

Alucon Public Company Limited

Annual financial statements
and
Audit Report of Certified Public Accountant

For the years ended
31 December 2011 and 2010

Audit Report of Certified Public Accountant

To the Shareholders of Alucon Public Company Limited

I have audited the accompanying statements of financial position of Alucon Public Company Limited as at 31 December 2011 and 2010, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Alucon Public Company Limited as at 31 December 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Financial Reporting Standards.

As explained in notes 2 and 3 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The Company's financial statements for the year ended 31 December 2010 have been restated accordingly.

(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2012

Alucon Public Company Limited

Statements of financial position

As at 31 December 2011 and 2010

Assets	Note	2011	2010 (Restated)
<i>(in Baht)</i>			
<i>Current assets</i>			
Cash and cash equivalents	6	184,527,568	248,874,365
Trade accounts receivable	5, 7	758,433,615	618,715,878
Inventories	8	817,091,209	695,964,887
Refundable value added tax		23,166,161	32,663,327
Other current assets		12,569,916	8,183,350
Total current assets		1,795,788,469	1,604,401,807
<i>Non-current assets</i>			
Property, plant and equipment	5, 9, 12	3,165,893,528	2,803,915,296
Intangible assets	10	11,982,504	11,431,268
Deferred tax assets	11	70,096,157	98,795,186
Other non-current assets		248,800	238,800
Total non-current assets		3,248,220,989	2,914,380,550
Total assets		5,044,009,458	4,518,782,357

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

Alucon Public Company Limited

Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	2011	2010 (Restated)
		<i>(in Baht)</i>	
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	12	171,477,970	158,581,168
Trade accounts payable	5, 13	283,382,961	180,022,974
Current portion of long-term loans			
from financial institutions	12	-	84,829,640
Other payables to and short-term loans			
from related parties	5, 12	780,297,040	532,904,970
Current portion of long-term loans from			
and accrued interest payable to related party	5, 12	61,501,028	-
Other payables and accrued expenses	14	170,312,104	116,758,705
Income tax payable		110,090,991	106,999,239
Other current liabilities	15	21,971,397	25,892,629
Total current liabilities		1,599,033,491	1,205,989,325
Non-current liabilities			
Long-term loans from and accrued interest			
payable to related party	5, 12	10,300,205	70,451,233
Deferred income	16	46,777,874	52,563,684
Employee benefit obligations	17	342,798,754	318,097,100
Total non-current liabilities		399,876,833	441,112,017
Total liabilities		1,998,910,324	1,647,101,342
Equity			
Share capital	18		
Authorised share capital		432,000,000	432,000,000
Issued and paid-up share capital		431,999,860	431,999,860
Additional paid-in capital			
Premium on ordinary shares	18	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	19	43,200,000	43,200,000
Unappropriated		2,315,899,274	2,142,481,155
Total equity		3,045,099,134	2,871,681,015
Total liabilities and equity		5,044,009,458	4,518,782,357

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

Alucon Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

	<i>Note</i>	2011	2010 (Restated) (in Baht)
<i>Income</i>			
Revenue from sale of goods	5, 20, 29	4,567,189,591	4,057,556,204
Net foreign exchange gain		26,307,036	-
Other income	21	141,727,512	113,457,632
Total income		4,735,224,139	4,171,013,836
<i>Expenses</i>			
Cost of sale of goods	5, 8	3,759,203,694	3,103,012,970
Selling expenses	5, 22	108,330,853	155,519,080
Administrative expenses	23	86,092,863	73,525,804
Key management personnel compensation	5, 24	65,971,377	65,734,203
Net foreign exchange loss		-	3,463,671
Finance costs	5, 26	18,804,429	14,504,156
Total expenses	25	4,038,403,216	3,415,759,884
Profit before income tax expense		696,820,923	755,253,952
Income tax expense	27	242,602,895	211,669,369
Profit and total comprehensive income for the year	20	454,218,028	543,584,583
Basic earnings per share	28	10.51	12.58

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

Alucon Public Company Limited

Statements of changes in equity

For the years ended 31 December 2011 and 2010

		Issued and	Additional	Retained earnings		Total
		paid-up	paid-in capital	Legal	Unappropriated	equity
	Note	share capital	Premium on ordinary shares	reserve (in Baht)		
Balance at 1 January 2010		288,000,000	254,000,000	28,800,000	1,917,424,432	2,488,224,432
Profit and total comprehensive income for the year		-	-	-	543,584,583	543,584,583
Appropriated to legal reserve		-	-	14,400,000	(14,400,000)	-
Stock dividends	30	143,999,860	-	-	(143,999,860)	-
Dividends	30	-	-	-	(160,128,000)	(160,128,000)
Balance at 31 December 2010 and 1 January 2011		431,999,860	254,000,000	43,200,000	2,142,481,155	2,871,681,015
Profit and total comprehensive income for the year		-	-	-	454,218,028	454,218,028
Dividends	30	-	-	-	(280,799,909)	(280,799,909)
Balance at 31 December 2011		431,999,860	254,000,000	43,200,000	2,315,899,274	3,045,099,134

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

Alucon Public Company Limited

Statements of cash flows

For the years ended 31 December 2011 and 2010

	<i>Note</i>	2011	2010 (Restated)
			<i>(in Baht)</i>
<i>Cash flows from operating activities</i>			
Profit for the year		454,218,028	543,584,583
<i>Adjustments for</i>			
Depreciation		388,341,620	332,334,364
Amortisation of intangible assets		1,654,783	1,460,660
Recognised deferred income		(5,785,810)	(5,294,412)
Interest income		(1,040,629)	(797,493)
Finance costs		18,804,429	14,504,156
Unrealised loss (gain) on exchange		6,845,195	(12,893,030)
Provision for loss from devaluation of inventories		556,080	1,269,937
Loss (gain) on disposal of plant and equipment		3,712,175	(5,888,382)
Income tax expense		242,602,895	211,669,369
		<u>1,109,908,766</u>	<u>1,079,949,752</u>
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(130,825,507)	(109,755,794)
Inventories		(145,054,400)	(227,635,174)
Refundable value added tax		9,497,166	(11,478,207)
Other current assets		(4,395,798)	(2,061,158)
Other non-current assets		(10,000)	-
Trade accounts payable		101,589,832	106,295,054
Other payables to related parties		2,856,107	(454,666)
Other payables and accrued expenses		(6,351,708)	(7,411,604)
Other current liabilities		(3,921,232)	1,768,854
Employee benefit obligations		24,701,654	18,053,963
Cash generated from operating activities		957,994,880	847,271,020
Income tax paid		(210,812,114)	(235,096,872)
Net cash from operating activities		747,182,766	612,174,148

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

Alucon Public Company Limited

Statements of cash flows

For the years ended 31 December 2011 and 2010

	<i>Note</i>	2011	2010 (Restated) (in Baht)
<i>Cash flows from investing activities</i>			
Interest received		1,049,861	799,695
Purchase of plant and equipment		(666,150,772)	(576,489,436)
Interest paid for plant and equipment		(4,242,329)	-
Sale of plant and equipment		1,476,748	8,637,194
Purchase of intangible assets		(2,206,019)	(225,974)
Net cash used in investing activities		(670,072,511)	(567,278,521)
<i>Cash flows from financing activities</i>			
Finance costs paid		(14,762,605)	(15,485,908)
Dividends paid		(280,799,909)	(160,128,000)
(Decrease) increase in bank overdrafts and short-term loans from financial institutions		(1,064,898)	810,276
Proceeds from short-term loans from related party		240,000,000	150,000,000
Repayment of long-term loans from financial institutions		(84,829,640)	(134,067,200)
Proceeds from long-term loans from related party		-	70,000,000
Net cash used in financing activities		(141,457,052)	(88,870,832)
Net decrease in cash and cash equivalents		(64,346,797)	(43,975,205)
Cash and cash equivalents at 1 January	6	248,874,365	292,849,570
Cash and cash equivalents at 31 December	6	184,527,568	248,874,365

Non-cash transaction

During the year ended 31 December 2011, the Company acquired plant and equipment totalling Baht 732 million (2010: Baht 620 million), cash payments of Baht 670 million (2010: Baht 576 million) were made to purchase plant and equipment. During the year ended 31 December 2010, the Company paid the stock dividends of Baht 144 million.

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

Alucon Public Company Limited
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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Alucon Public Company Limited
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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 23 February 2012.

1 General information

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

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

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

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

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Company’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 18 (revised 2009)	Revenue
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures

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TFRS	Topic
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets

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

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. The revised TFRS is disclosed in note 33.

(b) *Basis of measurement*

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

(c) *Presentation currency*

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

(d) *Use of estimates and judgements*

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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

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3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of revised TFRS as set out in note 2, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for borrowing costs

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

(b) Presentation of financial statements

The Company has adopted TAS 1 Presentation of Financial Statements (revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Company presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for property, plant and equipment

The Company has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

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The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively; however, these costs had no significant impact. The changes have had the following impact on the 2011 financial statements:

	2011 (in thousand Baht)
Statement of comprehensive income for the year ended 31 December	
Increase in depreciation charge resulting in increase in:	
Cost of sales	(5,263)
Decrease in profit before income tax expense	(5,263)
Decrease in income tax expense	1,579
Decrease in profit	(3,684)
 Decrease in basic earnings per share (in Baht)	 (0.09)

(d) Accounting for borrowing costs

The Company has adopted TAS 23 (revised 2009) Borrowing Costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Company's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

4 Significant accounting policies

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

(a) Foreign currencies transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(b) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. Gains and losses from commodity price swap agreement used to hedge anticipated future commodity purchases are recognised when the forecasted transaction occurs.

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(c) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) *Inventories*

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

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

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

(f) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Subsequent costs

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

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Depreciation

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

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

Land improvement	3 and 5	years
Buildings and building improvement	20 and 30	years
Machinery and equipment	2 - 10	years
Office equipment	5	years
Vehicles	5	years

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

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

(g) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

(h) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(k) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

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

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

(l) Provisions

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

(m) Revenue

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

Sale of goods

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

Interest and other income

Interest and other income are recognised in the statement of income as they accrue.

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(n) Finance costs

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

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

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

5 Related parties

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

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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, 66.40% shareholding
Key management personnel		Person having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the company.

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

Transactions	Pricing policies
Revenue from sale of goods	The market price or the price based on the memorandum of understanding. The selling price structure with the parent company is based on the actual cost incurred plus gross margin rate including the consideration of size, sale volume, country and transportation.
Purchase of raw materials and spare parts	The market price
Purchase of machinery and equipment	The market price/the invoice price
Interest expense	1.25-3.25% per annum in 2011 and 1.25-2.25% per annum in 2010
License fee	Percentage of sales amount as determined in an agreement.
Commission expenses	Percentage of sales amount as determined in an agreement.
Key management personnel compensation	Amount approved by the directors and / or the shareholders.

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	2011	2010
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	1,049,337	932,333
Purchase of raw materials and spare parts	11,400	10,391
Purchase of machinery and equipment	25,835	14,293
Interest expense (included capitalise as the cost of asset)	18,135	6,327
License fee	3,208	-
Commission expenses	593	210
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	62,371	59,874
Post-employment benefits	3,600	5,860
Total	65,971	65,734

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Balances as at 31 December 2011 and 2010 with related parties were as follows:

Trade account receivable from related party

	2011 (in thousand Baht)	2010 (in thousand Baht)
Parent		
Takeuchi Press Industries Company Limited	<u>53,119</u>	<u>69,022</u>

Trade account payable to related party

	2011 (in thousand Baht)	2010 (in thousand Baht)
Parent		
Takeuchi Press Industries Company Limited	<u>128</u>	<u>1,475</u>

Other payable to and short-term loans from related parties

	Interest rate 2011 (% per annum)	2010 (% per annum)	2011 (in thousand Baht)	2010 (in thousand Baht)
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	2.50 - 3.25	1.25 - 2.00	767,295	527,295
<i>Other payables</i>				
Parent				
Takeuchi Press Industries Company Limited			2,252	-
<i>Accrued commission payable</i>				
Parent				
Takeuchi Press Industries Company Limited			86	50
<i>Accrued license fee</i>				
Parent				
Takeuchi Press Industries Company Limited			1,097	-
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited			6,242	2,026
<i>Accrued management's remuneration and other benefits</i>				
Key management personnel			<u>3,325</u>	<u>3,534</u>
Total			<u>780,297</u>	<u>532,905</u>

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Movements during the years ended 31 December 2011 and 2010 of short-term loans from related party were as follows:

	2011 (in thousand Baht)	2010
Short-term loans		
Parent		
At 1 January	527,295	377,295
Increase	240,000	150,000
At 31 December	767,295	527,295

Current portion of long-term loans from and accrued interest payable to related party

	Interest rate 2011 2010 (% per annum)	2011 (in thousand Baht)	2010
Current portion of long-term loans			
Parent			
Takeuchi Press Industries Company Limited	1.75 - 2.00 -	60,000	-
Accrued interest expense			
Parent			
Takeuchi Press Industries Company Limited		1,501	-
Total		61,501	-

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

	Interest rate 2011 2010 (% per annum)	2011 (in thousand Baht)	2010
Long-term loans			
Parent			
Takeuchi Press Industries Company Limited	1.75 - 2.25 1.75 - 2.25	70,000	70,000
Accrued interest expense			
Parent			
Takeuchi Press Industries Company Limited		1,801	451
Total		71,801	70,451
Less current portion		(61,501)	-
Net		10,300	70,451

Movements during the years ended 31 December 2011 and 2010 of long-term loans from related party were as follows:

	2011 (in thousand Baht)	2010
Long-term loans		
Parent		
At 1 January	70,000	-
Increase	-	70,000
At 31 December	70,000	70,000

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

Significant agreement with related party

Technical license agreement

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

Commitments for purchase of raw materials and spare parts

	2011	2010
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>1,719</u>	<u>25,384</u>

Significant memorandum of understanding

On 2 February 2010, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 5,000 MT for the production of aluminum monobloc aerosol cans and collapsible tubes for a period from April 2010 to March 2011.

Subsequently, on 9 February 2011, the Company entered into a new memorandum of understanding to supply aluminium slugs in quantity about of 5,000 MT for a period from April 2011 to March 2012.

6 Cash and cash equivalents

	2011	2010
	<i>(in thousand Baht)</i>	
Cash on hand	58	118
Cash at banks - current accounts	11,625	3,335
Cash at banks - saving accounts	139,084	217,651
Cash at banks - fixed accounts	23	23
Cheques in transit	<u>33,738</u>	<u>27,747</u>
Total	<u>184,528</u>	<u>248,874</u>

Cheques in transit

As at 31 December 2011, cheques in transit have been able to subsequently collect all amounts within 6 January 2012 (2010: 5 January 2011).

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

	2011	2010
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	91,110	121,669
United States Dollars (USD)	62,298	87,224
Japanese Yen (YEN)	31,120	39,981
Total	184,528	248,874

7 Trade accounts receivable

	Note	2011	2010
		<i>(in thousand Baht)</i>	
Related party	5	53,119	69,022
Other parties		711,260	555,639
		764,379	624,661
Less allowance for doubtful accounts		(5,945)	(5,945)
Net		758,434	618,716
Doubtful debts expense for the year		-	-

Aging analyses for trade accounts receivable were as follows:

	2011	2010
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	53,119	69,022
	53,119	69,022
Other parties		
Within credit terms	558,162	440,763
Overdue:		
Less than 3 months	146,101	108,898
3 - 6 months	1,050	33
Over 12 months	5,947	5,945
	711,260	555,639
Less allowance for doubtful accounts	(5,945)	(5,945)
Net	705,315	549,694
Total	758,434	618,716

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

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

	2011	2010
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	349,310	223,269
United States Dollars (USD)	318,224	247,120
Japanese Yen (YEN)	53,119	69,022
Australian Dollars (AUD)	27,068	20,553
Pound Sterling (GBP)	7,643	62,428
Others (HKD and SGD)	9,015	2,269
Total	764,379	624,661

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8 Inventories

	2011	2010
	<i>(in thousand Baht)</i>	
Finished goods	159,408	99,925
Work in progress	199,474	97,199
Raw materials	154,458	275,753
Packing materials	1,699	7,318
Spare parts	108,124	108,805
Goods in transit	196,838	109,319
	<u>820,001</u>	<u>698,319</u>
<i>Less allowance for decline in value</i>	<i>(2,910)</i>	<i>(2,354)</i>
Net	<u>817,091</u>	<u>695,965</u>
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	3,758,648	3,102,801
- Write-down to net realisable value	<u>556</u>	<u>212</u>
Total	<u>3,759,204</u>	<u>3,103,013</u>

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9 Property, plant and equipment

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Office equipment (in thousand Baht)	Vehicles	Spare parts	Asstes under construction	Total
Cost								
At 1 January 2010	176,704	977,208	2,860,929	16,842	30,494	-	516,831	4,579,008
Additions	-	7,633	25,720	1,591	4,823	-	580,441	620,208
Transfers	-	32,973	719,565	-	-	-	(752,538)	-
Disposals	-	(9,986)	(15,605)	(253)	(2,910)	-	-	(28,754)
At 31 December 2010 and 1 January 2011	176,704	1,007,828	3,590,609	18,180	32,407	-	344,734	5,170,462
Additions	789	9,537	68,694	1,225	-	-	651,906	732,151
Transfers	-	193,900	483,220	-	-	23,372	(677,120)	23,372
Disposals	-	-	(125,581)	(1,099)	(3,533)	-	-	(130,213)
At 31 December 2011	177,493	1,211,265	4,016,942	18,306	28,874	23,372	319,520	5,795,772
Depreciation								
At 1 January 2010	-	414,927	1,613,181	12,650	19,460	-	-	2,060,218
Depreciation charge for the year	-	45,760	281,124	1,804	3,646	-	-	332,334
Disposals	-	(7,634)	(15,208)	(253)	(2,910)	-	-	(26,005)
At 31 December 2010 and 1 January 2011	-	453,053	1,879,097	14,201	20,196	-	-	2,366,547
Depreciation charge for the year	45	36,626	346,326	1,424	3,921	-	-	388,342
Disposals	-	-	(120,386)	(1,092)	(3,533)	-	-	(125,011)
At 31 December 2011	45	489,679	2,105,037	14,533	20,584	-	-	2,629,878
Net book value								
At 1 January 2010	176,704	562,281	1,247,748	4,192	11,034	-	516,831	2,518,790
At 31 December 2010 and 1 January 2011	176,704	554,775	1,711,512	3,979	12,211	-	344,734	2,803,915
At 31 December 2011	177,448	721,586	1,911,905	3,773	8,290	23,372	319,520	3,165,894

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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 2011 amounted to Baht 501 million (2010: Baht 516 million).

Security

At 31 December 2010, the Company's land and structures thereon with a net book value of Baht 37.7 million are mortgaged as collateral for credit facilities from financial institutions of Baht 27 million (see note 12).

Assets under construction

As at 31 December 2011, the Company is in process of constructing a new factory which has an estimated cost of approximately Baht 219 million (2010: Baht 752 million). The cost incurred up to 31 December 2011 amounted to approximately Baht 145 million (2010: Baht 290 million).

Capitalised borrowing costs relating to the construction of a new factory amounted to Baht 5.1 million (2010: Baht 1.3 million), with a capitalization rate of 1.75% - 3.25% (2010: 1.25% - 2.25%).

10 Intangible assets

	Software licence (in thousand Baht)
<i>Cost</i>	
At 1 January 2010	15,640
Additions	226
At 31 December 2010 and 1 January 2011	15,866
Additions	2,206
At 31 December 2011	18,072
<i>Amortisation</i>	
At 1 January 2010	2,974
Amortisation charge for the year	1,461
At 31 December 2010 and 1 January 2011	4,435
Amortisation charge for the year	1,654
At 31 December 2011	6,089
<i>Net book value</i>	
At 1 January 2010	12,666
At 31 December 2010 and 1 January 2011	11,431
At 31 December 2011	11,983

11 Deferred tax

Deferred tax assets and liability as at 31 December 2011 and 2010 were as follows:

	2011 (in thousand Baht)	2010
Deferred tax assets	75,772	107,294
Deferred tax liability	(5,676)	(8,499)
Net	70,096	98,795

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

	At 1 January 2011	(Charged) / credited to Statement of income (Note 27) (in thousand Baht)	At 31 December 2011
<i>Deferred tax assets</i>			
Accounts receivable (doubtful accounts)	1,784	(595)	1,189
Inventories (allowance for decline in value)	706	(37)	669
Employee benefit obligations	89,035	(24,650)	64,385
Deferred income	15,769	(6,240)	9,529
Total	107,294	(31,522)	75,772
<i>Deferred tax liability</i>			
Property, plant and equipment (depreciation gap)	(8,499)	2,823	(5,676)
Total	(8,499)	2,823	(5,676)
Net	98,795	(28,699)	70,096
	At 1 January 2010	(Charged) / credited to Statement of income (Note 27) (in thousand Baht)	At 31 December 2010
<i>Deferred tax assets</i>			
Accounts receivable (doubtful accounts)	1,784	-	1,784
Inventories (allowance for decline in value)	325	381	706
Employee benefit obligations	84,152	4,883	89,035
Deferred income	17,357	(1,588)	15,769
Total	103,618	3,676	107,294
<i>Deferred tax liability</i>			
Property, plant and equipment (depreciation gap)	(7,527)	(972)	(8,499)
Total	(7,527)	(972)	(8,499)
Net	96,091	2,704	98,795

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12 Interest-bearing liabilities

	<i>Note</i>	2011 <i>(in thousand Baht)</i>	2010
<i>Current</i>			
Bank overdrafts			
unsecured		8	871
Short-term loans from financial institutions			
unsecured		171,470	157,710
Bank overdrafts and short-term loans from financial institutions		171,478	158,581
Current portion of long-term loans from financial institutions			
secured		-	36,356
unsecured		-	48,474
		-	84,830
Current portion of long-term loans from related party			
unsecured	5	60,000	-
Current portion of long-term loans		60,000	84,830
Short-term loans from related parties			
unsecured	5	767,295	527,295
Total current interest-bearing liabilities		998,773	770,706
<i>Non-current</i>			
Long-term loans from related party			
unsecured	5	10,000	70,000
Total non-current interest-bearing liabilities		10,000	70,000

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

	2011 <i>(in thousand Baht)</i>	2010
Within one year	998,773	770,706
After one year but within five years	10,000	70,000
Total	1,008,773	840,706

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	2011 <i>(in thousand Baht)</i>	2010
Property and plant	-	27,000

As at 31 December 2010, three title deeds of land including structures, which are presently and/or will be subsequently constructed in the future were mortgaged as collateral for bank overdrafts and short-term loans from financial institutions totaling Baht 27 million. On 30 March 2011, the Company repaid the final instalment and redeemed the mortgaged assets under the term loan.

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On 19 March 2008, the Company entered into an unsecured long-term loan agreement from a foreign commercial bank-domestic branch to be used to finance the purchase of machinery in the amount of USD 4 million. Principal is repayable in five equal semi-annual installments of USD 0.8 million each within 3.5 years. The first repayment was on 21 September 2009 and the final repayment is due on 19 September 2011. Interest is charged semi-annually at the rate of 2.90% per annum. The first interest period commenced on 19 September 2008.

On 24 March 2008, the Company entered into a secured long-term loan agreement from a foreign commercial bank-domestic branch to be used to finance the purchase of machinery in the amount of USD 6 million. Principal is repayable in five equal semi-annual installments of USD 1.2 million each within 3 years. The first repayment was on 24 March 2009 and the final repayment is due on 24 March 2011. Interest is charged semi-annually at the rate of 2.80% per annum. The first interest period commenced on 24 September 2008.

Such agreements contain certain restrictions, among other things, status of Company, failure to perform under the term of agreement, litigation and maintaining financial ratio covenants. Further, the agreements contain certain events of default if, among other events, the Company fails to make payment on the due dates, fails to perform other obligations, or there is a material adverse change that, in the opinion of the lender, is likely to affect the Company's ability to comply with the terms of the agreement. In case of the occurrence of an event of default, the lender is entitled to declare the loan immediately due.

As at 31 December 2011, the Company had unutilised credit facilities of approximately Baht 3,145 million (2010: 2,580 million).

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

	2011	2010
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	837,303	598,166
United States Dollars (USD)	47,748	130,274
Japanese Yen (YEN)	123,722	112,266
Total	1,008,773	840,706

13 Trade accounts payable

	Note	2011	2010
		<i>(in thousand Baht)</i>	
Related party	5	128	1,475
Other parties		283,255	178,548
Total		283,383	180,023

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

	2011	2010
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	78,632	68,816
United States Dollars (USD)	170,511	93,964
Japanese Yen (YEN)	22,809	15,829
Others (CHF, AUD and EUR)	11,431	1,414
Total	283,383	180,023

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14 Other payables and accrued expenses

	2011	2010
	<i>(in thousand Baht)</i>	
Other payables	81,301	51,802
Construction payable	60,616	42,433
Accrued operating expenses	28,395	22,524
Total	170,312	116,759

15 Other current liabilities

	2011	2010
	<i>(in thousand Baht)</i>	
Advances received from customers	7,292	13,211
Accrued withholding tax payable	13,013	11,160
Accrued social fund	1,666	1,522
Total	21,971	25,893

16 Deferred income

Deferred income represents a contribution of approximately Baht 57.8 million received by the Company from a major customer as an unconditional subsidy in respect of the cost of a new production line that the Company is required to undertake in order to facilitate the management of incoming purchase orders from this customer and to meet the customer's specific production requirements. This contribution is presented as "deferred income" under non-current liabilities in the balance sheet and will be recognised as income in the statement of income 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.

17 Employee benefit obligations

	2011	2010
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	263,775	244,465
Other long-term employee benefits	30,693	29,358
Provident fund	48,331	44,274
Total	342,799	318,097

	2011	2010
	<i>(in thousand Baht)</i>	
Year ended 31 December		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	29,852	28,303
Other long-term employee benefits	5,213	(995)
Provident fund	3,766	5,656
Total	38,831	32,964

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The Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

	2011 (in thousand Baht)	2010 (in thousand Baht)
Present value of unfunded obligation	294,468	273,823

Movement in the present value of the defined benefit obligations

	2011 (in thousand Baht)	2010 (in thousand Baht)
Defined benefit obligations at 1 January	273,823	261,730
Benefits paid by the plan	(14,420)	(15,215)
Current service costs and interest	35,048	33,988
Actuarial (gain) loss	17	(6,680)
Defined benefit obligations at 31 December	294,468	273,823

Expense recognised in profit or loss (note 24)

	2011 (in thousand Baht)	2010 (in thousand Baht)
Current service costs	23,410	20,901
Interest on obligation	11,638	13,087
Actuarial (gain) loss	17	(6,680)
Total	35,065	27,308

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

	2011 (in thousand Baht)	2010 (in thousand Baht)
Cost of sales	26,607	16,287
Selling expenses	1,148	1,222
Administrative expenses	7,310	9,799
Total	35,065	27,308

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

	2011	2010
Discount rate (%)	4.25	4.25
Future salary increases (%)	4	4
Retirement age (years)	55	55

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

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18 Share capital

	Par value per share (in Baht)	2011 Number	Amount (thousand shares / thousand Baht)	2010 Number	Amount
Authorised					
At 1 January					
- ordinary shares	10	43,200	432,000	28,800	288,000
Increase of new shares	10	-	-	14,400	144,000
At 31 December					
- ordinary shares	10	43,200	432,000	43,200	432,000
Issued and paid-up					
At 1 January					
- ordinary shares	10	43,200	432,000	28,800	288,000
Increase of new shares	10	-	-	14,400	144,000
At 31 December					
- ordinary shares	10	43,200	432,000	43,200	432,000

At the annual general meeting of the shareholders of the Company held on 27 April 2010, the shareholders passed the resolution to approve an increase in the Company's authorised share capital from Baht 288 million (28,800,000 shares at Baht 10 par value) to Baht 432 million (43,200,000 shares at Baht 10 par value) by issuing new shares for the stock dividend. The increase in share capital and change in paid-up share capital were registered with the Ministry of Commerce on 27 May 2010.

Share premium

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

19 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

20 Segment information

Segment information is presented in respect of the Company's geographical segments. The primary format, geographic segments, is based on the Company's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents, inventories, property, plant and equipment, interest-bearing liabilities, other payables and accrued expenses and provisions.

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Business segments

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

Geographical segments

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

The following are the main geographical locations:

Segment 1	Domestic
Segment 2	Export

Geographical segment results

	Segment 1		Segment 2		Total	
	2011	2010	2011	2010	2011	2010
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	1,287,957	950,535	3,279,233	3,107,021	4,567,190	4,057,556
Cost of sale of goods	<u>1,060,103</u>	<u>726,921</u>	<u>2,699,101</u>	<u>2,376,092</u>	<u>3,759,204</u>	<u>3,103,013</u>
Segment result	<u>227,854</u>	<u>223,614</u>	<u>580,132</u>	<u>730,929</u>	<u>807,986</u>	<u>954,543</u>
Unallocated revenues					168,034	113,458
Unallocated expenses					(260,395)	(298,243)
Finance costs					(18,804)	(14,504)
Income tax expense					<u>(242,603)</u>	<u>(211,669)</u>
Profit for the year					<u>454,218</u>	<u>543,585</u>

Geographical segment financial position

	Segment 1		Segment 2		Total	
	2011	2010	2011	2010	2011	2010
	<i>(in thousand Baht)</i>					
Assets and liabilities						
Trade accounts receivable	333,103	200,505	425,331	418,211	758,434	618,716
Unallocated other assets					<u>4,285,575</u>	<u>3,900,066</u>
Total assets					<u>5,044,009</u>	<u>4,518,782</u>
Trade accounts payables	78,632	68,816	204,751	111,207	283,383	180,023
Unallocated liabilities					<u>1,715,527</u>	<u>1,467,078</u>
Total liabilities					<u>1,998,910</u>	<u>1,647,101</u>

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21 Other income

	2011	2010
	<i>(in thousand Baht)</i>	
Sale of scrap	124,334	92,377
Gain on disposal of assets	-	5,888
Others	17,394	15,193
Total	141,728	113,458

22 Selling expenses

	2011	2010
	<i>(in thousand Baht)</i>	
Freight expenses	70,612	125,902
Employee benefit expenses	24,238	19,659
Others	13,481	9,958
Total	108,331	155,519

23 Administrative expenses

	2011	2010
	<i>(in thousand Baht)</i>	
Employee benefit expenses	56,499	48,885
Depreciation and amortisation	4,695	4,564
Transportation expenses	3,756	3,979
Repair and maintenance	3,291	2,540
Loss from devaluation of inventories	-	1,058
Others	17,852	12,500
Total	86,093	73,526

24 Employee benefit expenses

	2011	2010
	<i>(in thousand Baht)</i>	
Wages and salaries	522,841	465,635
Pension costs - defined benefit plans	35,065	27,308
Contribution to defined contribution plans	3,766	5,656
Director's remuneration	3,951	4,160
Others	40,764	30,767
Total	606,387	533,526

Defined benefit plans

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

Defined contribution plans

The Company has established a contributory provident fund for its employees. Membership to the fund is on a voluntary basis. The Company contributes 50% of the amount paid in by each employee who has been a member of the provident fund scheme for five years and an additional 10% of the balance on the employee's provident fund in each subsequent year. The Company is the fund management.

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25 Expenses by nature

	2011	2010
	<i>(in thousand Baht)</i>	
Changes in inventories of finished goods and work in progress	(161,758)	18,298
Raw materials and consumables used	2,437,846	1,825,271
Employee benefit expenses	540,416	467,792
Depreciation and amortisation	389,997	333,795
Utilities expenses	316,149	265,694
Repair and maintenance	114,395	115,732
Freight expenses	70,613	125,902
Key management personnel compensation	65,971	65,734
Finance costs	18,804	14,504
Others	245,970	183,038
Total cost of sales of goods, selling expenses and administrative expenses	4,038,403	3,415,760

26 Finance costs

	<i>Note</i>	2011	2010
		<i>(in thousand Baht)</i>	
Interest expense:			
Related party	5	18,135	6,327
Financial institutions		5,748	9,462
		23,883	15,789
<i>Less amounts included in the cost of assets under construction</i>	9	<i>(5,079)</i>	<i>(1,285)</i>
Net		18,804	14,504

27 Income tax expense

Income tax recognised in profit or loss

	<i>Note</i>	2011	2010
		<i>(in thousand Baht)</i>	
<i>Current tax expense</i>			
Current year		213,904	214,373
<i>Deferred tax expense</i>	11		
Movements in temporary differences		(5,208)	(2,704)
Income tax reduction - deferred		33,907	-
Total		242,603	211,669

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Reconciliation of effective tax rate

	Rate (%)	2011 (in thousand Baht)	Rate (%)	2010 (in thousand Baht)
Profit before income tax expense		696,821		755,254
Income tax using the Thai corporation tax rate	30	209,046	25, 30	211,576
Income tax reduction - deferred		33,907		-
Others		(350)		93
Total	35	242,603	28	211,669

Income tax reduction - current

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on 1 January 2008 until 31 December 2010.

Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution regarding tax measures to increase Thailand's competitiveness and approved the reduction of the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution..

Such announcement on the reduction of income tax rate has an impact on the measurement of deferred tax assets and deferred tax liabilities since Thai Accounting Standard No. 12 Income Taxes paragraph 47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

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28 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	2011 (in thousand Baht / thousand shares)	2010 (in thousand Baht / thousand shares)
Profit attributable to equity holders of the Company	454,218	543,585
Number of ordinary shares outstanding at beginning of year	43,200	28,800
Effect from issue for stock dividends	-	14,400
Weighted average number of ordinary shares outstanding	43,200	43,200
Basic earnings per share (in Baht)	10.51	12.58

29 Promotional privileges

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

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

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

Summary of revenue from promoted and non-promoted businesses:

	2011			2010		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	(in thousand Baht)					
Export sales	16,429	3,262,804	3,279,233	-	3,107,021	3,107,021
Local sales	-	1,287,957	1,287,957	-	950,535	950,535
Total Revenue	16,429	4,550,761	4,567,190	-	4,057,556	4,057,556

30 Dividends

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

At the annual general meeting of the shareholders of the Company held on 27 April 2010, the shareholders approved the appropriation of cash dividends of Baht 5.56 per share and stock dividend of Baht 5 per share comprising new common shares of Baht 10 par value in the ratio of 1 new common share for every 2 common shares hold (2:1). The total dividend is Baht 10.56 per share, amounting to Baht 304.1 million. The dividend was paid to shareholders during 2010.

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31 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital management

The Board's 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 0.66:1 in 2011 and 0.57:1 in 2010, the Company has low borrowings and therefore minimal and immaterial exposure to changes of interest rates. To be flexible and able to obtain favorable interest rates, the Company mostly takes short term and on call loans from different financial institutions and a related company who offer the best interest rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2011				
Current				
Loans payable - Financial institutions	0.54 - 0.75	171,478	-	171,478
Loans payable - Related party	1.25 - 3.25	827,295	-	827,295
Non-current				
Loans payable - Related party	2.25	-	10,000	10,000
Total		998,773	10,000	1,008,773
2010				
Current				
Loans payable - Financial institutions	0.53 - 2.9	243,411	-	243,411
Loans payable - Related party	1.25 - 2.0	527,295	-	527,295
Non-current				
Loans payable - Related party	1.75 - 2.25	-	70,000	70,000
Total		770,706	70,000	840,706

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales, short-term and long-term loans which are denominated in foreign currencies. The Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

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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:

	<i>Note</i>	2011 <i>(in thousand Baht)</i>	2010
<i>United States Dollars (USD)</i>			
Cash and cash equivalents	6	62,298	87,224
Trade accounts receivable	7	318,224	247,120
Interest-bearing liabilities	12	(47,748)	(130,274)
Trade accounts payable	13	(170,511)	(93,964)
		<u>162,263</u>	<u>110,106</u>
<i>Japanese Yen (YEN)</i>			
Cash and cash equivalents	6	31,120	39,981
Trade accounts receivable	7	53,119	69,022
Interest-bearing liabilities	12	(123,722)	(112,266)
Trade accounts payable	13	(22,809)	(15,829)
		<u>(62,292)</u>	<u>(19,092)</u>
<i>Australian Dollar (AUD)</i>			
Trade accounts receivable	7	27,068	20,553
Trade accounts payable	13	(73)	-
		<u>26,995</u>	<u>20,553</u>
<i>Pound Sterling (GBP)</i>			
Trade accounts receivable	7	7,643	62,428
<i>Others (HKD, SGD, EUR and CHF)</i>			
Trade accounts receivable	7	9,015	2,269
Trade accounts payable	13	(11,358)	(1,414)
		<u>(2,343)</u>	<u>855</u>
Gross balance sheet exposure		132,266	174,850
Currency forwards		-	(29,510)
Net exposure		<u>132,266</u>	<u>145,340</u>

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

The Company has a policy of selling to customers who are granted credit lines based on good financial status and debt service capacity. Therefore, the Company expects that losses from these receivables will not exceed the allowance for doubtful accounts.

Liquidity risk

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

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Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Mostly, the Company's financial assets and liabilities are short-term loans and loans with market's interest rate. The Management believes that fair values of such financial assets and liabilities as at 31 December 2011 and 2010 do not materially different from the carrying amounts.

Fair value of outstanding Commodity Price Swap agreement, together with the carrying values, as of 31 December 2011 and 2010 were as follows:

Type of agreement	Contract amount		Contract value		Fair value	
	2011	2010	2011	2010	2011	2010
	(Ton)		(YEN per ton)		(YEN per ton)	
Commodity Price Swap agreement	1,200	1,500	188,000	188,000	170,894	197,344

32 Commitments with non-related parties

	2011	2010
	<i>(in thousand Baht)</i>	
Capital commitments		
Contracted but not provided for:		
Machinery and equipment	281,654	517,299
Other commitments		
Unused letters of credits	44,607	71,012
Purchase orders accepted by suppliers		
Within one year	1,409,083	1,570,684
After one year but within five years	755,000	1,926,352
After five years but within ten years	-	221,567
	2,164,083	3,718,603
Commodity Price Swap agreement	93,039	105,529
Forward exchange contracts	-	29,510
Bank guarantees	24,718	20,414
Total	2,326,447	3,945,068

Purchase orders accepted by suppliers

As at 31 December 2011, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 37,100 MT (2010: 56,600 MT), at the prices in the range of YEN 123,000 - 137,500 per MT, and at the price as determined in purchase orders (2010: at the prices in the range of YEN 123,000 - 141,600 per MT and at the price as determined in purchase orders) that will be delivered during 2011 to 2016 (2010: 2011 to 2016).

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Commodity Price Swap agreement

As at 31 December 2011 and 2010, the Company had a Commodity Price Swap agreement to hedge the risk of aluminium price fluctuation with a foreign financial institution in quantity of 25 MT per month, maximum totaling 1,800 MT, at a price of YEN 188,000 per MT. This agreement is for 6 years from 1 January 2010 to 31 December 2015.

Forward exchange contract

As at 31 December 2010, the Company had utilised forward exchange contracts to hedge sale orders denominated in foreign currencies with a branch of financial institution approximately GBP 0.6 million.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates that has been issued as of the reporting date but are not yet effective. The revised TFRS is expected to become effective for annual financial periods beginning on or after 1 January 2013.

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

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

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

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