

Alucon Public Company Limited

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

Independent Auditor's Report

To the Shareholders of Alucon Public Company Limited

Opinion

I have audited the financial statements of Alucon Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

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

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2019

Alucon Public Company Limited
Statement of financial position

| Assets | <i>Note</i> | 31 December | |
|----------------------------------|-------------|----------------------|----------------------|
| | | 2018 | 2017 |
| | | <i>(in Baht)</i> | |
| <i>Current assets</i> | | | |
| Cash and cash equivalents | 5 | 248,869,588 | 201,906,664 |
| Trade accounts receivable | 4, 6 | 1,079,093,568 | 1,033,227,678 |
| Inventories | 7 | 1,809,132,459 | 1,243,788,294 |
| Refundable value added tax | | 33,283,300 | 32,687,004 |
| Other current assets | | 12,369,549 | 11,728,682 |
| Total current assets | | 3,182,748,464 | 2,523,338,322 |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 8 | 3,548,477,285 | 3,767,201,529 |
| Intangible assets | 9 | 10,167,760 | 11,427,834 |
| Deferred tax assets | 10 | 38,784,052 | 42,576,393 |
| Other non-current assets | | 311,676 | 361,087 |
| Total non-current assets | | 3,597,740,773 | 3,821,566,843 |
| Total assets | | 6,780,489,237 | 6,344,905,165 |

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

Alucon Public Company Limited

Statement of financial position

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

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

Alucon Public Company Limited

Statement of comprehensive income

| | | Year ended 31 December | |
|--|-------------|------------------------|----------------------|
| | <i>Note</i> | 2018 | 2017 |
| | | <i>(in Baht)</i> | |
| Revenue | | | |
| Revenue from sale of goods | 4, 19 | 6,304,455,655 | 6,098,576,337 |
| Net foreign exchange gain | | 15,760,922 | - |
| Other income | 20 | 197,861,319 | 182,365,689 |
| Total revenue | | 6,518,077,896 | 6,280,942,026 |
| Expenses | | | |
| Cost of sale of goods | 4, 7 | 5,305,278,165 | 4,958,244,696 |
| Distribution costs | 4, 21 | 158,806,057 | 143,812,825 |
| Administrative expenses | 22 | 160,146,628 | 168,735,776 |
| Net foreign exchange loss | | - | 32,828,119 |
| Finance costs | 4, 25 | 2,145,899 | 3,295,746 |
| Total expenses | | 5,626,376,749 | 5,306,917,162 |
| Profit before income tax | | 891,701,147 | 974,024,864 |
| Tax expense | 26 | 172,035,446 | 190,285,982 |
| Profit for the year | | 719,665,701 | 783,738,882 |
| Other comprehensive income (expense) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Gains on remeasurements of defined benefit plans | 16 | 34,349,699 | 9,038,490 |
| Income tax relating to items that will not be reclassified | 26 | (6,869,940) | (1,807,698) |
| Other comprehensive income for the year, net of tax | | 27,479,759 | 7,230,792 |
| Total comprehensive income for the year | | 747,145,460 | 790,969,674 |
| Basic earnings per share (in Baht) | 27 | 16.66 | 18.14 |

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

Alucon Public Company Limited

Statement of changes in equity

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

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

Alucon Public Company Limited

Statement of changes in equity

| | | Issued and paid-up share capital | Share premium | Retained earnings | | Total equity |
|--|------|--|--------------------|-------------------------------|----------------------|----------------------|
| | Note | | | Legal reserve (in Baht) | Unappropriated | |
| Year ended 31 December 2018 | | | | | | |
| Balance at 1 January 2018 | | 431,999,860 | 254,000,000 | 43,200,000 | 4,541,912,024 | 5,271,111,884 |
| Transactions with owners, recorded directly in equity | | | | | | |
| <i>Distribution to owners of the Company</i> | | | | | | |
| Dividends | 28 | - | - | - | (475,199,846) | (475,199,846) |
| <i>Total distribution to owners of the Company</i> | | - | - | - | (475,199,846) | (475,199,846) |
| Total transactions with owners, recorded directly in equity | | - | - | - | (475,199,846) | (475,199,846) |
| Comprehensive income for the year | | | | | | |
| Profit for the year | | - | - | - | 719,665,701 | 719,665,701 |
| Other comprehensive income | | - | - | - | 27,479,759 | 27,479,759 |
| Total comprehensive income for the year | | - | - | - | 747,145,460 | 747,145,460 |
| Balance at 31 December 2018 | | 431,999,860 | 254,000,000 | 43,200,000 | 4,813,857,638 | 5,543,057,498 |

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

Alucon Public Company Limited

Statement of cash flows

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

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

Alucon Public Company Limited

Statement of cash flows

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

Non-cash transaction

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

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

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

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

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 18 February 2019.

1 General information

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

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

The parent company during the financial year was Takeuchi Press Industries Company Limited, incorporated in Japan, which held 66.91% of the paid up share capital.

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

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Company has not early adopted these standards in preparing these financial statements.

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

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

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

* TFRS - Financial instruments standards

TFRS 15 Revenue from Contracts with Customers

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

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

TFRS - Financial instruments standards

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

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

(b) *Basis of measurement*

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

| <i>Items</i> | <i>Measurement bases</i> |
|---------------------------|--|
| Defined benefit liability | Present value of the defined benefit obligation as explained in Note 3 (j) |

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

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

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

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

Assumptions and estimation uncertainties

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

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

Measurement of fair values

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

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

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

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

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

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

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

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

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

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rate at the dates of the transactions.

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

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

Foreign currency differences are generally recognised in profit or loss.

(b) Cash and cash equivalents

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

(c) Trade and other accounts receivable

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

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

(d) Inventories

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

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

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

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

(e) Property, plant and equipment

Recognition and measurement

Owned assets

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

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

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

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Subsequent costs

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

Depreciation

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

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

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

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

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

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(f) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Subsequent expenditure

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

Amortisation

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

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

| | |
|------------------|----------|
| Software license | 10 years |
|------------------|----------|

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

(g) Impairment

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

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(h) *Interest-bearing liabilities*

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

(i) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(j) *Employee benefits*

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Short-term employee benefits

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

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

(k) Provisions

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

(l) Revenue

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

Sale of goods

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

Interest and other income

Interest and other income are recognised in profit or loss as they accrue.

(m) Finance costs

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

(n) Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company's expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) *Earnings per share*

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

(p) *Segment reporting*

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

4 Related parties

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

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Relationships with related parties were as follows:

| Name of entities | Country of incorporation | Nature of relationships |
|---|---------------------------------|--|
| Takeuchi Press Industries Company Limited | Japan | Parent, 66.91% shareholding |
| Key management personnel | | Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. |

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

| Transactions | Pricing policies |
|---|--|
| Revenue from sale of goods | The market price or the price based on the memorandum of understanding. The selling price structure with the parent company is based on the actual cost incurred plus gross margin rate including the consideration of size, sale volume, country and transportation |
| Purchase of raw materials and spare parts | The market price |
| Purchase of machinery and equipment | The market price |
| Interest expense | 1.25 - 1.79% per annum in 2018 and 1.25 - 1.40% per annum in 2017 |
| License fee | Percentage of sales amount as determined in an agreement |
| Commission expenses | Percentage of sales amount as determined in an agreement |
| Key management personnel compensation | Amount approved by the directors and / or the shareholders |

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

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

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

Trade account receivable from related party

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

Trade account payable to related party

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

Other payable to and short-term loans from related party

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

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

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

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

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

Significant agreement with related party

Technical license agreement

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

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Commitments for purchase of raw materials and spare parts

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

Significant memorandum of understanding

On 6 February 2018, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 6,000 MT for the production of aluminum monobloc aerosol cans and collapsible tubes for a period from April 2018 to March 2019.

5 Cash and cash equivalents

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

6 Trade accounts receivable

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

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Aging analyses for trade accounts receivable were as follows:

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

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

7 Inventories

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

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8 Property, plant and equipment

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

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

9 Intangible assets

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

10 Deferred tax

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

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

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

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

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11 Interest-bearing liabilities

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

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

| | 2018 <i>(in thousand Baht)</i> | 2017 |
|-----------------|-----------------------------------|---------------|
| Within one year | 200,000 | 56,000 |
| Total | 200,000 | 56,000 |

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

12 Trade accounts payable

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

13 Other payable

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

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14 Other current liabilities

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

15 Deferred income

Deferred income represents a contribution of approximately Baht 57.8 million received by the Company from a major customer as an unconditional subsidy in respect of the cost of a new production line that the Company is required to undertake in order to facilitate the management of incoming purchase orders from this customer and to meet the customer's specific production requirements. This contribution is presented as "deferred income" under non-current liabilities in the statement of financial position and will be recognised as income in profit or loss on the straight-line method over the asset's estimated useful life of 10 years from the date that the line is ready for use since 1 February 2010. As at 31 December 2018, such deferred income had outstanding balance of Baht 6.2 million (2017: Baht 12 million) and during the year ended 31 December 2018, the Company recognised income in profit or loss of Baht 5.8 million (2017: Baht 5.8 million).

16 Non-current provision for employee benefits

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

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

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

The statement of financial position obligation was determined as follow:

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

Actuarial gain recognised in other comprehensive income arising from:

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

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Actuarial assumptions

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

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

Sensitivity analysis

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

(in thousand Baht)

| At 31 December 2018 | Increase | Decrease |
|------------------------------------|----------|----------|
| Discount rate (1% movement) | (25,273) | 28,276 |
| Future salary growth (1% movement) | 25,914 | (23,619) |
| Future mortality (1 year movement) | 364 | (362) |
| Employee turnover (1% movement) | (10,390) | 7,883 |

(in thousand Baht)

| At 31 December 2017 | Increase | Decrease |
|------------------------------------|----------|----------|
| Discount rate (1% movement) | (28,228) | 31,780 |
| Future salary growth (1% movement) | 28,623 | (25,946) |
| Future mortality (1 year movement) | 430 | (429) |
| Employee turnover (1% movement) | (12,677) | 10,090 |

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

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

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17 Share capital

| | Par value per share (in Baht) | 2018 Number (thousand shares) | 2018 Amount (thousand Baht) | 2017 Number (thousand shares) | 2017 Amount (thousand Baht) |
|---------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Authorised | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 10 | 43,200 | 432,000 | 43,200 | 432,000 |
| 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 | 43,200 | 432,000 |
| At 31 December | | | | | |
| - ordinary shares | 10 | 43,200 | 432,000 | 43,200 | 432,000 |

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.

18 Reserves

Legal reserve

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

19 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments.

Segment 1 Can and tube

Segment 2 Slug

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments

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

Geographical information

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

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

Major customer

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

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20 Other income

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

21 Distribution costs

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

22 Administrative expenses

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

23 Employee benefit expenses

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

Defined benefit plans

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

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Defined contribution plans

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

24 Expenses by nature

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

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

25 Finance costs

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

26 Income tax expense

Income tax recognised in profit or loss

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

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

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

Reconciliation of effective tax rate

| | 2018 Rate (%) | 2018 (in thousand Baht) | 2017 Rate (%) | 2017 (in thousand Baht) |
|---|------------------|-------------------------------|------------------|-------------------------------|
| Profit before income tax expense | | 891,701 | | 974,025 |
| Income tax using the Thai corporation tax rate | 20 | 178,340 | 20 | 194,805 |
| Income not subject to tax | | (6,670) | | (4,948) |
| Expenses not deductible for tax purposes | | 307 | | (214) |
| Others | | 58 | | 643 |
| Total | 20 | 172,035 | 20 | 190,286 |

27 Earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

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

28 Dividends

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

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

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29 Financial instruments

Financial risk management policies

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

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows.

With total debt to equity ratio of 0.22:1 in 2018 and 0.20:1 in 2017, the Company has low borrowings and therefore minimal and immaterial exposure to changes of interest rates. To be flexible and able to obtain favorable interest rates, the Company mostly takes short term and on call loans from different financial institutions and a related company who offer the best interest rates.

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

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

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Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. Most receipts in foreign currencies are credited into foreign currency accounts such as US Dollar, Japanese YEN, etc. with banks in Thailand. The Company foregoes interest earnings on such foreign currency accounts. Foreign currencies obtained from exports are used for payment of raw material purchased, spare parts and machinery and equipment imported, thus the Company saves foreign currency conversion charges.

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

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

Credit risk

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

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

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Liquidity risk

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

Fair values of financial assets and liabilities

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

30 Commitments with non-related parties

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

Purchase orders accepted by suppliers

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

31 Events after the reporting period

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