

Alucon Public Company Limited

Interim financial statements
for the three-month period ended
31 March 2018

and

Independent Auditor's Report
on Review of Interim Financial Information

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Alucon Public Company Limited

I have reviewed the accompanying statement of financial position of Alucon Public Company Limited as at 31 March 2018; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2018; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standards 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
10 May 2018

Alucon Public Company Limited
Statement of financial position

Assets	<i>Note</i>	31 March 2018 (Unaudited)	31 December 2017
<i>(in thousand Baht)</i>			
<i>Current assets</i>			
Cash and cash equivalents		327,308	201,907
Trade accounts receivable	3, 4	1,183,947	1,033,228
Inventories		1,140,191	1,243,788
Refundable value added tax		35,351	32,687
Other current assets		11,637	11,728
Total current assets		2,698,434	2,523,338
<i>Non-current assets</i>			
Property, plant and equipment	5	3,719,211	3,767,202
Intangible assets		10,815	11,428
Deferred tax assets		42,351	42,576
Other non-current assets		374	361
Total non-current assets		3,772,751	3,821,567
Total assets		6,471,185	6,344,905

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

Alucon Public Company Limited
Statement of financial position

		31 March 2018 (Unaudited)	31 December 2017
Liabilities and equity	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts		378	2,677
Trade accounts payable	3, 6	233,019	266,812
Other payables to and short-term loans from related parties	3	11,942	66,337
Other payables		177,715	120,972
Deferred income		5,786	5,786
Current tax payable		106,395	73,961
Current provisions for employee benefits		28,105	27,478
Other current liabilities		24,777	25,133
Total current liabilities		588,117	589,156
<i>Non-current liabilities</i>			
Deferred income		4,819	6,246
Non-current provisions for employee benefits		476,828	478,391
Total non-current liabilities		481,647	484,637
Total liabilities		1,069,764	1,073,793
<i>Equity</i>			
Share capital			
Authorised share capital		432,000	432,000
Issued and paid-up share capital		432,000	432,000
Share premium			
Share premium on ordinary shares		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		43,200	43,200
Unappropriated		4,672,221	4,541,912
Total equity		5,401,421	5,271,112
Total liabilities and equity		6,471,185	6,344,905

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

Alucon Public Company Limited
Statement of comprehensive income (Unaudited)

		Three-month period ended	
		31 March	
	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
Revenue			
Revenue from sales of goods	3, 7	1,586,263	1,557,778
Other income		46,731	45,286
Total revenue		1,632,994	1,603,064
Expenses			
Costs of sale of goods	3	1,371,694	1,201,006
Distribution costs	3	38,026	34,084
Administrative expenses	3	43,501	44,967
Net foreign exchange loss		16,614	12,672
Finance costs	3	169	1,465
Total expenses		1,470,004	1,294,194
Profit before income tax expense		162,990	308,870
Tax expense		32,681	61,906
Profit for the period		130,309	246,964
Other comprehensive income for the period		-	-
Total comprehensive income for the period		130,309	246,964
Basic earnings per share (<i>in Baht</i>)	8	3.02	5.72

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

Alucon Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve	Unappropriated	
			<i>(in thousand Baht)</i>		
Three-month period ended					
31 March 2017					
Balance at 1 January 2017	432,000	254,000	43,200	4,398,792	5,127,992
Comprehensive income					
for the period					
Profit for the period	-	-	-	246,964	246,964
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period	-	-	-	246,964	246,964
Balance at 31 March 2017	432,000	254,000	43,200	4,645,756	5,374,956
Three-month period ended					
31 March 2018					
Balance at 1 January 2018	432,000	254,000	43,200	4,541,912	5,271,112
Comprehensive income					
for the period					
Profit for the period	-	-	-	130,309	130,309
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period	-	-	-	130,309	130,309
Balance at 31 March 2018	432,000	254,000	43,200	4,672,221	5,401,421

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

Alucon Public Company Limited

Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
	2018	2017
	(in thousand Baht)	
<i>Cash flows from operating activities</i>		
Profit for the period	130,309	246,964
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	32,681	61,906
Finance costs	169	1,465
Depreciation	134,479	132,055
Amortisation of intangible assets	666	542
Provisions expense	11,888	9,852
Recognised deferred income	-1,427	-1,427
Unrealised loss on exchange	7,861	7,990
(Reversal of) losses on inventories devaluation	1,274	-349
Gain on disposal of equipment	-	-1,444
Interest income	-56	-255
	<u>317,844</u>	<u>457,299</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	-159,014	-118,717
Inventories	102,323	48,682
Refundable value added tax	-2,664	4,232
Other current assets	144	2,788
Other non-current assets	-13	2
Trade accounts payable	-33,783	5,141
Other payables to related parties	2,070	-1,040
Other payables	41,310	45,586
Provisions for employee benefits	-12,824	-10,966
Other current liabilities	-356	-4,749
Net cash generated from operating	<u>255,037</u>	<u>428,258</u>
Taxes paid	-22	-23
Net cash from operating activities	<u>255,015</u>	<u>428,235</u>

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

Alucon Public Company Limited

Statement of cash flows (Unaudited)

Three-month period ended

31 March

2018 2017

(in thousand Baht)

Cash flows from investing activities

Proceeds from sale of property, plant and equipment	-	1,444
Acquisition of property, plant and equipment	-70,684	-103,324
Interest received	3	223
Net cash used in investing activities	-70,681	-101,657

Cash flows from financing activities

Increase (decrease) in bank overdrafts	-2,299	865
Repayment of short-term loans from related party	-56,000	-165,000
Interest paid	-634	-2,667
Net cash used in financing activities	-58,933	-166,802

Net increase in cash and cash equivalents	125,401	159,776
Cash and cash equivalents at beginning of period	201,907	241,784
Cash and cash equivalents at ending of period	327,308	401,560

Non-cash transaction

During the period ended 31 March 2018, the Company acquired plant and equipment totalling Baht 86 million (2017: Baht 103 million) in which cash payments of Baht 71 million (2017: Baht 103 million) were made to purchase plant and equipment.

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

Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

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Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 10 May 2018.

1 General information

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

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

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

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2017. 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 2017.

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 2017 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

In addition to the above new and revised TFRS, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard in preparing these interim financial statements.

Alucon Public Company Limited
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For the three-month period ended 31 March 2018 (Unaudited)

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. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the financial statements.

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

3 Related parties

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

Relationships with related parties were as follows:

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

Alucon Public Company Limited
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The pricing policies for transactions with related parties are explained further below:

Transactions

Pricing policies

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

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

Three-month period ended 31 March

2018 2017
(in thousand Baht)

Parent

Sales of goods	317,961	293,603
Purchase of raw materials and spare parts	2,504	2,033
License fee	5,227	3,427
Commission expenses	687	533
Other expenses	33	-
Interest expense	169	613

Key management personnel

Key management personnel compensation

Short-term employee benefit	15,745	15,643
Post-employment benefits	338	290

Total key management personnel compensation

16,083	15,933
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Balances as at 31 March 2018 and 31 December 2017 with related parties were as follows:

Trade account receivable - related party

31 March 31 December
2018 2017
(in thousand Baht)

Parent

Takeuchi Press Industries Company Limited

<u>92,623</u>	<u>60,801</u>
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Alucon Public Company Limited
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For the three-month period ended 31 March 2018 (Unaudited)

Trade account payable - related party

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>179</u>	<u>1,590</u>

Other payable to and short-term loans from related party

	Interest rate		31 March 2018	31 December 2017
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
Short-term loans				
Parent				
Takeuchi Press Industries Company Limited	-	1.35 - 1.40	-	56,000
Other payable				
Parent				
Takeuchi Press Industries Company Limited			15	72
Accrued license fee				
Parent				
Takeuchi Press Industries Company Limited			5,227	4,315
Accrued commission payable				
Parent				
Takeuchi Press Industries Company Limited			687	531
Accrued interest expense				
Parent				
Takeuchi Press Industries Company Limited			-	466
Accrued management's remuneration and other benefits				
Key management personnel			<u>6,013</u>	<u>4,953</u>
Total			<u>11,942</u>	<u>66,337</u>

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

	2018	2017
	<i>(in thousand Baht)</i>	
Short-term loans		
Parent		
At 1 January	56,000	280,000
Decrease	(56,000)	(165,000)
At 31 March	-	115,000

Significant agreement with related party

Technical license agreement

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

Commitments for purchase of raw materials and spare parts

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	2,108	2,688

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.

4 Trade accounts receivable

	Note	31 March 2018	31 December 2017
		<i>(in thousand Baht)</i>	
Related party	3	92,623	60,801
Other parties		1,091,324	972,427
Total		1,183,947	1,033,228
Current		1,183,947	1,033,228
Total		1,183,947	1,033,228

Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Aging analyses for trade accounts receivable were as follows:

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Related party		
Within credit terms	92,623	60,801
	92,623	60,801
Other parties		
Within credit terms	910,425	803,203
Overdue:		
Less than 3 months	180,899	169,060
3-6 months	-	164
	1,091,324	972,427
Total	1,183,947	1,033,228

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

5 Property, plant and equipment

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

<i>Three-month period ended 31 March</i>	2018		2017	
	Acquisitions and transfers - at cost	Disposals - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers - at cost	Disposals - net book value
Land and land improvement	-	-	-	-
Building and building improvement	16,654	-	4,449	-
Machinery and equipment	166,264	-	26,805	-
Office equipment	13	-	83	(1)
Vehicles	673	-	6,207	-
Spare parts	1,030	-	(3,176)	-
Construction in progress	(98,146)	-	68,217	-
Total	86,488	-	102,585	(1)

6 Trade accounts payable

	Note	31 March 2018	31 December 2017
		<i>(in thousand Baht)</i>	
Related party	3	179	1,590
Other parties		232,840	265,222
Total		233,019	266,812
Current		233,019	266,812
Total		233,019	266,812

Alucon Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

7 Segment information

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

Segment 1 Can and tube
Segment 2 Slug

Information about reportable segments

Three-month period ended 31 March	Segment 1		Segment 2		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>					
Revenues from sales	882,042	947,384	704,221	610,394	1,586,263	1,557,778
Gross Profit	175,828	262,423	38,741	94,349	214,569	356,772
Unallocated revenues					46,731	45,286
Unallocated expenses					(98,141)	(91,723)
Finance costs					(169)	(1,465)
Profit before income tax					162,990	308,870

8 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2018 and 2017 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

Three-month periods ended 31 March	2018	2017
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the period attributable to shareholders of the Company	130,309	246,964
Number of ordinary shares outstanding	43,200	43,200
Basic earnings per share (in Baht)	3.02	5.72

9 Commitments with non-related parties

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Capital commitments		
Contracted but not provided for:		
Factory, machinery and equipment	110,621	120,994
Other commitments		
Purchase orders accepted by suppliers		
Within one year	2,113,080	2,753,036
After one year but within five years	846,486	1,324,990
	2,959,566	4,078,026

Alucon Public Company Limited
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For the three-month period ended 31 March 2018 (Unaudited)

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Letter of credit	-	16,354
Bank guarantees	25,799	25,799
Total	<u>2,985,365</u>	<u>4,120,179</u>

Bank guarantee

As at 31 March 2018, the Company had commitment with a local bank for letters of guarantee issued in favour of the Company to the Metropolitan Electricity Authority and the Provincial Electricity Authority totaling Baht 26 million (*31 December 2017: Baht 26 million*).

Purchase orders accepted by suppliers

As at 31 March 2018, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot for a total quantity of 47,200 MT (*31 December 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 2018 to 2019 (*31 December 2017: 2018 to 2019*).

10 Events after the reporting period

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 will be paid to shareholders in May 2018.