

Alucon Public Company Limited

Interim financial statements
for the three-month period ended
31 March 2019

and

Independent Auditor's Report
on Review of Interim Financial Information

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Alucon Public Company Limited

I have reviewed the accompanying statement of financial position of Alucon Public Company Limited as at 31 March 2019; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2019; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standards 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
13 May 2019

Alucon Public Company Limited
Statement of financial position

Assets	<i>Note</i>	31 March 2019 (Unaudited)	31 December 2018
		<i>(in thousand Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		852,268	248,870
Trade accounts receivable	3, 4	1,045,225	1,079,094
Inventories	5	1,419,568	1,809,132
Refundable value added tax		9,469	33,283
Other current assets		18,865	12,370
Total current assets		<u>3,345,395</u>	<u>3,182,749</u>
<i>Non-current assets</i>			
Property, plant and equipment	6	3,515,797	3,548,477
Intangible assets		9,782	10,168
Deferred tax assets		35,280	38,784
Other non-current assets		310	312
Total non-current assets		<u>3,561,169</u>	<u>3,597,741</u>
Total assets		<u>6,906,564</u>	<u>6,780,490</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 March 2019 (Unaudited)	31 December 2018
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts		222	161
Trade accounts payable	3, 7	209,463	246,223
Contract liabilities		24,650	29,473
Other payables to and short-term loans from related parties	3	162,604	211,991
Other payables		174,312	148,708
Deferred income		4,819	5,786
Current tax payable		138,514	101,550
Current provisions for employee benefits		18,381	24,956
Total current liabilities		<u>732,965</u>	<u>768,848</u>
<i>Non-current liabilities</i>			
Deferred income		-	460
Non-current provisions for employee benefits		469,150	468,124
Total non-current liabilities		<u>469,150</u>	<u>468,584</u>
Total liabilities		<u>1,202,115</u>	<u>1,237,432</u>
<i>Equity</i>			
Share capital			
Authorised share capital		432,000	432,000
Issued and paid-up share capital		432,000	432,000
Share premium			
Share premium on ordinary shares		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		43,200	43,200
Unappropriated		4,975,249	4,813,858
Total equity		<u>5,704,449</u>	<u>5,543,058</u>
Total liabilities and equity		<u>6,906,564</u>	<u>6,780,490</u>

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

Alucon Public Company Limited
Statement of comprehensive income (Unaudited)

		Three-month period ended	
		31 March	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Revenue			
Revenue from sales of goods	3, 8	1,471,659	1,586,263
Other income		40,518	46,731
Total revenue		1,512,177	1,632,994
Expenses			
Costs of sale of goods	3, 5	1,230,705	1,371,694
Distribution costs	3	35,637	38,026
Administrative expenses	3	39,625	43,501
Net foreign exchange loss		3,528	16,614
Finance costs	3	813	169
Total expenses		1,310,308	1,470,004
Profit before income tax expense		201,869	162,990
Tax expense		40,478	32,681
Profit for the period		161,391	130,309
Other comprehensive income for the period		-	-
Total comprehensive income for the period		161,391	130,309
Basic earnings per share (in Baht)	9	3.74	3.02

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

Alucon Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>					
Three-month period ended					
31 March 2018					
Balance at 1 January 2018	432,000	254,000	43,200	4,541,912	5,271,112
Comprehensive income					
for the period					
Profit for the period	-	-	-	130,309	130,309
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period	-	-	-	130,309	130,309
Balance at 31 March 2018	432,000	254,000	43,200	4,672,221	5,401,421
Three-month period ended					
31 March 2019					
Balance at 1 January 2019	432,000	254,000	43,200	4,813,858	5,543,058
Comprehensive income					
for the period					
Profit for the period	-	-	-	161,391	161,391
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period	-	-	-	161,391	161,391
Balance at 31 March 2019	432,000	254,000	43,200	4,975,249	5,704,449

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

Alucon Public Company Limited
Statement of cash flows (Unaudited)

Three-month period ended
31 March
2019 2018
(in thousand Baht)

Cash flows from operating activities

Profit for the period	161,391	130,309
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	40,478	32,681
Finance costs	813	169
Depreciation	115,250	134,479
Amortisation of intangible assets	398	666
Provisions expense	11,748	11,888
Recognised deferred income	-1,427	-1,427
Unrealised (gain) loss on exchange	-2,198	7,861
Losses on inventories devaluation	1,539	1,274
Loss on disposal of equipment	78	-
Interest income	-117	-56
	<u>327,953</u>	<u>317,844</u>

Changes in operating assets and liabilities

Trade accounts receivable	36,529	-159,014
Inventories	388,025	102,323
Refundable value added tax	23,814	-2,664
Other current assets	-6,379	144
Other non-current assets	2	-13
Trade accounts payable	-37,205	-33,783
Contract liabilities	-4,823	-356
Other payables to related parties	124	2,070
Other payables	36,676	41,310
Provisions for employee benefits	-17,297	-12,824
Net cash generated from operating	<u>747,419</u>	<u>255,037</u>
Taxes paid	-10	-22
Net cash from operating activities	<u>747,409</u>	<u>255,015</u>

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

Alucon Public Company Limited
Statement of cash flows (Unaudited)

Three-month period ended
31 March
2019 2018
(in thousand Baht)

Cash flows from investing activities

Proceeds from sale of property, plant and equipment	614	-
Acquisition of property, plant and equipment	(94,182)	-70,684
Acquisition of intangible assets	(181)	-
Interest received	1	3
Net cash used in investing activities	<u>-93,748</u>	<u>-70,681</u>

Cash flows from financing activities

Increase (decrease) in bank overdrafts	61	-2,299
Repayment of short-term loans from related party	-50,000	-56,000
Interest paid	-324	-634
Net cash used in financing activities	<u>-50,263</u>	<u>-58,933</u>

Net increase in cash and cash equivalents	603,398	125,401
Cash and cash equivalents at 1 January 2019	248,870	201,907
Cash and cash equivalents at 31 March	<u>852,268</u>	<u>327,308</u>

Non-cash transaction

During the period ended 31 March 2019, the Company acquired plant and equipment totalling Baht 83 million (2018: Baht 86 million) in which cash payments of Baht 94 million (2018: Baht 71 million) were made to purchase plant and equipment.

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

Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai 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 13 May 2019.

1 General information

Alucon Public Company Limited, “the Company”, is incorporated in Thailand and has its registered head office at 500 Moo 1, Soi Sirikam, Sukhumvit 72 Road, North Samrong, Muang, Samut Prakarn. Another plant at Chonburi is located at 272/5, Moo 3, Bor Win, Sriracha, Chonburi.

The Company was listed on the Stock Exchange of Thailand in November 1989 and converted to a public company in May 1994.

The parent company during the financial period was Takeuchi Press Industries Company Limited, incorporated in Japan, who 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 interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2018) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2019.

The primary change is that the Company has initially adopted TFRS 15 Revenue from Contracts with Customers (“TFRS 15”), which replaced TAS 18 Revenue (“TAS 18”) and related interpretations.

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Under TFRS 15, the Company recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Company recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

For a number of new and revised TFRS which are not yet effective for current period, the Company has not early adopted these standards in preparing these interim financial statements before the effective date. Those new and revised TFRS that are relevant to the Company's operations are disclosed in note 12.

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

The preparation of interim 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.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

3 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 Key management personnel	Japan	Parent, 66.91% shareholding Person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sales 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
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
Interest expense	1.30 - 1.79% per annum in 2019 and 1.25 - 1.40% per annum in 2018

Significant transactions for the three-month period ended 31 March with related parties were as follows:

Three-month period ended 31 March	2019	2018
	<i>(in thousand Baht)</i>	
Parent		
Sales of goods	332,139	317,961
Purchase of raw materials and spare parts	2,264	2,504
License fee	5,308	5,227
Commission expenses	650	687
Other expenses	105	33
Interest expense	812	169
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	13,400	15,745
Post-employment benefits	336	338
Total key management personnel compensation	13,736	16,083

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Balances as at 31 March 2019 and 31 December 2018 with related parties were as follows:

Trade account receivable - related party

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>78,997</u>	<u>79,609</u>

Trade account payable - related party

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>-</u>	<u>33</u>

Other payable to and short-term loans from related party

	Interest rate		31 March 2019	31 December 2018
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	1.79	1.30 - 1.79	150,000	200,000
<i>Accrued license fee</i>				
Parent				
Takeuchi Press Industries Company Limited			5,308	6,059
<i>Accrued commission payable</i>				
Parent				
Takeuchi Press Industries Company Limited			650	755
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited			912	423
<i>Accrued management's remuneration and other benefits</i>				
Key management personnel			<u>5,734</u>	<u>4,754</u>
Total			<u>162,604</u>	<u>211,991</u>

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Movements during the three-month periods ended 31 March of short-term loans from related party were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Short-term loans		
Parent		
At 1 January	200,000	56,000
Decrease	<u>(50,000)</u>	<u>(56,000)</u>
At 31 March	<u>150,000</u>	<u>-</u>

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 rights to sell the products. The Company is committed to pay a license and commission fee as indicated in the 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

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>2,717</u>	<u>2,254</u>

Significant memorandum of understanding

On 11 February 2019, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 7,000 MT for the production of aluminum monobloc aerosol cans and collapsible tubes for a period from April 2019 to March 2020.

4 Trade accounts receivable

	<i>Note</i>	31 March 2019	31 December 2018
		<i>(in thousand Baht)</i>	
Related party	3	78,997	79,609
Other parties		<u>966,228</u>	<u>999,485</u>
Total		<u>1,045,225</u>	<u>1,079,094</u>
Current		<u>1,045,225</u>	<u>1,079,094</u>
Total		<u>1,045,225</u>	<u>1,079,094</u>

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Aging analyses for trade accounts receivable were as follows:

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	78,997	79,609
	<u>78,997</u>	<u>79,609</u>
Other parties		
Within credit terms	830,569	816,810
Overdue:		
Less than 3 months	135,043	182,328
3-6 months	616	347
	<u>966,228</u>	<u>999,485</u>
Total	<u>1,045,225</u>	<u>1,079,094</u>

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

5 Inventories

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Finished goods	241,055	278,060
Work in progress	239,675	157,797
Raw materials	609,338	927,806
Spare parts	231,255	228,863
Goods in transit	103,657	220,479
Total	1,424,980	1,813,005
Less allowance for decline in value	(5,412)	(3,873)
Net	<u>1,419,568</u>	<u>1,809,132</u>
	2019	2018
Inventories recognised as an expense in ‘cost of sales of goods’ for the three-month periods ended 31 March:		
- Costs	1,229,166	1,370,420
- Write-down to net realisable value	1,539	1,274
Total	<u>1,230,705</u>	<u>1,371,694</u>

Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

6 Property, plant and equipment

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

<i>Three-month period ended 31 March</i>	2019		2018	
	Acquisitions and transfers - at cost	Disposals - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers - at cost	Disposals - net book value
Land and land improvement	967	-	-	-
Building and building improvement	40,370	-	16,654	-
Machinery and equipment	33,749	(693)	166,264	-
Office equipment	294	-	13	-
Vehicles	-	-	673	-
Spare parts	996	-	1,030	-
Construction in progress	6,887	-	(98,146)	-
Total	83,263	(693)	86,488	-

7 Trade accounts payable

	Note	31 March 2019	31 December 2018
<i>(in thousand Baht)</i>			
Related party	3	-	33
Other parties		209,463	246,190
Total		209,463	246,223
Current		209,463	246,223
Total		209,463	246,223

8 Segment information and revenue

The Company has two reportable segments. The following summary describes the operations in each of the Company's reportable segments.

<i>Segment 1</i>	Can and tube
<i>Segment 2</i>	Slug

The Company's operations and main revenue streams are described in the last annual financial statements. The Company's main revenue is derived from contracts with customers and recognised at a point in time.

Alucon Public Company Limited
Notes to the interim financial statements
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Information about reportable segments and disaggregation of revenue

<i>Three-month period ended 31 March</i>	Segment 1		Segment 2		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Revenues from sales	<u>896,142</u>	<u>882,042</u>	<u>575,517</u>	<u>704,221</u>	<u>1,471,659</u>	<u>1,586,263</u>
Gross Profit	<u>200,412</u>	<u>175,828</u>	<u>40,542</u>	<u>38,741</u>	<u>240,954</u>	<u>214,569</u>
Unallocated revenues					40,518	46,731
Unallocated expenses					(78,790)	(98,141)
Finance costs					(813)	(169)
Profit before income tax					<u>201,869</u>	<u>162,990</u>

Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Trade accounts receivable	1,045,225	1,079,094
Contract liabilities		
- Current	24,650	29,473

The contract liabilities primarily relate to the advance consideration received from customers for sales of goods. The Company recognises such contract liabilities as revenue when transferring control of the goods to the customers.

9 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month periods ended 31 March</i>	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the period attributable to shareholders of the Company	<u>161,391</u>	<u>130,309</u>
Number of ordinary shares outstanding	<u>43,200</u>	<u>43,200</u>
Basic earnings per share (in Baht)	<u>3.74</u>	<u>3.02</u>

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10 Commitments with non-related parties

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Contracted but not provided for:		
Factory, machinery and equipment	<u>42,683</u>	<u>99,650</u>
<i>Other commitments</i>		
Purchase orders accepted by suppliers		
Within one year	2,022,747	1,919,634
After one year but within five years	<u>820,033</u>	<u>1,096,933</u>
	<u>2,842,780</u>	<u>3,016,567</u>
Bank guarantees	<u>31,799</u>	<u>31,799</u>
Total	<u>2,874,579</u>	<u>3,048,366</u>

Bank guarantee

As at 31 March 2019, the Company had commitment with a local bank for letters of guarantee issued in favour of the Company to the Metropolitan Electricity Authority and the Provincial Electricity Authority totaling Baht 32 million (*31 December 2018: Baht 32 million*).

Purchase orders accepted by suppliers

As at 31 March 2019, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot for a total quantity of 46,800 MT (*31 December 2018: 49,500 MT*), at the price as determined in purchase orders (*31 December 2018: at the price as determined in purchase orders*) that will be delivered during 2019 to 2020 (*31 December 2018: 2019 to 2020*).

11 Events after the reporting period

At the annual general meeting of the shareholders of the Company held on 18 April 2019, the shareholders approved the appropriation of cash dividends of Baht 10 per share, amounting to Baht 432 million, which will be paid to shareholders in May 2019.

On 5 April 2019, the Labor Protection Act was amended 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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised during the three-month and six-month periods ended 30 June 2019 will increase by an amount of Baht 23 million.

Alucon Public Company Limited
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12 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRSs 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 Company's financial statements.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the Company's financial statements.