Profit for the year		719,665,701	783,738,882
Other comprehensive income (expense)			
<i>Items that will not be reclassified</i>			
<i>to profit or loss</i>			
Gains on remeasurements of			
defined benefit plans	16	34,349,699	9,038,490
Income tax relating to items that will not be			
reclassified	26	(6,869,940)	(1,807,698)
Other comprehensive income			
for the year, net of tax		27,479,759	7,230,792
Total comprehensive income			
for the year		747,145,460	790,969,674
Basic earnings per share (in Baht)	27	16.66	18.14

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		Retained earnings		Total equity
		Share premium	Legal reserve	Unappropriated (in Baht)		
Year ended 31 December 2017						
Balance at 1 January 2017		431,999,860	254,000,000	43,200,000	4,398,792,140	5,127,992,000
Transactions with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends	28	-	-	-	(647,849,790)	(647,849,790)
Total distribution to owners of the Company		-	-	-	(647,849,790)	(647,849,790)
Total transactions with owners, recorded directly in equity		-	-	-	(647,849,790)	(647,849,790)
Comprehensive income for the year						
Profit for the year		-	-	-	783,738,882	783,738,882
Other comprehensive income		-	-	-	7,230,792	7,230,792
Total comprehensive income for the year		-	-	-	790,969,674	790,969,674
Balance at 31 December 2017		431,999,860	254,000,000	43,200,000	4,541,912,024	5,271,111,884

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		Retained earnings		Total equity <i>(in Baht)</i>
	Legal reserve	Share premium	Unappropriated		
Year ended 31 December 2018					
Balance at 1 January 2018	431,999,860	254,000,000	43,200,000	4,541,912,024	5,271,111,884
Transactions with owners, recorded directly in equity					
<i>Distribution to owners of the Company</i>					
Dividends	-	-	-	(475,199,846)	(475,199,846)
Total distribution to owners of the Company	-	-	-	(475,199,846)	(475,199,846)
Total transactions with owners, recorded directly in equity	-	-	-	(475,199,846)	(475,199,846)
Comprehensive income for the year					
Profit for the year	-	-	-	719,665,701	719,665,701
Other comprehensive income	-	-	-	27,479,759	27,479,759
Total comprehensive income for the year	-	-	-	747,145,460	747,145,460
Balance at 31 December 2018	431,999,860	254,000,000	43,200,000	4,813,857,638	5,543,057,498

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

Alucon Public Company Limited

Statement of cash flows

	<i>Note</i>	Year ended 31 December	
		2018	2017
		(in Baht)	
<i>Cash flows from operating activities</i>			
Profit for the year		719,665,701	783,738,882
<i>Adjustments to reconcile profit to cash receipts (payments)</i>			
Tax expense	26	172,035,446	190,285,982
Finance costs	25	2,145,899	3,295,746
Depreciation	8	531,820,590	539,588,742
Amortisation	9	2,123,353	2,436,595
Provision for employee benefit obligations	16	55,648,976	54,085,061
Recognised deferred income	15	(5,785,810)	(5,785,810)
Unrealised loss on exchange		6,519,356	3,426,432
Losses on inventories devaluation	7	708,904	1,957,098
Gain on disposal of plant and equipment		(8,009,561)	(1,943,136)
Interest income		(348,834)	(712,735)
		1,476,524,020	1,570,372,857
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(52,969,067)	(62,379,794)
Inventories		(566,053,069)	(38,591,794)
Refundable value added tax		(596,296)	(5,845,808)
Other current assets		(647,204)	780,343
Other non-current assets		49,411	(60,537)
Trade accounts payable		(20,014,702)	(5,378,584)
Other payable to related parties		1,695,731	(281,040)
Other payable		8,960,735	2,122,635
Other current liabilities		4,340,174	(812,867)
Provisions for employee benefits paid		(34,087,761)	(35,268,441)
Net cash generated from operating		817,201,972	1,424,656,970
Taxes paid		(147,523,811)	(239,602,624)
Net cash from operating activities		669,678,161	1,185,054,346

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

Alucon Public Company Limited

Statement of cash flows

	<i>Note</i>	Year ended 31 December 2018	2017 (in Baht)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		9,821,537	2,335,792
Acquisition of plant and equipment		(296,293,302)	(349,960,309)
Acquisition of intangible assets		(694,279)	(4,435,690)
Interest received		355,171	710,570
Net cash used in investing activities		(286,810,873)	(351,349,637)
Cash flows from financing activities			
(Decrease) increase in bank overdrafts		(2,515,854)	2,417,144
Proceeds from short-term loans from related party		250,000,000	400,000,000
Repayment of short-term loans from related party		(106,000,000)	(624,000,000)
Proceeds from short-term loans from financial institutions		-	370,000,000
Repayment of short-term loans from financial institutions		-	(370,000,000)
Dividends paid to owners of the Company	28	(475,199,846)	(647,849,790)
Interest paid		(2,188,664)	(4,149,139)
Net cash used in financing activities		(335,904,364)	(873,581,785)
Net increase (decrease) in cash and cash equivalents		46,962,924	(39,877,076)
Cash and cash equivalents at beginning of period		201,906,664	241,783,740
Cash and cash equivalents at ending of period	5	248,869,588	201,906,664

Non-cash transaction

During the year ended 31 December 2018, the Company acquired plant and equipment and intangible assets totalling Baht 316 million (2017: Baht 346 million), and cash payments of Baht 297 million (2017: Baht 354 million) were made to purchase plant and equipment and intangible assets.

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

Alucon Public Company Limited

Notes to the financial statements

For the year ended 31 December 2018

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Alucon Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

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 18 February 2019.

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, which held 66.91% 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. 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 new and revised TFRS which are not yet effective for current periods. The Company has not early adopted these standards in preparing these financial statements.

A number of new and revised TFRS which relevant to the Company’s operations are expected to have significant impact on the financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

Alucon Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

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

TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following item.

Items	Measurement bases
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (j)

(c) Functional and presentation currency

The financial statements are prepared and 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 judgements and estimates

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

Alucon Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 10	Current and deferred taxation
Note 16	Measurement of defined benefit obligations

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values of financial statements is included in note 29.

Alucon Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

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

Foreign currency 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) 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.

(c) 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.

(d) 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 and is calculated using standard cost adjusted to approximate average cost.

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.

Alucon Public Company Limited
Notes to the financial statements
For the year ended 31 December 2018

(e) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured 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.

Any 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 in profit or loss.

Subsequent costs

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

Depreciation

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

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

Land improvement	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.

Alucon Public Company Limited
Notes to the financial statements
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(f) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated 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
------------------	----------

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

(g) 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.

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(h) 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.

(i) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(j) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to 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. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income ("OCI"). The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits 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. Remeasurements are recognized in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to

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pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) 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. The unwinding of the discount is recognised as a finance cost.

(l) 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.

(m) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(n) 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. 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.

(o) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(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.

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Relationships with related parties were as follows:

Name of entities	Country of incorporation	Nature of relationships
Takeuchi Press Industries Company Limited	Japan	Parent, 66.91% 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.

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	1.25 - 1.79% per annum in 2018 and 1.25 - 1.40% per annum in 2017
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

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

	2018	2017 (in thousand Baht)
Parent		
Revenue from sale of goods	1,345,290	1,178,224
Purchase of raw materials and spare parts	14,007	13,011
Purchase of machinery and equipment	33	1,527
Interest expense	2,132	3,238
License fee	19,860	16,238
Commission expenses	2,610	2,148
Other expenses	458	864
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	57,294	62,581
Retirement benefits	1,240	1,159
Total	58,534	63,740

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

Trade account receivable from related party

	2018	2017 (in thousand Baht)
Parent		
Takeuchi Press Industries Company Limited	<u>79,609</u>	<u>60,801</u>

Trade account payable to related party

	2018	2017 (in thousand Baht)
Parent		
Takeuchi Press Industries Company Limited	<u>33</u>	<u>1,590</u>

Other payable to and short-term loans from related party

	Interest rate		2018	2017 (in thousand Baht)
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	1.30 - 1.79	1.35 - 1.40	200,000	56,000
<i>Other accounts payable</i>				
Parent				
Takeuchi Press Industries Company Limited			-	72

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	2018	2017		
	<i>(in thousand Baht)</i>			
<i>Accrued license fee</i>				
Parent				
Takeuchi Press Industries Company Limited	6,059	4,315		
<i>Accrued commission payable</i>				
Parent				
Takeuchi Press Industries Company Limited	755	531		
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited	423	466		
<i>Accrued management's remuneration and other benefits</i>				
Key management personnel	4,754	4,953		
Total	211,991	66,337		

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

	2018	2017		
	<i>(in thousand Baht)</i>			
<i>Short-term loans</i>				
Parent				
At 1 January	56,000	280,000		
Increase	250,000	400,000		
Decrease	(106,000)	(624,000)		
At 31 December	200,000	56,000		

The Company had short term loan agreements with parent company totaling to Baht 200 million (2017: Baht 56 million) which bears interest at the rates ranging from 1.30% - 1.79% per annum (2017: 1.35% - 1.40%) and would be repayable during March – May 2019.

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 to the other party by a written notice at least 6 months prior to the expiration of the agreement.

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Commitments for purchase of raw materials and spare parts

Parent	2018 (in thousand Baht)	2017 (in thousand Baht)
Takeuchi Press Industries Company Limited	<u>2,254</u>	<u>2,688</u>

Significant memorandum of understanding

On 6 February 2018, 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 aluminum monobloc aerosol cans and collapsible tubes for a period from April 2018 to March 2019.

5 Cash and cash equivalents

	2018 (in thousand Baht)	2017 (in thousand Baht)
Cash on hand	194	59
Cash at banks - current accounts	33,677	49,615
Cash at banks - saving accounts	<u>214,999</u>	<u>152,233</u>
Total	<u>248,870</u>	<u>201,907</u>

6 Trade accounts receivable

	<i>Note</i>	2018 (in thousand Baht)	2017 (in thousand Baht)
Related party	4	79,609	60,801
Other parties		<u>999,485</u>	<u>972,427</u>
Total		<u>1,079,094</u>	<u>1,033,228</u>
Current		<u>1,079,094</u>	<u>1,033,228</u>
Total		<u>1,079,094</u>	<u>1,033,228</u>

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Aging analyses for trade accounts receivable were as follows:

	2018 (in thousand Baht)	2017 (in thousand Baht)
Related party		
Within credit terms	79,609	60,801
	79,609	60,801
Other parties		
Within credit terms	816,810	803,203
Overdue:		
Less than 3 months	182,328	169,060
3-6 months	347	164
	999,485	972,427
Total	1,079,094	1,033,228

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

7 Inventories

	2018 (in thousand Baht)	2017 (in thousand Baht)
Finished goods	278,060	184,185
Work in progress	157,797	191,175
Raw materials	927,806	438,223
Spare parts	228,863	194,299
Goods in transit	220,479	239,070
Total	1,813,005	1,246,952
<i>Less allowance for decline in value</i>	<i>(3,873)</i>	<i>(3,164)</i>
Net total	1,809,132	1,243,788
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	5,304,569	4,956,287
- Write-down to net realisable value	709	1,958
Total	5,305,278	4,958,245

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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	Assets under construction	Total
<i>Cost</i>								
At 1 January 2017	272,028	1,654,254	6,665,190	20,973	33,199	88,614	67,057	8,801,315
Additions	-	2,398	36,236	785	6,863	33,477	262,158	341,917
Transfers	-	26,526	167,356	-	-	(33,245)	(160,637)	-
Disposals	-	(510)	(39,331)	(1,171)	(5,262)	-	-	(46,274)
At 31 December 2017 and 1 January 2018	272,028	1,682,668	6,829,451	20,587	34,800	88,846	168,578	9,096,958
Additions	1,418	6,424	43,115	2,107	2,102	47,750	211,992	314,908
Transfers	-	17,484	290,073	-	-	(41,027)	(266,530)	-
Disposals	-	-	(40,480)	(3,446)	(5,712)	-	-	(49,638)
At 31 December 2018	273,446	1,706,576	7,122,159	19,248	31,190	95,569	114,040	9,362,228
<i>Depreciation</i>								
At 1 January 2017	18,518	726,931	4,052,695	16,428	21,476	-	-	4,836,048
Depreciation charge for the year	5,729	54,998	471,696	1,773	5,393	-	-	539,589
Disposals	-	(510)	(38,939)	(1,170)	(5,262)	-	-	(45,881)
At 31 December 2017 and 1 January 2018	24,247	781,419	4,485,452	17,031	21,607	-	-	5,329,756
Depreciation charge for the year	5,776	55,984	463,209	1,743	5,109	-	-	531,821
Disposals	-	-	(38,668)	(3,446)	(5,712)	-	-	(47,826)
At 31 December 2018	30,023	837,403	4,909,993	15,328	21,004	-	-	5,813,751
<i>Net book value</i>								
At 1 January 2017	253,510	927,323	2,612,495	4,545	11,723	88,614	67,057	3,965,267
At 31 December 2017 and 1 January 2018	247,781	901,249	2,343,999	3,556	13,193	88,846	168,578	3,767,202
At 31 December 2018	243,423	869,173	2,212,166	3,920	10,186	95,569	114,040	3,548,477

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The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 2,338 million (2017: *Baht 1,717 million*).

9 Intangible assets

	Software licence (in thousand Baht)
<i>Cost</i>	
At 1 January 2017	25,038
Additions	4,435
At 31 December 2017 and 1 January 2018	29,473
Additions	863
At 31 December 2018	30,336
<i>Amortisation</i>	
At 1 January 2017	15,609
Amortisation charge for the year	2,436
At 31 December 2017 and 1 January 2018	18,045
Amortisation charge for the year	2,123
At 31 December 2018	20,168
<i>Net book value</i>	
At 1 January 2017	9,429
At 31 December 2017 and 1 January 2018	11,428
At 31 December 2018	10,168

10 Deferred tax

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

	2018	2017
	(in thousand Baht)	
Deferred tax assets	94,519	98,058
Deferred tax liability	(55,735)	(55,482)
Net	38,784	42,576

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

	At 1 January 2018	(Charged) / Credited to :		At 31 December 2018
		Profit or loss <i>(Note 26)</i> (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Inventories (<i>allowance for decline in value</i>)				
	632	143	-	775
Employee benefit obligations	95,019	4,346	(6,870)	92,495
Deferred income	<u>2,407</u>	<u>(1,158)</u>	-	1,249
Total	<u>98,058</u>	<u>3,331</u>	<u>(6,870)</u>	<u>94,519</u>
<i>Deferred tax liability</i>				
Property, plant and equipment (<i>depreciation gap</i>)				
	(55,482)	(253)	-	(55,735)
Total	<u>(55,482)</u>	<u>(253)</u>	<u>-</u>	<u>(55,735)</u>
Net	<u>42,576</u>	<u>3,078</u>	<u>(6,870)</u>	<u>38,784</u>
	At 1 January 2017	(Charged) / Credited to :		At 31 December 2017
		Profit or loss <i>(Note 26)</i> (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Inventories (<i>allowance for decline in value</i>)				
	241	391	-	632
Employee benefit obligations	93,474	3,352	(1,807)	95,019
Deferred income	<u>3,564</u>	<u>(1,157)</u>	-	2,407
Total	<u>97,279</u>	<u>2,586</u>	<u>(1,807)</u>	<u>98,058</u>
<i>Deferred tax liability</i>				
Property, plant and equipment (<i>depreciation gap</i>)				
	(56,115)	633	-	(55,482)
Total	<u>(56,115)</u>	<u>633</u>	<u>-</u>	<u>(55,482)</u>
Net	<u>41,164</u>	<u>3,219</u>	<u>(1,807)</u>	<u>42,576</u>

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11 Interest-bearing liabilities

	<i>Note</i>	2018	2017 (in thousand Baht)
<i>Current</i>			
Bank overdrafts - unsecured		161	2,677
Bank overdrafts		161	2,677
Short-term loans from related party - unsecured	4	200,000	56,000
Total current interest-bearing liabilities		200,161	58,677

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

	2018	2017 (in thousand Baht)
Within one year	200,000	56,000
Total	200,000	56,000

As at 31 December 2018, the Company had unutilised credit facilities from financial institutions of approximately Baht 2,048 million (2017: Baht 2,446 million).

12 Trade accounts payable

	<i>Note</i>	2018	2017 (in thousand Baht)
Related party	4	33	1,590
Other parties		246,190	265,222
Total		246,223	266,812
Current		246,223	266,812
Total		246,223	266,812

13 Other payable

	2018	2017 (in thousand Baht)
Factory supplies and spare parts payables	44,355	25,933
Accrued operating expenses	41,029	34,989
Construction and machinery payables	31,285	16,202
Others	32,039	43,848
Total	148,708	120,972

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14 Other current liabilities

	2018 (in thousand Baht)	2017 (in thousand Baht)
Withholding tax payable	12,149	12,427
Advances received from customers	15,158	10,642
Accrued social fund	2,166	2,064
Total	29,473	25,133

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 2018, such deferred income had outstanding balance of Baht 6.2 million (2017: Baht 12 million) and during the year ended 31 December 2018, the Company recognised income in profit or loss of Baht 5.8 million (2017: Baht 5.8 million).

16 Non-current provision for employee benefits

	2018 (in thousand Baht)	2017 (in thousand Baht)
Statement of financial position		
Non-current provisions for :		
Post-employment benefits	374,434	388,426
Other long-term employee benefits	34,630	38,303
	409,064	426,729
Provident fund	84,017	79,140
Total	493,081	505,869
<i>Year ended 31 December</i>		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	39,984	37,807
Other long-term employee benefits	7,048	7,566
Provident fund	8,617	8,712
	55,649	54,085
Recognised in other comprehensive income:		
Actuarial gain recognised in the year	<u>(34,350)</u>	<u>(9,038)</u>

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The Company operate a defined benefit 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 defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follow:

	2018 (in thousand Baht)	2017 (in thousand Baht)
Present value of unfunded obligation	<u>409,064</u>	<u>426,729</u>
Movement in the present value of the defined benefit obligations		
At 1 January	426,729	425,962
Include in profit or loss:		
Current service cost	39,173	39,040
Interest on obligation	8,914	8,488
Gain on settlement	(1,054)	(2,156)
Included in other comprehensive income		
Actuarial gain	(34,350)	(9,038)
Other		
Benefit paid	<u>(30,348)</u>	<u>(35,567)</u>
At 31 December	<u>409,064</u>	<u>426,729</u>

Actuarial gain recognised in other comprehensive income arising from:

	2018 (in thousand Baht)	2017 (in thousand Baht)
Demographic assumptions	(1,395)	(2,430)
Financial assumptions	(30,548)	(6,155)
Experience adjustment	(2,407)	(453)
Total	<u>(34,350)</u>	<u>(9,038)</u>

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Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2018	2017
	%	
Discount rate	2.60	2.19
Future average salary growth	3.50 - 5.40	4.00 - 5.90

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<i>(in thousand Baht)</i>	
At 31 December 2018		
Discount rate (1% movement)	(25,273)	28,276
Future salary growth (1% movement)	25,914	(23,619)
Future mortality (1 year movement)	364	(362)
Employee turnover (1% movement)	(10,390)	7,883
	<i>(in thousand Baht)</i>	
At 31 December 2017		
Discount rate (1% movement)	(28,228)	31,780
Future salary growth (1% movement)	28,623	(25,946)
Future mortality (1 year movement)	430	(429)
Employee turnover (1% movement)	(12,677)	10,090

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in financial statements is estimated to increase by an amount of approximately Baht 22 million.

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17 Share capital

	Par value per share (in Baht)	Number	2018 Amount (thousand shares / thousand Baht)	2017 Number (thousand shares / thousand Baht)	2017 Amount (thousand Baht)
<i>Authorised</i>					
At 1 January					
- ordinary shares	10	43,200	432,000	43,200	432,000
<i>At 31 December</i>					
- ordinary shares	10	43,200	432,000	43,200	432,000
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	10	43,200	432,000	43,200	432,000
<i>At 31 December</i>					
- ordinary shares	10	43,200	432,000	43,200	432,000
<i>Share premium</i>					

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

18 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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.

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Information about reportable segments

	Segment 1		Segment 2		Total	
	2018	2017	2018	2017	2018	2017
(in thousand Baht)						
Revenue from sale of goods	3,524,231	3,473,604	2,780,225	2,624,972	6,304,456	6,098,576
Segment result	716,653	813,771	282,525	326,561	999,178	1,140,332
Unallocated revenues					213,622	182,366
Unallocated expenses					(318,953)	(345,377)
Finance costs					(2,146)	(3,296)
Profit before income tax					891,701	974,025
Segment assets						
Trade accounts receivable	664,909	655,703	414,185	377,525	1,079,094	1,033,228
Inventories	377,260	358,914	1,431,872	884,874	1,809,132	1,243,788
Property, plant and equipment	2,736,892	2,864,899	811,585	902,303	3,548,477	3,767,202
Unallocated assets					343,786	300,687
Total Assets					6,780,489	6,344,905
Segment liabilities						
Trade accounts payable	115,532	124,617	130,691	142,195	246,223	266,812
Unallocated liabilities					991,209	806,981
Total Liabilities					1,237,432	1,073,793
Other material items						
Depreciation and amortization	381,119	383,629	152,825	158,396	533,944	542,025
Capital expenditure	255,899	215,558	59,873	130,794	315,772	346,352

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	
	2018	2017	2018	2017
(in thousand Baht)				
Asia pacific	3,880,162	3,360,558	-	-
Thailand	1,629,057	1,843,730	3,597,741	3,821,567
United states of America	449,596	573,708	-	-
Others	345,641	320,580	-	-
Total	6,304,456	6,098,576	3,597,741	3,821,567

Major customer

Revenues from a customer of the Company's 1 and 2 segments are approximately Baht 470 million (2017: Baht 508 million) of the Company's total revenues.

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20 Other income

	2018 (in thousand Baht)	2017
Sale of scrap	169,339	157,008
Others	28,522	25,358
Total	197,861	182,366

21 Distribution costs

	2018 (in thousand Baht)	2017
Freight expenses	83,731	75,529
Employee benefit expenses	37,545	36,670
Others	37,530	31,614
Total	158,806	143,813

22 Administrative expenses

	2018 (in thousand Baht)	2017
Employee benefit expenses	128,090	133,861
Depreciation and amortisation	7,741	8,249
Repair and maintenance	4,315	3,881
Transportation expenses	2,955	2,665
Others	17,046	20,080
Total	160,147	168,736

23 Employee benefit expenses

	2018 (in thousand Baht)	2017
Wages and salaries	672,106	666,183
Defined benefit plans	47,032	45,372
Defined contribution plans	8,617	8,713
Director's remuneration	5,696	5,837
Others	42,746	44,086
Total	776,197	770,191

Defined benefit plans

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

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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:

	2018 (in thousand Baht)	2017 (in thousand Baht)
<i>Included in cost of sale of goods:</i>		
Changes in inventories of finished goods and work in progress	(60,497)	(119,322)
Raw materials and consumables used	3,474,492	3,219,813
Employee benefit expenses	610,562	599,660
Depreciation and amortisation	524,691	532,469
Utilities expenses	359,891	328,907
<i>Included in distribution costs:</i>		
Freight expenses	83,731	75,529
Employee benefit expenses	37,545	36,670
Depreciation and amortisation	1,512	1,307
<i>Included in administrative expenses:</i>		
Employee benefit expenses	128,090	133,861
Depreciation and amortisation	7,741	8,249

25 Finance costs

	Note (in thousand Baht)	2018	2017
<i>Interest expense:</i>			
Related party	4	2,132	3,238
Financial institutions	14	58	58
Total	<u>2,146</u>	<u>3,296</u>	<u>3,296</u>

26 Income tax expense

Income tax recognised in profit or loss

	Note (in thousand Baht)	2018	2017
<i>Current tax expense</i>			
Current year		175,113	193,505
<i>Deferred tax expense</i>			
Movements in temporary differences	10	(3,078)	(3,219)

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Total		172,035		190,286
<i>Income tax recognised in other comprehensive income</i>				

	2018 Before tax	2018 Tax (expense) benefit	Net of tax (in thousand Baht)	2017 Before tax	2017 Tax (expense) benefit	Net of tax
Defined benefit plan						
actuarial gain (losses)	34,350	(6,870)	27,480	9,038	(1,807)	7,231
Total	34,350	(6,870)	27,480	9,038	(1,807)	7,231

Reconciliation of effective tax rate

	2018 Rate (%) <i>(in thousand Baht)</i>	2018 2017 <i>(in thousand Baht)</i>	2017 Rate (%) <i>(in thousand Baht)</i>
Profit before income tax expense	891,701		974,025
Income tax using the Thai corporation tax rate	20	178,340	20
Income not subject to tax		(6,670)	
Expenses not deductible for tax purposes		307	
Others		58	
Total	20	172,035	20
			190,286

27 Earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 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:

	2018 <i>(in thousand Baht / thousand shares)</i>	2017 <i>(in thousand Baht / thousand shares)</i>
Profit attributable to ordinary shareholders of the Company	719,666	783,739
Number of ordinary shares outstanding	43,200	43,200
Basic earnings per share (<i>in Baht</i>)	16.66	18.14

28 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2018, the shareholders approved the appropriation of cash dividends of Baht 11 per share, amounting to Baht 475 million, which was paid to shareholders in May 2018.

At the annual general meeting of the shareholders of the Company held on 20 April 2017, the shareholders approved the appropriation of cash dividends of Baht 15 per share, amounting to Baht 648 million, which was paid to shareholders in May 2017.

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29 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 derivatives 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 0.22:1 in 2018 and 0.20:1 in 2017, 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:

	<i>Note</i>	<i>Effective interest rates (% per annum)</i>	<i>Within 1 year</i>	<i>Total (in thousand Baht)</i>
<i>2018</i>				
<i>Current</i>				
Loans from related party	4	1.30 - 1.79	200,000	200,000
Total			200,000	200,000
<i>2017</i>				
<i>Current</i>				
Loans from related party	4	1.35 - 1.40	56,000	56,000
Total			56,000	56,000

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Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales 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:

	2018 (in thousand Baht)	2017
<i>United States Dollars (USD)</i>		
Cash and cash equivalents	81,426	83,426
Trade accounts receivable	511,094	485,728
Trade accounts payable	<u>(114,262)</u>	<u>(123,888)</u>
	<u>478,258</u>	<u>445,266</u>
<i>Japanese Yen (YEN)</i>		
Cash and cash equivalents	162	188
Trade accounts receivable	79,609	60,801
Trade accounts payable	<u>(5,008)</u>	<u>(12,662)</u>
	<u>74,763</u>	<u>48,327</u>
<i>Australian Dollar (AUD)</i>		
Trade accounts receivable	53,229	39,656
Trade accounts payable	<u>-</u>	<u>(1,102)</u>
	<u>53,229</u>	<u>38,554</u>
<i>Others (HKD, EUR, CHF and GBP)</i>		
Trade accounts receivable	1,971	7,465
Trade accounts payable	<u>(8,451)</u>	<u>(16,018)</u>
	<u>(6,480)</u>	<u>(8,553)</u>
Gross statement of financial position exposure	<u>599,770</u>	<u>523,594</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.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values of financial assets and liabilities

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 are not materially different from the carrying amounts.

30 Commitments with non-related parties

	2018 (in thousand Baht)	2017
<i>Capital commitments</i>		
Contracted but not provided for:		
Factory, machinery and equipment	<u>99,650</u>	<u>120,994</u>
<i>Other commitments</i>		
Purchase orders accepted by suppliers		
Within one year	1,919,634	2,753,036
After one year but within five years	<u>1,096,933</u>	<u>1,324,990</u>
	<u>3,016,567</u>	<u>4,078,026</u>
Letter of credit	-	16,354
Bank guarantees	<u>31,799</u>	<u>25,799</u>
Total	<u>3,048,366</u>	<u>4,120,179</u>

Purchase orders accepted by suppliers

As at 31 December 2018, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 49,500 MT (2017: 55,400 MT), at the price as determined in purchase orders (*31 December 2017: at the price as determined in purchase orders*) that will be delivered during 2019 - 2020 (2017: 2018 - 2019).

31 Events after the reporting period

At the Board of Directors' meeting of the Company held on 18 February 2019, the Company's Board of Directors approved to purpose to the annual general meeting of shareholders of the Company for approval to appropriation of cash dividends of Baht 10 per share, amounting to Baht 432 million. The appropriation of dividend must be approved by shareholders's meeting of the Company.