

Alucon Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2020
and
Independent Auditor's review report

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Alucon Public Company Limited

I have reviewed the accompanying statement of financial position of Alucon Public Company Limited as at 30 June 2020; the statements of comprehensive income for three-month and six-month periods ended 30 June 2020; the statement of changes in equity and cash flows for the six-month period ended 30 June 2020; 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".

(Piyatida Tangdenchai)
Certified Public Accountant
Registration No. 11766

KPMG Phoomchai Audit Ltd.
Bangkok
13 August 2020

Alucon Public Company Limited
Statement of financial position

Assets	<i>Note</i>	30 June 2020 (Unaudited)	31 December 2019
		<i>(in thousand Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		1,351,399	883,873
Trade accounts receivable	3, 10	887,670	891,934
Inventories	4	1,092,073	1,352,105
Refundable value added tax		5,636	29,914
Other current assets		13,706	18,427
Total current assets		3,350,484	3,176,253
<i>Non-current assets</i>			
Property, plant and equipment	5	3,241,948	3,382,400
Intangible assets		8,177	8,772
Deferred tax assets		28,696	42,886
Other non-current assets		295	312
Total non-current assets		3,279,116	3,434,370
Total assets		6,629,600	6,610,623

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited
Statement of financial position

		30 June 2020 (Unaudited)	31 December 2019
Liabilities and equity	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts		12,470	113
Trade accounts payable	3, 6	145,381	227,963
Contract liabilities	7	15,378	7,124
Other payables to related parties	3	4,990	8,931
Other payables to other parties		173,104	117,118
Deferred income		-	460
Current income tax payable		81,790	56,559
Current provisions for employee benefits		36,671	20,095
Other current liabilities		6,954	13,125
Total current liabilities		476,738	451,488
<i>Non-current liabilities</i>			
Non-current provisions for employee benefits		473,636	554,077
Total non-current liabilities		473,636	554,077
Total liabilities		950,374	1,005,565
<i>Equity</i>			
Share capital			
Authorised share capital (43,200,000 ordinary shares, par value at Baht 10 per share)		432,000	432,000
Issued and paid-up share capital (43,199,986 ordinary shares, par value at Baht 10 per share)		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		4,950,026	4,875,858
Total equity		5,679,226	5,605,058
Total liabilities and equity		6,629,600	6,610,623

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited

Statement of comprehensive income (Unaudited)

	<i>Note</i>	Three-month period ended		Six-month period ended	
		30 June		30 June	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods	3, 7	1,294,632	1,457,324	2,744,078	2,928,983
Net foreign exchange gain		-	-	22,113	-
Other income		28,219	40,845	61,576	81,363
Total revenue		1,322,851	1,498,169	2,827,767	3,010,346
Expenses					
Cost of sale of goods	3, 4	1,051,581	1,254,819	2,187,634	2,485,524
Distribution costs	3	34,322	40,746	70,859	76,383
Administrative expenses	3	35,807	41,611	75,107	81,236
Net foreign exchange loss		45,644	23,808	-	27,336
Finance costs	3	-	427	-	1,240
Total expenses		1,167,354	1,361,411	2,333,600	2,671,719
Profit before income tax expense		155,497	136,758	494,167	338,627
Tax expense		28,194	24,435	95,999	64,913
Profit for the period		127,303	112,323	398,168	273,714
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		127,303	112,323	398,168	273,714
Basic earnings per share (in Baht)	8	2.95	2.60	9.22	6.34

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited
Statement of changes in equity (Unaudited)

		Issued and paid-up share capital	Share premium	Retained earnings		Total equity
	Note			Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>						
Six-month period ended 30 June 2019						
Balance at 1 January 2019		432,000	254,000	43,200	4,813,858	5,543,058
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends	9	-	-	-	(431,999)	(431,999)
<i>Total distributions to owners</i>		-	-	-	(431,999)	(431,999)
Total transactions with owners, recorded directly in equity		-	-	-	(431,999)	(431,999)
Comprehensive income for the period						
Profit for the period		-	-	-	273,714	273,714
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	273,714	273,714
Balance at 30 June 2019		432,000	254,000	43,200	4,655,573	5,384,773

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited
Statement of changes in equity (Unaudited)

		Issued and paid-up share capital	Share premium	Retained earnings		Total equity
	Note			Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>						
Six-month period ended 30 June 2020						
Balance at 1 January 2020		432,000	254,000	43,200	4,875,858	5,605,058
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends	9	-	-	-	(324,000)	(324,000)
<i>Total distributions to owners</i>		-	-	-	(324,000)	(324,000)
Total transactions with owners, recorded directly in equity		-	-	-	(324,000)	(324,000)
Comprehensive income for the period						
Profit for the period		-	-	-	398,168	398,168
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	398,168	398,168
Balance at 30 June 2020		432,000	254,000	43,200	4,950,026	5,679,226

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited

Statement of cash flows (Unaudited)

		Six-month period ended	
		30 June	
	Note	2020	2019
		(in thousand Baht)	
Cash flows from operating activities			
Profit for the period		398,168	273,714
<i>Adjustments to reconcile profit to cash receipts (payments)</i>			
Tax expense		95,999	64,913
Finance costs		-	1,240
Depreciation		217,268	228,478
Amortisation		786	799
Employee benefit expense relating to defined benefit plan		44,674	59,724
Recognised deferred income		(460)	(2,870)
Unrealised loss on exchange		14,828	10,882
Reversal of losses on inventories devaluation	4	(985)	(990)
Gain on disposal of equipment		(60)	(620)
Interest income		(1,783)	(850)
		768,435	634,420
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(10,773)	107,601
Inventories		261,017	566,428
Refundable value added tax		24,278	12,990
Other current assets		4,725	(18,279)
Other non-current assets		17	2
Trade accounts payable		(82,375)	(22,654)
Contract liabilities		8,254	(2,366)
Other payables to related parties		(4,191)	(2,671)
Other payable to other parties		71,701	68,988
Other current liabilities		(6,171)	(6,277)
Repayment of employee benefit relating to define benefit plans		(108,539)	(40,593)
Net cash generated from operating		926,378	1,297,589
Taxes paid		(56,578)	(101,585)
Net cash from operating activities		869,800	1,196,004

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited

Statement of cash flows (Unaudited)

		Six-month period ended	
		30 June	
	Note	2020	2019
		(in thousand Baht)	
Cash flows from investing activities			
Proceeds from sale of equipment		147	1,715
Payment for acquisition of property, plant and equipment		(92,366)	(151,667)
Payment for acquisition of intangible assets		(191)	(286)
Interest received		1,779	851
Net cash used in investing activities		(90,631)	(149,387)
Cash flows from financing activities			
Increase in bank overdrafts		12,357	184
Repayment of short-term borrowings from related party	3	-	(200,000)
Dividends paid to owners of the Company		(324,000)	(431,999)
Interest paid		-	(1,663)
Net cash used in financing activities		(311,643)	(633,478)
Net increase in cash and cash equivalents		467,526	413,139
Cash and cash equivalents at 1 January		883,873	248,870
Cash and cash equivalents at 30 June		1,351,399	662,009
Supplemental disclosures of cash flows information:			
Cash paid for purchase of property, plant and equipment during the period are detailed as follows:			
Total addition of property, plant and equipment during the period	5	76,903	134,445
Add: settlement of payables for property, plant and equipment previously purchased		24,337	39,027
Less: payables on purchase of property, plant and equipment		(8,874)	(21,805)
Net purchases of property, plant and equipment paid by cash		92,366	151,667

The accompanying notes form an integral part of the interim financial statements.

Alucon Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

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Alucon Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

These condensed 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 interim financial statements have been prepared from the Thai language interim financial statements, and were approved and authorised for issue by the Board of Directors on 13 August 2020.

1 General information

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 condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements 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 2019.

The Company has initially applied TFRS - Financial instruments standards and TFRS 16 *Lease* which have no material impact on the financial statements.

(b) Use of judgments, estimates and accounting policies

In preparing these interim financial statements, judgments and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019.

Alucon Public Company Limited
Notes to the condensed interim financial statements
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3 Related parties

Significant transactions for the three-month and six-month periods ended 30 June with related parties were as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	285,630	327,360	592,697	659,499
Purchase of raw materials and spare parts	3,969	2,046	5,754	4,310
Purchase of machineries and equipments	254	-	254	-
License fee	1,922	5,693	6,103	11,001
Commission expenses	292	709	784	1,359
Other expenses	18	-	18	105
Interest expense	-	426	-	1,238
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	12,097	12,999	24,286	26,399
Retirement benefits	329	2,054	657	2,390
Total key management personnel compensation	12,426	15,053	24,943	28,789

Balances as at 30 June 2020 and 31 December 2019 with related parties were as follows:

Trade account receivable - related party

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	78,299	55,283

Trade account payable - related party

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	123	1,579

Other payable to related party

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Other payable		
Parent		
Takeuchi Press Industries Company Limited	252	-

Alucon Public Company Limited
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	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<i>Accrued license fee</i>		
Parent		
Takeuchi Press Industries Company Limited	1,923	3,714
<i>Accrued commission payable</i>		
Parent		
Takeuchi Press Industries Company Limited	321	543
<i>Accrued management's remuneration and other benefits</i>		
Key management personnel	2,494	4,674
Total	4,990	8,931

Movements during the six-month periods ended 30 June of short-term borrowings from related party were as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
<i>Short-term borrowings</i>		
Parent		
At 1 January	-	200,000
Decrease	-	(200,000)
At 30 June	-	-

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

	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	47	320

Alucon Public Company Limited
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Significant memorandum of understanding

On 4 February 2020, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 7,000 MT for the production of aluminium monobloc aerosol cans and collapsible tubes for a period from April 2020 to March 2021.

4 Inventories

	30 June 2020 (in thousand Baht)	31 December 2019
Finished goods	163,206	150,779
Work in progress	142,438	135,755
Raw materials	418,981	636,572
Spare parts	211,200	213,954
Goods in transit	157,593	217,375
Total	1,093,418	1,354,435
Less allowance for decline in value	(1,345)	(2,330)
Net	1,092,073	1,352,105

Inventories recognised as an expense in 'cost of sales of goods'

	Three-month period ended 30 June 2020 2019 (in thousand Baht)		Six-month period ended 30 June 2020 2019 (in thousand Baht)	
- Cost	1,054,129	1,257,348	2,188,619	2,486,514
- Reversal of write-down to net realisable value	(2,548)	(2,529)	(985)	(990)
Total	1,051,581	1,254,819	2,187,634	2,485,524

5 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 June are as follows:

<i>Six-month period ended 30 June</i>	2020		2019	
	Acquisitions and transfers - at cost	Disposals - net book value (in thousand Baht)	Acquisitions and transfers - at cost	Disposals - net book value
Land improvement	600	-	2,997	-
Building and building improvement	1,840	-	43,471	-
Machinery and equipment	74,333	(87)	70,175	(1,096)
Office equipment	1,028	-	557	-
Vehicles	1,916	-	2,850	-
Spare parts	49	-	3,927	-
Construction in progress	(2,863)	-	10,468	-
Total	76,903	(87)	134,445	(1,096)

Alucon Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2020 (Unaudited)

6 Trade accounts payable

	<i>Note</i>	30 June 2020 <i>(in thousand Baht)</i>	31 December 2019
Related party	3	123	1,579
Other parties		145,258	226,384
Total		145,381	227,963
Current		145,381	227,963
Total		145,381	227,963

7 Segment information and disaggregation of revenue

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

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

Information about reportable segments

<i>Three-month period ended 30 June</i>	Segment 1		Segment 2		Total	
	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>					
Revenue from sales	740,690	904,654	553,942	552,670	1,294,632	1,457,324
Gross Profit	159,085	176,451	83,966	26,054	243,051	202,505
Unallocated revenues					28,218	40,845
Unallocated expenses					(115,772)	(106,165)
Finance costs					-	(427)
Profit before income tax					155,497	136,758
<i>Six-month period ended 30 June</i>						
Revenue from sales	1,588,171	1,800,796	1,155,907	1,128,187	2,744,078	2,928,983
Gross Profit	372,894	376,863	183,550	66,596	556,444	443,459
Unallocated revenues					83,689	81,363
Unallocated expenses					(145,966)	(184,955)
Finance costs					-	(1,240)
Profit before income tax					494,167	338,627

Alucon Public Company Limited
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Contract Balances

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

	30 June 2020 (in thousand Baht)	31 December 2019
Trade accounts receivable	887,670	891,934
Contract liabilities		
- Current	15,378	7,124

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

8 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2020 and 2019 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 period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
	(in thousand Baht / thousand shares)			
Profit for the period attributable to shareholders of the Company	127,303	112,323	398,168	273,714
Number of ordinary shares outstanding	43,200	43,200	43,200	43,200
Basic earnings per share (in Baht)	2.95	2.60	9.22	6.34

9 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2020</i>				
Interim dividend	7 April 2020	May 2020	7.50	324
<i>2019</i>				
Annual dividend	18 April 2019	May 2019	10	432

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10 Financial instruments

Credit risk

Allowance for impairment loss for trade accounts receivable are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

<i>At 30 June 2020</i>	<i>Note</i>	Trade accounts receivable - carrying amount (in thousand Baht)	Allowance for impairment losses
Related party			
Within credit terms	3	78,299	-
		78,299	-
Other parties			
Within credit terms		670,299	-
Overdue:			
Less than 3 months		137,656	-
3 - 6 months		1,416	-
		809,371	-
Total		887,670	-

<i>At 31 December 2019</i>	<i>Note</i>	2019 (in thousand Baht)
Related party		
Within credit terms	3	55,283
		55,283
Other parties		
Within credit terms		652,154
Overdue:		
Less than 3 months		184,497
		836,651
Total		891,934

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

11 Commitments with non-related parties

	30 June 2020	31 December 2019
	(in thousand Baht)	
Capital commitments		
Contracted but not provided for:		
Factory, machinery and equipment	38,093	28,664
Other commitments		
Purchase orders accepted by suppliers		
- Within one year	776,372	1,506,440
- After one year but within five years	89,581	-
Bank guarantees	25,582	25,582
Total	891,535	1,532,022

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Bank guarantee

As at 30 June 2020, 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 2019: Baht 26 million*).

Purchase orders accepted by suppliers

As at 30 June 2020, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot for a total quantity of 17,400 MT (*31 December 2019: 27,600 MT*), at the price as determined in purchase orders (*31 December 2019: at the price as determined in purchase orders*) that will be delivered from 2020 to 2021 (*31 December 2019: within 2020*).