

Alucon Public Company Limited

Financial statements for the year ended
31 December 2016

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 2016, 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 2016 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 under the Royal Patronage of His Majesty the King that are 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 inventory	
Refer to Note 3(d) and 7 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
Inventories are a significant balance and are carried in the financial statements at the lower of cost and net realisable value. The Company's main raw material is aluminium ingot which can be subject to price volatility depending on the demand and supply in the global market. The price of aluminium ingot is based on the price quoted on the London Metal Exchange Market ("LME"). As a result there is a risk that the carrying value of inventories exceeds its net realisable value, this is focus area in my audit.	<p>My audit procedures included understanding and evaluating the net realisable value of inventories by checking the net realisable value to the selling price less the estimated costs necessary to make the sale for a sample of items with the related supporting documents.</p> <p>I also compared the actual results for the year with the Company's historical estimation of allowance for decline in value of inventories and future operating plan to evaluate the appropriateness of the Company's estimation related to the valuation of inventories.</p> <p>In addition, I considered the adequacy of the Company's disclosure in accordance with Thai Financial Reporting Standard.</p>

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 potential 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.

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.

(Banthit Tangpakorn)
Certified Public Accountant
Registration No. 8509

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017

Alucon Public Company Limited
Statement of financial position

Assets	Note	31 December	
		2016	2015
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	241,783,740	200,025,289
Trade accounts receivable	4, 6	974,315,550	1,025,028,787
Inventories	7	1,207,153,598	1,094,081,524
Refundable value added tax		26,841,196	16,889,759
Other current assets		12,506,859	10,968,296
Total current assets		2,462,600,943	2,346,993,655
<i>Non-current assets</i>			
Property, plant and equipment	8	3,965,266,938	4,183,516,285
Intangible assets	9	9,428,739	9,194,473
Deferred tax assets	10	41,164,239	44,545,622
Other non-current assets		300,550	303,909
Total non-current assets		4,016,160,466	4,237,560,289
Total assets		6,478,761,409	6,584,553,944

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

Alucon Public Company Limited
Statement of financial position

Liabilities and equity	<i>Note</i>	31 December	
		2016	2015
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions	11	259,998	91,084,600
Trade accounts payable	4, 12	272,246,568	237,547,514
Other accounts payable			
and short-term loans from related party	4, 11	313,236,001	1,027,693,740
Other accounts payable	13	105,115,207	121,497,309
Income tax payable		120,057,823	94,043,472
Other current liabilities	14	25,945,833	21,429,093
Total current liabilities		836,861,430	1,593,295,728
<i>Non-current liabilities</i>			
Deferred income	15	17,817,123	23,618,784
Employee benefit obligations	16	496,090,856	464,759,083
Total non-current liabilities		513,907,979	488,377,867
Total liabilities		1,350,769,409	2,081,673,595
<i>Equity</i>			
Share capital	17		
Authorised share capital		432,000,000	432,000,000
Issued and paid-up share capital		431,999,860	431,999,860
Additional paid-in capital			
Premium on ordinary shares	17	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	18	43,200,000	43,200,000
Unappropriated		4,398,792,140	3,773,680,489
Total equity		5,127,992,000	4,502,880,349
Total liabilities and equity		6,478,761,409	6,584,553,944

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

Alucon Public Company Limited
Statement of comprehensive income

		For the year ended 31 December	
	Note	2016	2015
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sale of goods	4, 19	6,051,750,538	5,769,871,462
Net foreign exchange gain		6,360,947	55,693,269
Other income	20	162,477,828	182,370,986
Total income		6,220,589,313	6,007,935,717
<i>Expenses</i>			
Cost of sale of goods	4, 7	4,564,011,542	4,711,239,817
Selling expenses	4, 21	149,772,231	147,538,274
Administrative expenses	22	161,980,752	155,398,084
Finance costs	4, 25	11,657,151	25,496,336
Total expenses		4,887,421,676	5,039,672,511
Profit before income tax expense		1,333,167,637	968,263,206
Income tax expense	26	263,355,264	193,195,834
Profit for the year		1,069,812,373	775,067,372
Other comprehensive income (loss)			
<i>Items that will never be reclassified to profit or loss</i>			
Defined benefit plan actuarial losses	16	(15,876,077)	(10,513,584)
Income tax on other comprehensive income	26	3,175,215	2,102,715
Other comprehensive loss for the year, net of income tax		(12,700,862)	(8,410,869)
Total comprehensive income for the year		1,057,111,511	766,656,503
Basic earnings per share	27	24.76	17.94

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 2015						
Balance at 1 January 2015		431,999,860	254,000,000	43,200,000	3,439,023,846	4,168,223,706
Transactions with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends to owners of the Company	28	-	-	-	(431,999,860)	(431,999,860)
<i>Total distribution to owners of the Company</i>		-	-	-	(431,999,860)	(431,999,860)
Total transactions with owners, recorded directly in equity		-	-	-	(431,999,860)	(431,999,860)
Comprehensive income for the year						
Profit for the year		-	-	-	775,067,372	775,067,372
Other comprehensive loss		-	-	-	(8,410,869)	(8,410,869)
Total comprehensive income for the year		-	-	-	766,656,503	766,656,503
Balance at 31 December 2015		431,999,860	254,000,000	43,200,000	3,773,680,489	4,502,880,349

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 2016						
Balance at 1 January 2016		431,999,860	254,000,000	43,200,000	3,773,680,489	4,502,880,349
Transactions with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends to owners of the Company	28	-	-	-	(431,999,860)	(431,999,860)
<i>Total distribution to owners of the Company</i>		-	-	-	(431,999,860)	(431,999,860)
Total transactions with owners, recorded directly in equity		-	-	-	(431,999,860)	(431,999,860)
Comprehensive income for the year						
Profit for the year		-	-	-	1,069,812,373	1,069,812,373
Other comprehensive loss		-	-	-	(12,700,862)	(12,700,862)
Total comprehensive income for the year		-	-	-	1,057,111,511	1,057,111,511
Balance at 31 December 2016		431,999,860	254,000,000	43,200,000	4,398,792,140	5,127,992,000

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

Alucon Public Company Limited

Statement of cash flows

		For the year ended 31 December	
	Note	2016	2015
		(in Baht)	
Cash flows from operating activities			
Profit for the year		1,069,812,373	775,067,372
<i>Adjustments for</i>			
Depreciation	8	522,351,266	504,007,901
Amortisation of intangible assets	9	2,135,894	2,051,004
Recognised deferred income	15	(5,801,661)	(5,785,809)
Interest income		(700,241)	(175,943)
Finance costs	25	11,657,151	25,496,336
Unrealised (gain) loss on exchange		(5,177,419)	3,724,439
Reversal of loss from devaluation of inventories	7	(320,708)	(7,012,138)
Gain on disposal of plant and equipment		(34,002)	(1,691,619)
Provision for employee benefit obligations	16	50,536,472	52,393,091
Income tax expense	26	263,355,264	193,195,834
		1,907,814,389	1,541,270,468
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		54,957,363	(107,797,563)
Inventories		(112,751,366)	284,144,871
Refundable value added tax		(9,951,437)	48,012,962
Other current assets		(1,531,145)	(1,327,472)
Other non-current assets		3,359	-
Trade accounts payable		35,093,661	(132,080,165)
Other accounts payable to related parties		129,916	1,014,947
Other accounts payable		8,657,037	(13,587,808)
Other current liabilities		4,516,740	(37,811)
Cash generated from operating activities		1,886,938,517	1,619,612,429
Income tax paid		(230,784,314)	(139,397,312)
Employee benefit obligations paid		(35,080,775)	(81,444,104)
Net cash from operating activities		1,621,073,428	1,398,771,013

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

Alucon Public Company Limited

Statement of cash flows

		For the year ended 31 December	
	<i>Note</i>	2016	2015
		<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>			
Interest received		692,823	176,132
Purchase of plant and equipment		(307,136,226)	(382,607,958)
Sale of plant and equipment		80,180	2,148,060
Purchase of intangible assets		(2,556,160)	(3,034,198)
Net cash used in investing activities		(308,919,383)	(383,317,964)
<i>Cash flows from financing activities</i>			
Finance costs paid		(14,571,130)	(27,426,147)
Dividends paid	28	(431,999,860)	(431,999,860)
Increase (Decrease) in bank overdrafts		2,196	(1,952,637)
Proceeds from short-term loans from related party		-	240,000,000
Repayment of short-term loans from related party		(733,000,000)	(595,000,000)
Proceeds from short-term loans from financial institutions		-	55,603,600
Repayment of short-term loans from financial institutions		(90,826,800)	(105,273,400)
Net cash used in financing activities		(1,270,395,594)	(866,048,444)
Net increase in cash and cash equivalents		41,758,451	149,404,605
Cash and cash equivalents at 1 January		200,025,289	50,620,684
Cash and cash equivalents at 31 December	5	241,783,740	200,025,289

Non-cash transaction

During the year ended 31 December 2016, the Company acquired plant and equipment and intangible assets totalling Baht 307 million (2015: Baht 321 million), and cash payments of Baht 310 million (2015: Baht 386 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 2016

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Alucon Public Company Limited
Notes to the financial statements
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2017.

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 2016. 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 other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 31 to the financial statements.

(b) Basis of measurement

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

Items

Defined benefit liability

Measurement bases

Present value of the defined benefit obligation as explained in Note 3 (j)

Alucon Public Company Limited
Notes to the financial statements
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(c) Functional and presentation currency

The financial statements are 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.

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 amounts recognised in the financial statements 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 CFO

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 such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Company Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable 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).

Alucon Public Company Limited
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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 to the financial statements.

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.

Alucon Public Company Limited
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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.

(e) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated 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.

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

(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).

Alucon Public Company Limited
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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
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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.

(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.

Alucon Public Company Limited
Notes to the financial statements
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(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 net 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 net 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 pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(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. Service income is recognised as services are provided.

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. 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.

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.

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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 – 1.55% per annum in 2016 and 1.20 – 1.90% per annum in 2015
License fee	Percentage of sales amount as determined in an agreement
Commission expenses	Percentage of sales amount as determined in an agreement
Key management personnel compensation	Amount approved by the directors and / or the shareholders

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

	2016	2015
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	1,140,241	948,657
Purchase of raw materials and spare parts	13,217	11,397
Purchase of machinery and equipment	24,965	5,192
Interest expense	7,799	21,370
License fee	22,757	21,802
Commission expenses	2,828	2,557
Other expenses	217	154
Key management personnel		
Key management personnel compensation		
Short-term employee benefit	61,584	61,351
Retirement benefits	1,670	1,411
Total	63,254	62,762

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

Trade account receivable from related party

	2016	2015
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	62,150	64,561

Alucon Public Company Limited
Notes to the financial statements
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Trade account payable to related party

	2016 (in thousand Baht)	2015
Parent		
Takeuchi Press Industries Company Limited	<u>53</u>	<u>10</u>

Other accounts payable to and short-term loans from related party

	Interest rate 2016 (% per annum)	2015	2016 (in thousand Baht)	2015 (in thousand Baht)
<i>Short-term loans</i>				
Parent				
Takeuchi Press Industries Company Limited	1.25	1.25 - 1.55	280,000	1,013,000
<i>Other accounts payable</i>				
Parent				
Takeuchi Press Industries Company Limited			21,911	44
<i>Accrued license fee</i>				
Parent				
Takeuchi Press Industries Company Limited			5,414	5,728
<i>Accrued commission payable</i>				
Parent				
Takeuchi Press Industries Company Limited			567	666
<i>Accrued interest expense</i>				
Parent				
Takeuchi Press Industries Company Limited			1,319	4,230
<i>Accrued management's remuneration and other benefits</i>				
Key management personnel			<u>4,025</u>	<u>4,025</u>
Total			<u>313,236</u>	<u>1,027,693</u>

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

	2016 (in thousand Baht)	2015
<i>Short-term loans</i>		
Parent		
At 1 January	1,013,000	1,368,000
Increase	-	240,000
Decrease	(733,000)	(595,000)
At 31 December	<u>280,000</u>	<u>1,013,000</u>

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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.

Commitments for purchase of raw materials and spare parts

	2016	2015
	<i>(in thousand Baht)</i>	
Parent		
Takeuchi Press Industries Company Limited	<u>1,988</u>	<u>4,338</u>

Significant memorandum of understanding

On 9 February 2016, 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 aluminium monobloc aerosol cans and collapsible tubes for a period from April 2016 to March 2017. As at 31 December 2016, the Company has supplied aluminium slugs in quantity of 6,270 MT to the parent company.

5 Cash and cash equivalents

	2016	2015
	<i>(in thousand Baht)</i>	
Cash on hand	63	93
Cash at banks - current accounts	23,288	3,838
Cash at banks - saving accounts	168,433	196,094
Highly liquid short-term investments	<u>50,000</u>	<u>-</u>
Total	<u>241,784</u>	<u>200,025</u>

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

	2016	2015
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	125,079	62,018
United States Dollars (USD)	111,745	129,088
Japanese Yen (YEN)	<u>4,960</u>	<u>8,919</u>
Total	<u>241,784</u>	<u>200,025</u>

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6 Trade accounts receivable

	<i>Note</i>	2016 <i>(in thousand Baht)</i>	2015
Related party	4	62,150	64,561
Other parties		912,166	960,468
Total		974,316	1,025,029

Aging analyses for trade accounts receivable were as follows:

	2016 <i>(in thousand Baht)</i>	2015
Related party		
Within credit terms	62,150	64,561
	62,150	64,561
Other parties		
Within credit terms	749,629	774,710
Overdue:		
Less than 3 months	162,537	185,758
	912,166	960,468
Total	974,316	1,025,029

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

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

	2016 <i>(in thousand Baht)</i>	2015
Thai Baht (THB)	440,700	480,198
United States Dollars (USD)	425,021	431,995
Japanese Yen (YEN)	62,150	64,561
Australian Dollars (AUD)	39,675	34,874
Others (GBP, HKD and EUR)	6,770	13,401
Total	974,316	1,025,029

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7 Inventories

	2016	2015
	<i>(in thousand Baht)</i>	
Finished goods	167,911	159,492
Work in progress	88,127	153,783
Raw materials	548,672	459,977
Packing materials	-	5,556
Spare parts	174,523	159,160
Goods in transit	229,127	157,641
	<u>1,208,360</u>	<u>1,095,609</u>
Less allowance for decline in value	(1,206)	(1,527)
Net	<u>1,207,154</u>	<u>1,094,082</u>
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	4,564,333	4,718,252
- Reversal of write-down	(321)	(7,012)
Total	<u>4,564,012</u>	<u>4,711,240</u>

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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 2015	256,005	1,571,431	6,116,305	18,272	28,639	58,647	191,273	8,240,572
Additions	3,756	8,398	64,460	3,691	12,452	41,037	187,223	321,017
Transfers	10,728	37,089	285,008	-	-	(31,405)	(301,420)	-
Disposals	-	-	(40,829)	(869)	(7,892)	-	-	(49,590)
At 31 December 2015 and 1 January 2016	270,489	1,616,918	6,424,944	21,094	33,199	68,279	77,076	8,511,999
Additions	1,539	6,830	44,640	1,614	-	60,787	188,738	304,148
Transfers	-	30,506	208,703	-	-	(40,452)	(198,757)	-
Disposals	-	-	(13,097)	(1,735)	-	-	-	(14,832)
At 31 December 2016	272,028	1,654,254	6,665,190	20,973	33,199	88,614	67,057	8,801,315
<i>Depreciation</i>								
At 1 January 2015	7,623	621,228	3,208,061	15,695	21,001	-	-	3,873,608
Depreciation charge for the year	5,088	51,732	441,563	1,613	4,012	-	-	504,008
Disposals	-	-	(40,372)	(869)	(7,892)	-	-	(49,133)
At 31 December 2015 and 1 January 2016	12,711	672,960	3,609,252	16,439	17,121	-	-	4,328,483
Depreciation charge for the year	5,807	53,971	456,495	1,723	4,355	-	-	522,351
Disposals	-	-	(13,052)	(1,734)	-	-	-	(14,786)
At 31 December 2016	18,518	726,931	4,052,695	16,428	21,476	-	-	4,836,048
<i>Net book value</i>								
At 1 January 2015	248,382	950,203	2,908,244	2,577	7,638	58,647	191,273	4,366,964
At 31 December 2015 and 1 January 2016	257,778	943,958	2,815,692	4,655	16,078	68,279	77,076	4,183,516
At 31 December 2016	253,510	927,323	2,612,495	4,545	11,723	88,614	67,057	3,965,267

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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 2016 amounted to Baht 1,621 million (2015: Baht 1,535 million).

9 Intangible assets

	Software licence (in thousand Baht)
Cost	
At 1 January 2015	19,768
Additions	2,899
At 31 December 2015 and 1 January 2016	22,667
Additions	2,371
At 31 December 2016	25,038
Amortisation	
At 1 January 2015	11,422
Amortisation charge for the year	2,051
At 31 December 2015 and 1 January 2016	13,473
Amortisation charge for the year	2,136
At 31 December 2016	15,609
Net book value	
At 1 January 2015	8,346
At 31 December 2015 and 1 January 2016	9,194
At 31 December 2016	9,429

10 Deferred tax

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

	2016 (in thousand Baht)	2015
Deferred tax assets	97,279	92,393
Deferred tax liability	(56,115)	(47,847)
Net	41,164	44,546

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

		(Charged) / Credited to :		
	At 1 January 2016	Profit or loss (Note 26) (in thousand Baht)	Other comprehensive income	At 31 December 2016
<i>Deferred tax assets</i>				
Inventories (<i>allowance for decline in value</i>)	305	(64)	-	241
Employee benefit obligations	87,364	2,935	3,175	93,474
Deferred income	4,724	(1,160)	-	3,564
Total	92,393	1,711	3,175	97,279
<i>Deferred tax liability</i>				
Property, plant and equipment (<i>depreciation gap</i>)	(47,847)	(8,268)	-	(56,115)
Total	(47,847)	(8,268)	-	(56,115)
Net	44,546	(6,557)	3,175	41,164

		(Charged) / Credited to :		
	At 1 January 2015	Profit or loss (Note 26) (in thousand Baht)	Other comprehensive income	At 31 December 2015
<i>Deferred tax assets</i>				
Inventories (<i>allowance for decline in value</i>)	1,708	(1,403)	-	305
Employee benefit obligations	91,269	(6,008)	2,103	87,364
Deferred income	5,881	(1,157)	-	4,724
Total	98,858	(8,568)	2,103	92,393
<i>Deferred tax liability</i>				
Property, plant and equipment (<i>depreciation gap</i>)	(34,493)	(13,354)	-	(47,847)
Total	(34,493)	(13,354)	-	(47,847)
Net	64,365	(21,922)	2,103	44,546

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11 Interest-bearing liabilities

	<i>Note</i>	2016 <i>(in thousand Baht)</i>	2015
Current			
Bank overdrafts - unsecured		260	258
Short-term loans from financial institutions - unsecured		-	90,827
Bank overdrafts and short-term loans from financial institutions		260	91,085
Short-term loans from related party - unsecured	4	280,000	1,013,000
Total current interest-bearing liabilities		280,260	1,104,085

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

	2016 <i>(in thousand Baht)</i>	2015
Within one year	280,000	1,104,085
Total	280,000	1,104,085

As at 31 December 2016, the Company had unutilised credit facilities from financial institutions of approximately Baht 2,539 million (2015: Baht 2,541 million).

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

	2016 <i>(in thousand Baht)</i>	2015
Thai Baht (THB)	280,260	1,013,258
Japanese Yen (YEN)	-	90,827
Total	280,260	1,104,085

12 Trade accounts payable

	<i>Note</i>	2016 <i>(in thousand Baht)</i>	2015
Related party	5	53	10
Other parties		272,194	237,538
Total		272,247	237,548

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

	2016 <i>(in thousand Baht)</i>	2015
Thai Baht (THB)	95,685	142,340
United States Dollars (USD)	151,336	69,167
Japanese Yen (YEN)	20,805	12,018
Others (CHF, AUD, EUR and GBP)	4,421	14,023
Total	272,247	237,548

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13 Other accounts payable

	2016	2015
	<i>(in thousand Baht)</i>	
Construction and machinery payables	27,139	27,413
Accrued operating expenses	37,349	33,448
Factory supplies and spare parts payables	21,047	30,040
Others	19,580	30,596
Total	105,115	121,497

14 Other current liabilities

	2016	2015
	<i>(in thousand Baht)</i>	
Withholding tax payable	14,108	12,824
Advances received from customers	9,783	6,482
Accrued social fund	2,055	2,123
Total	25,946	21,429

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 2016, such deferred income had outstanding balance of Baht 17.8 million (2015: Baht 23.6 million) and during the year ended 31 December 2016, the Company recognised income in profit or loss of Baht 5.8 million (2015: Baht 5.8 million).

16 Employee benefit obligations

	2016	2015
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	386,194	366,566
Other long-term employee benefits	39,768	31,345
	425,962	397,911
Provident fund	70,129	66,848
Total	496,091	464,759

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Year ended 31 December

2016 2015
(in thousand Baht)

Statement of comprehensive income:

Recognised in profit or loss:

Post-employment benefits	35,832	39,594
Other long-term employee benefits	6,872	5,697
Provident fund	7,832	7,102
Total	50,536	52,393

Recognised in other comprehensive income:

Actuarial losses recognised in the year	15,876	10,514
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The Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

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

The statement of financial position obligation was determined as follow:

2016 2015
(in thousand Baht)

Present value of unfunded obligation	425,962	397,911
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Movement in the present value of the defined benefit obligations

2016 2015
(in thousand Baht)

Defined benefit obligations at 1 January	397,911	420,755
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Include in profit or loss:

Current service cost	37,988	34,830
Interest on obligation	7,926	10,461
Loss on settlement	(3,210)	-

Included in other comprehensive income

Actuarial loss	15,876	10,514
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Other

Benefit paid	(30,529)	(78,649)
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Defined benefit obligations at 31 December	425,962	397,911
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Actuarial losses recognised in other comprehensive income arising from:

	2016 (in thousand Baht)	2015
Demographic assumptions	(6,014)	199
Financial assumptions	24,853	5,469
Experience adjustment	(2,963)	4,846
Total	15,876	10,514

Actuarial assumptions

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

	2016 %	2015
Discount rate	2.07	2.91
Future average salary growth	4.00 - 5.80	4.50 - 5.80

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)	
Defined benefit obligation 31 December 2016	Increase	Decrease
Discount rate (1% movement)	(28,992)	32,691
Future salary growth (1% movement)	29,203	(26,433)
Future mortality (1 year movement)	(651)	648
Turnover Rate (1% movement)	(13,382)	10,663

	(in thousand Baht)	
Defined benefit obligation 31 December 2015	Increase	Decrease
Discount rate (1% movement)	(27,186)	31,039
Future salary growth (1% movement)	28,288	(25,230)
Future mortality (1 year movement)	(749)	396

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.

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17 Share capital

	Par value per share (in Baht)	2016		2015	
		Number	Amount	Number	Amount
		(thousand shares / thousand Baht)		(thousand shares / thousand Baht)	
<i>Authorised</i>					
At 1 January					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>
At 31 December					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>
At 31 December					
- ordinary shares	10	<u>43,200</u>	<u>432,000</u>	<u>43,200</u>	<u>432,000</u>

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

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	
	2016	2015	2016	2015	2016	2015
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	3,756,156	3,625,425	2,295,595	2,144,446	6,051,751	5,769,871
Segment result	<u>1,130,738</u>	<u>862,757</u>	<u>357,001</u>	<u>195,874</u>	<u>1,487,739</u>	<u>1,058,631</u>
Unallocated revenues					168,839	238,064
Unallocated expenses					(311,753)	(302,936)
Finance costs					(11,657)	(25,496)
Profit before income tax					<u>1,333,168</u>	<u>968,263</u>
Segment assets						
Trade accounts receivable	657,019	748,274	317,297	276,755	974,316	1,025,029
Inventories	312,869	275,077	894,285	819,005	1,207,154	1,094,082
Property, plant and equipment	3,036,215	3,227,187	929,052	956,329	3,965,267	4,183,516
Unallocated assets					332,024	281,927
Total Assets					<u>6,478,761</u>	<u>6,584,554</u>
Segment liabilities						
Trade accounts payable	91,683	101,771	180,564	135,777	272,247	237,548
Unallocated liabilities					1,078,522	1,844,126
Total Liabilities					<u>1,350,769</u>	<u>2,081,674</u>
Other material items						
Depreciation and amortization	377,552	368,790	146,935	137,269	524,487	506,059
Capital expenditure	186,636	175,343	119,882	148,573	306,518	323,916

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	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Asia pacific	3,282,830	2,777,741	-	-
Thailand	1,802,107	1,897,342	4,016,160	4,237,560
America	547,470	618,308	-	-
Others	419,344	476,480	-	-
Total	<u>6,051,751</u>	<u>5,769,871</u>	<u>4,016,160</u>	<u>4,237,560</u>

Major customer

Revenues from a customer of the Company's 1 and 2 segments are approximately Baht 648 million (2015: Baht 657.1 million) of the Company's total revenues.

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20 Other income

	2016	2015
	<i>(in thousand Baht)</i>	
Sale of scrap	139,224	155,957
Others	23,254	26,414
Total	162,478	182,371

21 Selling expenses

	2016	2015
	<i>(in thousand Baht)</i>	
Freight expenses	76,846	81,586
Employee benefit expenses	34,508	32,610
Others	38,418	33,342
Total	149,772	147,538

22 Administrative expenses

	2016	2015
	<i>(in thousand Baht)</i>	
Employee benefit expenses	132,045	125,302
Depreciation and amortisation	7,015	6,515
Repair and maintenance	3,993	3,976
Transportation expenses	2,897	2,816
Others	16,031	16,789
Total	161,981	155,398

23 Employee benefit expenses

	2016	2015
	<i>(in thousand Baht)</i>	
Wages and salaries	654,522	640,519
Pension costs - defined benefit plans	42,704	45,291
Contribution to defined contribution plans	7,832	7,102
Director's remuneration	4,796	4,796
Others	46,332	43,075
Total	756,186	740,783

Defined benefit plans

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

Defined contribution plans

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

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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:

	2016	2015
	<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>		
Changes in inventories of finished goods and work in progress	57,237	51,953
Raw materials and consumables used	2,722,688	2,906,474
Employee benefit expenses	589,633	582,871
Depreciation and amortisation	516,039	498,450
Utilities expenses	310,393	341,548
<i>Included in selling expenses:</i>		
Freight expenses	76,846	81,586
Employee benefit expenses	34,508	32,610
Depreciation and amortisation	1,433	1,094
<i>Included in administrative expenses:</i>		
Employee benefit expenses	132,045	125,302
Depreciation and amortisation	7,015	6,515

25 Finance costs

	Note	2016	2015
		<i>(in thousand Baht)</i>	
<i>Interest expense:</i>			
Related party	4	7,799	21,370
Financial institutions		3,858	4,126
Total		11,657	25,496

26 Income tax expense

Income tax recognised in profit or loss

	Note	2016	2015
		<i>(in thousand Baht)</i>	
<i>Current tax expense</i>			
Current year		256,798	171,274
<i>Deferred tax expense</i>	10		
Movements in temporary differences		6,557	21,922
Total		263,355	193,196

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Income tax recognised in other comprehensive income

	Before tax	2016 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2015 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial losses	(15,876)	3,175	(12,701)	(10,514)	2,103	(8,411)
Total	(15,876)	3,175	(12,701)	(10,514)	2,103	(8,411)

Reconciliation of effective tax rate

	2016 Rate (%)	2016 (in thousand Baht)	2015 Rate (%)	2015 (in thousand Baht)
Profit before income tax expense		1,333,168		968,263
Income tax using the Thai corporation tax rate	20	266,634	20	193,653
Income not subject to tax		(3,632)		(732)
Expenses not deductible for tax purposes		141		104
Others		212		171
Total	20	263,355	20	193,196

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 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:

	2016 (in thousand Baht / thousand shares)	2015 (in thousand Baht / thousand shares)
Profit attributable to equity holders of the Company	1,069,812	775,067
Number of ordinary shares outstanding	43,200	43,200
Basic earnings per share (in Baht)	24.76	17.94

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28 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2016, the shareholders approved the appropriation of cash dividends of Baht 10 per share, amounting to Baht 432 million. The dividend was paid to shareholders in May 2016.

At the annual general meeting of the shareholders of the Company held on 27 April 2015, the shareholders approved the appropriation of cash dividends of Baht 10 per share, amounting to Baht 432 million. The dividend was paid to shareholders in May 2015.

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 derivative 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 0.26:1 in 2016 and 0.46:1 in 2015, 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>
2016				
Current				
Loans from related party	4	1.25	280,000	280,000
Total			280,000	280,000
2015				
Current				
Loans from financial institutions		0.49	91,085	91,085
Loans from related party	4	1.25 - 1.55	1,013,000	1,013,000
Total			1,104,085	1,104,085

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Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales and short-term loans 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:

	<i>Note</i>	2016 <i>(in thousand Baht)</i>	2015
<i>United States Dollars (USD)</i>			
Cash and cash equivalents	5	111,745	129,088
Trade accounts receivable	6	425,021	431,995
Trade accounts payable	12	(151,336)	(69,167)
		<u>385,430</u>	<u>491,916</u>
<i>Japanese Yen (YEN)</i>			
Cash and cash equivalents	5	4,960	8,919
Trade accounts receivable	6	62,150	64,561
Interest-bearing liabilities	11	-	(90,827)
Trade accounts payable	12	(20,805)	(12,018)
		<u>46,305</u>	<u>(29,365)</u>
<i>Australian Dollar (AUD)</i>			
Trade accounts receivable	6	39,675	34,874
		<u>39,675</u>	<u>34,874</u>
<i>Others (HKD, SGD, EUR and GBP)</i>			
Trade accounts receivable	6	6,770	13,401
Trade accounts payable	12	(4,421)	(14,023)
		<u>2,349</u>	<u>(622)</u>
Gross statement of financial position exposure		<u>473,759</u>	<u>496,803</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.

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

Liquidity risk

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

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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

	2016	2015
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Contracted but not provided for:		
Factory, machinery and equipment	<u>67,687</u>	<u>127,863</u>
<i>Other commitments</i>		
Purchase orders accepted by suppliers		
Within one year	2,035,185	1,364,431
After one year but within five years	<u>444,041</u>	<u>852,015</u>
	<u>2,479,226</u>	<u>2,216,446</u>
Bank guarantees	<u>25,799</u>	<u>25,799</u>
Total	<u>2,505,025</u>	<u>2,242,245</u>

Purchase orders accepted by suppliers

As at 31 December 2016, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 40,200 MT (2015: 42,100 MT), at the price as determined in purchase orders (2015: at the prices in the range of YEN 123,000 - 123,700 per MT and at the price as determined in purchase orders) that will be delivered during 2017-2018 (2015: 2015 to 2016).

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31 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TFRS 8 (revised 2016)	Operating Segments
TFRS 13 (revised 2016)	Fair Value Measurement
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment

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

32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 23 February 2017, the Company's Board of Directors approved to propose to the annual general meeting of the shareholders of the Company for approval to appropriate of cash dividends of Baht 15 per share, amounting to Baht 648 million. The appropriation of dividend must be approved by the shareholders' meeting of the Company.