

Alucon Public Company Limited

Interim financial statements and Independent Auditor's Report on Review of Interim Financial Information

**For the three-month and nine-month periods ended
30 September 2012**

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 30 September 2012; the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2012 and 2011; the statements of changes in equity and cash flows for the nine-month periods ended 30 September 2012 and 2011; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of Review

I conducted my reviews in accordance with the 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 reviews, 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".

The comparative statement of financial position as at 31 December 2011

I have previously audited the financial statements of Alucon Public Company Limited for the year ended 31 December 2011 in accordance with Thai Standards on Auditing and expressed an unqualified opinion on those financial statements in my report dated 23 February 2012. The statement of financial position as at 31 December 2011, which is included in the accompanying interim financial information for comparative purposes, is a component of those financial statements. I have not performed any auditing procedures since the date of my audit report.

(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
8 November 2012

Alucon Public Company Limited
Statements of financial position
As at 30 September 2012 and 31 December 2011

Assets	<i>Note</i>	30 September 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>			
<i>Current assets</i>			
Cash and cash equivalents		374,869	184,527
Trade accounts receivable	3, 4	856,770	758,434
Inventories		828,897	817,091
Refundable value added tax		16,155	23,166
Other current assets		15,044	12,570
Total current assets		2,091,735	1,795,788
<i>Non-current assets</i>			
Property, plant and equipment	5	3,283,455	3,165,894
Intangible assets		11,512	11,982
Deferred tax assets		77,467	70,096
Other non-current assets		221	249
Total non-current assets		3,372,655	3,248,221
Total assets		5,464,390	5,044,009

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

Alucon Public Company Limited
Statements of financial position
As at 30 September 2012 and 31 December 2011

Liabilities and equity	<i>Note</i>	30 September 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>			
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions		167,906	171,478
Trade accounts payable	3, 6	172,446	283,383
Other payables to and short-term loans from related parties	3	1,203,033	780,297
Current portion of long-term loans from and accrued			
interest payable to related party	3	10,572	61,501
Other payables		179,416	170,312
Income tax payable		47,381	110,091
Other current liabilities		20,725	21,971
Total current liabilities		1,801,479	1,599,033
<i>Non-current liabilities</i>			
Long-term loans from and accrued interest			
payable to related party	3	-	10,300
Deferred income		42,434	46,778
Employee benefit obligations		404,691	342,799
Total non-current liabilities		447,125	399,877
Total liabilities		2,248,604	1,998,910
<i>Equity</i>			
Share capital:			
Authorised share capital		432,000	432,000
Issued and paid-up share capital		432,000	432,000
Additional paid-in capital			
Premium on ordinary shares		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		43,200	43,200
Unappropriated		2,486,586	2,315,899
Total equity		3,215,786	3,045,099
Total liabilities and equity		5,464,390	5,044,009

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

Alucon Public Company Limited

Statements of comprehensive income

For the three-month and nine-month periods ended 30 September 2012 and 2011 (Unaudited)

		For the three-month period		For the nine-month period	
	<i>Note</i>	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<i>Income</i>					
Revenue from sale of goods	3, 7	1,258,108	1,283,102	3,617,594	3,476,843
Net foreign exchange gain		-	5,389	875	17,412
Other income		34,935	38,813	81,824	108,810
Total income		1,293,043	1,327,304	3,700,293	3,603,065
<i>Expenses</i>					
Cost of sale of goods	3	1,003,239	1,039,609	2,896,952	2,843,868
Selling expenses	3	32,200	31,086	96,607	82,301
Administrative expenses		24,906	20,579	73,759	66,871
Key management personnel compensation	3	14,634	16,281	48,298	49,310
Net foreign exchange loss		6,115	-	-	-
Finance costs	3	10,111	4,839	24,039	12,582
Total expenses		1,091,205	1,112,394	3,139,655	3,054,932
Profit before income tax expense		201,838	214,910	560,638	548,133
Income tax expense		47,103	64,357	130,751	164,587
Profit and total comprehensive income for the period		154,735	150,553	429,887	383,546
Basic earnings per share <i>(in Baht)</i>	8	3.58	3.49	9.95	8.88

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

Alucon Public Company Limited

Statements of changes in equity

For the nine-month periods ended 30 September 2012 and 2011 (Unaudited)

		Issued and	Additional	Retained earnings		
		paid-up	paid-in capital	Legal		Total
<i>Note</i>	share capital	Premium on	ordinary shares	reserve	Unappropriated	equity
<i>(in thousand Baht)</i>						
Balance at 1 January 2011	432,000	254,000	43,200	2,142,481	2,871,681	
Profit and total comprehensive income						
for the period	-	-	-	383,546	383,546	
Dividends	9	-	-	(280,800)	(280,800)	
Balance at 30 September 2011	432,000	254,000	43,200	2,245,227	2,974,427	
Balance at 1 January 2012	432,000	254,000	43,200	2,315,899	3,045,099	
Profit and total comprehensive income						
for the period	-	-	-	429,887	429,887	
Dividends	9	-	-	(259,200)	(259,200)	
Balance at 30 September 2012	432,000	254,000	43,200	2,486,586	3,215,786	

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

Alucon Public Company Limited

Statements of cash flows

For the nine-month periods ended 30 September 2012 and 2011 (Unaudited)

	2012	2011
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	429,887	383,546
<i>Adjustments for</i>		
Depreciation	324,328	281,135
Amortisation of intangible assets	1,298	1,231
Recognised deferred income	(4,344)	(4,328)
Interest income	(248)	(944)
Finance costs	24,039	12,582
Unrealised loss on exchange	752	3,335
(Reversal of) provision for loss from devaluation of inventories	(1,310)	892
Loss on disposal of equipment	526	3,193
Income tax expense	130,751	164,587
	<u>905,679</u>	<u>845,229</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(103,652)	(193,225)
Inventories	(10,496)	150
Refundable value added tax	7,011	(4,667)
Other current assets	(2,464)	873
Other non-current assets	28	(10)
Trade accounts payable	(110,930)	44,131
Other payables to related parties	664	761
Other payables	47,244	57,598
Other current liabilities	(1,246)	(12,162)
Employee benefit obligations	61,892	20,229
Cash generated from operating activities	793,730	758,907
Income tax paid	(200,832)	(210,811)
Net cash from operating activities	<u>592,898</u>	<u>548,096</u>

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

Alucon Public Company Limited

Statements of cash flows

For the nine-month periods ended 30 September 2012 and 2011 (Unaudited)

	2012	2011
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Interest received	238	950
Purchase of plant and equipment	(480,722)	(513,799)
Interest paid for plant and equipment	(1,220)	(2,975)
Sale of equipment	724	1,419
Purchase of intangible assets	<u>(752)</u>	<u>(1,503)</u>
Net cash used in investing activities	<u>(481,732)</u>	<u>(515,908)</u>
<i>Cash flows from financing activities</i>		
Finance costs paid	(22,600)	(10,514)
Dividends paid	(259,200)	(280,800)
Increase in bank overdrafts and short-term loans		
from financial institutions	976	33,747
Proceeds from short-term loans from related party	360,000	240,000
Repayment of long-term loans from financial institutions	<u>-</u>	<u>(84,830)</u>
Net cash generated from (used in) financing activities	<u>79,176</u>	<u>(102,397)</u>
Net increase (decrease) in cash and cash equivalents	190,342	(70,209)
Cash and cash equivalents at 1 January	<u>184,527</u>	<u>248,874</u>
Cash and cash equivalents at 30 September	<u>374,869</u>	<u>178,665</u>

Non-cash transactions

During the period ended 30 September 2012, the Company acquired plant and equipment and intangible assets totalling Baht 443 million (2011: Baht 552 million), cash payments of Baht 482 million (2011: Baht 518 million) were made to purchase plant and equipment and intangible assets.

During the period ended 30 September 2012, the Company agreed to reschedule the long-term promissory note due for repayment with the parent company to short-term promissory note in amount of Baht 60 million.

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 and nine-month periods ended 30 September 2012 (Unaudited)

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Alucon Public Company Limited
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2012 (Unaudited)

These notes form an integral part of the 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 8 November 2012.

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 66.40% 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 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 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); 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 2011. 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 2011.

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 2011.

(b) Presentation currency

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

(c) Use of estimates and judgements

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.

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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 2011.

Estimates

Measurement of defined benefit obligations

The calculation of the defined benefit obligation is sensitive to the assumption on mortality rate, discount rate and salary increase.

3 Related party transactions

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation	Nature of relationships
Takeuchi Press Industries Company Limited	Japan	Parent, 66.40% 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	1.75-3.25% per annum in 2012 and 1.25-3.25% per annum in 2011.

Alucon Public Company Limited
Notes to the interim financial statements
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Transactions

Pricing policies

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 three-month and nine-month periods ended 30 September 2012 and 2011 with related parties were as follows:

	Three-month periods ended 30 September		Nine-month periods ended 30 September	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	256,252	300,710	762,905	818,299
Purchase of raw materials and spare parts	2,977	2,442	10,220	8,808
Purchase of machinery and equipment	-	23,733	118	23,897
Interest expense	8,920	3,561	20,682	8,014
License fee	4,030	1,489	9,311	2,112
Commission expenses	384	289	783	506
Other expenses	75	-	356	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	13,808	15,403	44,007	46,616
Termination benefits	826	878	4,291	2,694
Total	14,634	16,281	48,298	49,310

Balances as at 30 September 2012 and 31 December 2011 with related parties were as follows:

Trade account receivable from related party

	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	61,327	53,119

Trade account payable to related party

	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	228	128

Alucon Public Company Limited
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Other payables to and short-term loans from related parties

	Interest rate		30 September	31 December
	2012	2011	2012	2011
	(% per annum)		(in thousand Baht)	
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	2.75 - 3.00	2.50 - 3.25	1,187,295	767,295
<i>Other payables</i>				
Parent				
Takeuchi Press Industries Company Limited			-	2,252
<i>Accrued commission payable</i>				
Parent				
Takeuchi Press Industries Company Limited			427	86
<i>Accrued license fee</i>				
Parent				
Takeuchi Press Industries Company Limited			4,030	1,097
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited			8,606	6,242
<i>Accrued management's remuneration and other benefits</i>				
Key management personnel			2,675	3,325
Total			1,203,033	780,297

Movements during the nine-month periods ended 30 September 2012 and 2011 of short-term loans from related party were as follows:

	2012	2011
	(in thousand Baht)	
<i>Short-term loans</i>		
Parent		
At 1 January	767,295	527,295
Increase	420,000	240,000
At 30 September	1,187,295	767,295

Alucon Public Company Limited
Notes to the interim financial statements
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Long-term loans from and accrued interest payable to related party

	Interest rate		30 September	31 December
	2012	2011	2012	2011
	(% per annum)		(in thousand Baht)	
<i>Long-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	2.25	1.75 - 2.25	10,000	70,000
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited			572	1,801
Total			10,572	71,801
Less current portion			(10,572)	(61,501)
Net			-	10,300

Movements during the nine-month periods ended 30 September 2012 and 2011 of long-term loans from related party were as follows:

	2012	2011
	<i>(in thousand Baht)</i>	
<i>Long-term loans</i>		
Parent		
At 1 January	70,000	70,000
Decrease	(60,000)	-
At 30 September	10,000	70,000

On 1 September 2010, the Company has issued promissory notes to a related party totalling Baht 70 million which bears interest at 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 parent

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

	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	3,189	1,719

Alucon Public Company Limited
Notes to the interim financial statements
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Significant memorandum of understanding with parent

On 9 February 2011, 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 2011 to March 2012.

Subsequently, on 14 February 2012, the Company entered into a new memorandum of understanding to supply aluminium slugs in quantity about of 6,000 MT for a period from April 2012 to March 2013.

4 Trade accounts receivable

	<i>Note</i>	30 September 2012	31 December 2011
		<i>(in thousand Baht)</i>	
Related party	3	61,327	53,119
Other parties		801,388	711,260
Total		<u>862,715</u>	<u>764,379</u>
Less allowance for doubtful accounts		(5,945)	(5,945)
Net		<u>856,770</u>	<u>758,434</u>

Aging analyses for trade accounts receivable were as follows:

	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	61,327	53,119
Total	<u>61,327</u>	<u>53,119</u>
Other parties		
Within credit terms	600,298	558,162
Overdue:		
Less than 3 months	187,369	146,101
3 - 6 months	7,776	1,050
Over 12 months	5,945	5,947
Total	<u>801,388</u>	<u>711,260</u>
Less allowance for doubtful accounts	(5,945)	(5,945)
Net	<u>795,443</u>	<u>705,315</u>
Total	<u>856,770</u>	<u>758,434</u>

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

Alucon Public Company Limited
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5 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 2012 and 2011 were as follows:

	2012		2011	
	Acquisitions and transfers - at cost	Disposals - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers - at cost	Disposals - net book value
Land improvement	15,333	-	-	-
Buildings and building Improvement	5,664	-	7,428	-
Machinery and equipment	446,765	(1,353)	103,526	(4,619)
Office equipment	361	-	714	(7)
Vehicles	1,228	-	-	-
Spare parts	22,613	-	-	-
Construction in progress	(48,718)	-	437,938	-
Total	443,246	(1,353)	549,606	(4,626)

6 Trade accounts payable

	<i>Note</i>	30 September 2012 <i>(in thousand Baht)</i>	31 December 2011
Related party	3	228	128
Other parties		172,218	283,255
Total		172,446	283,383

7 Segment information

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

Business segments

Management considers that the Company operates in a single line of business, namely aluminium containers, 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 geographic location of customers.

The following are the main geographical locations:

Segment 1	Domestic
Segment 2	Export

Alucon Public Company Limited
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Information about reportable segments:

Geographical segments	Domestic		Export		Total	
<i>Three-month periods ended</i>						
<i>30 September</i>	2012	2011	2012	2011	2012	2011
			<i>(in thousand Baht)</i>			
Revenue from sale of goods	<u>392,895</u>	<u>357,046</u>	<u>865,213</u>	<u>926,056</u>	<u>1,258,108</u>	<u>1,283,102</u>
Reportable segment gross profit	<u>79,593</u>	<u>67,756</u>	<u>175,276</u>	<u>175,737</u>	<u>254,869</u>	<u>243,493</u>
<i>Nine-month periods ended</i>						
<i>30 September</</i>						

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9 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the shareholders approved the appropriation of cash dividends of Baht 6 per share, amounting to Baht 259.2 million. The dividend was paid to shareholders in May 2012.

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. The dividend was paid to shareholders in May 2011.

10 Commitments with non-related parties

	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Contracted but not provided for:		
Machinery and equipment	<u>473,291</u>	<u>281,654</u>
<i>Other commitments</i>		
Unused letters of credits	42,473	44,607
Purchase orders accepted by suppliers		