

# **Alucon Public Company Limited**

Interim financial statements  
for the three-month period ended  
31 March 2016

and

Independent Auditor's Report  
on Review of Interim Financial Information

## **Independent Auditor's Report on Review of Interim Financial Information**

### **To the Board of Directors of Alucon Public Company Limited**

I have reviewed the accompanying statement of financial position of Alucon Public Company Limited as at 31 March 2016; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2016; 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".

(Banthit Tangpakorn)  
Certified Public Accountant  
Registration No. 8509

KPMG Phoomchai Audit Ltd.  
Bangkok  
10 May 2016

**Alucon Public Company Limited**  
**Statement of financial position**

<b>Assets</b>	<i>Note</i>	31 March 2016 (Unaudited)	31 December 2015
<i>(in thousand Baht)</i>			
<b><i>Current assets</i></b>			
Cash and cash equivalents		419,057	200,025
Trade accounts receivable	3, 4	1,075,931	1,025,029
Inventories		923,666	1,094,082
Refundable value added tax		11,480	16,890
Other current assets		12,153	10,968
<b>Total current assets</b>		<b>2,442,287</b>	<b>2,346,994</b>
<b><i>Non-current assets</i></b>			
Property, plant and equipment	3, 5	4,137,096	4,183,516
Intangible assets		9,923	9,194
Deferred tax assets		43,473	44,546
Other non-current assets		304	304
<b>Total non-current assets</b>		<b>4,190,796</b>	<b>4,237,560</b>
<b>Total assets</b>		<b>6,633,083</b>	<b>6,584,554</b>

# Alucon Public Company Limited

## Statement of financial position

Liabilities and equity	Note	31 March 2016 (Unaudited)	31 December 2015
<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>			
Bank overdrafts and short-term loans			
from financial institutions		96,398	91,085
Trade accounts payable	3, 6	171,634	237,548
Other accounts payable to and short-term loans from related party	3	741,887	1,027,694
Other accounts payable		179,441	121,497
Income tax payable		159,278	94,043
Other current liabilities		22,725	21,429
<b>Total current liabilities</b>		<b>1,371,363</b>	<b>1,593,296</b>
<b><i>Non-current liabilities</i></b>			
Deferred income		22,176	23,619
Employee benefit obligations		471,614	464,759
<b>Total non-current liabilities</b>		<b>493,790</b>	<b>488,378</b>
<b>Total liabilities</b>		<b>1,865,153</b>	<b>2,081,674</b>
Share capital:			
Authorised share capital		432,000	432,000
Issued and paid-up share capital		432,000	432,000
Additional paid-in capital			
Premium on ordinary shares		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		43,200	43,200
Unappropriated		4,038,730	3,773,680
<b>Total equity</b>		<b>4,767,930</b>	<b>4,502,880</b>
<b>Total liabilities and equity</b>		<b>6,633,083</b>	<b>6,584,554</b>

**Alucon Public Company Limited**  
**Statement of comprehensive income (Unaudited)**

		Three-month period ended	
		31 March	
	<i>Note</i>	2016	2015
		<i>(in thousand Baht)</i>	
<b><i>Income</i></b>			
Revenue from sale of goods	3, 7	1,512,602	1,426,435
Other income		39,465	51,191
<b>Total income</b>		<b>1,552,067</b>	<b>1,477,626</b>
<b><i>Expenses</i></b>			
Cost of sale of goods	3	1,126,387	1,202,439
Selling expenses	3	38,141	35,839
Administrative expenses	3	44,558	42,276
Net foreign exchange loss		8,012	4,030
Finance costs	3	3,590	6,902
<b>Total expenses</b>		<b>1,220,688</b>	<b>1,291,486</b>
<b>Profit before income tax expense</b>		<b>331,379</b>	<b>186,140</b>
Income tax expense		66,329	37,321
<b>Profit for the period</b>		<b>265,050</b>	<b>148,819</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>265,050</b>	<b>148,819</b>
<b>Basic earnings per share <i>(in Baht)</i></b>	8	<b>6.14</b>	<b>3.44</b>

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

	Issued and paid-up share capital	Additional paid-in capital Premium on ordinary shares	Retained earnings		Total equity
			Legal reserve	Unappropriated	
			(in thousand Baht)		
Three-month period ended					
31 March 2015					
Balance at 1 January 2015	432,000	254,000	43,200	3,439,024	4,168,224
Comprehensive income					
for the period					
Profit	-	-	-	148,819	148,819
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period	-	-	-	148,819	148,819
Balance at 31 March 2015	432,000	254,000	43,200	3,587,843	4,317,043
Three-month period ended					
31 March 2016					
Balance at 1 January 2016	432,000	254,000	43,200	3,773,680	4,502,880
Comprehensive income					
for the period					
Profit	-	-	-	265,050	265,050
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period	-	-	-	265,050	265,050
Balance at 31 March 2016	432,000	254,000	43,200	4,038,730	4,767,930

**Alucon Public Company Limited**  
**Statement of cash flows (Unaudited)**

	Three-month period ended	
	31 March	
	2016	2015
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the period	265,050	148,819
<i>Adjustments for</i>		
Depreciation	128,908	119,763
Amortisation of intangible assets	514	494
Recognised deferred income	(1,442)	(1,427)
Interest income	(42)	(15)
Finance costs	3,590	6,902
Unrealised loss on exchange	7,639	2,225
Provision for (reversal of) loss from devaluation of inventories	863	(6,396)
Gain on disposal of equipment	(7)	(174)
Provision for employee benefit obligations	15,529	12,670
Income tax expense	66,329	37,321
	<u>486,931</u>	<u>320,182</u>
<b><i>Changes in operating assets and liabilities</i></b>		
Trade accounts receivable	(53,962)	(193,369)
Inventories	169,552	25,319
Refundable value added tax	5,410	14,041
Other current assets	(1,148)	(3,513)
Other non-current assets	-	-
Trade accounts payable	(66,308)	(146,932)
Other accounts payable to related party	851	2,180
Other accounts payable	60,904	48,545
Other current liabilities	1,296	(1,794)
<b>Cash generated from operating activities</b>	<u><b>603,526</b></u>	<u><b>64,659</b></u>
Income tax paid	(21)	(17)
Employee benefit obligations paid	(8,674)	(13,922)
<b>Net cash from operating activities</b>	<u><b>594,831</b></u>	<u><b>50,720</b></u>

# Alucon Public Company Limited

## Statement of cash flows (Unaudited)

	Three-month period ended 31 March	
	2016	2015
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from investing activities</i></b>		
Interest received	5	4
Purchase of plant and equipment	(85,365)	(119,467)
Sale of equipment	7	192
Purchase of intangible assets	(1,369)	(2,354)
<b>Net cash used in investing activities</b>	<b>(86,722)</b>	<b>(121,625)</b>
<b><i>Cash flows from financing activities</i></b>		
Finance costs paid	(5,205)	(7,238)
Increase (decrease) in bank overdrafts	1,128	(2,130)
Proceeds from short-term loans from financial institution	-	55,604
(Repayments of) proceeds from short-term loans from related party	(285,000)	40,000
<b>Net cash (used in) from financing activities</b>	<b>(289,077)</b>	<b>86,236</b>
<b>Net increase in cash and cash equivalents</b>	<b>219,032</b>	<b>15,331</b>
Cash and cash equivalents at 1 January	200,025	50,621
<b>Cash and cash equivalents at 31 March</b>	<b>419,057</b>	<b>65,952</b>

### ***Non-cash transaction***

During the period ended 31 March 2016, the Company acquired plant and equipment totalling Baht 82 million (2015: Baht 51 million), cash payments of Baht 85 million (2015: Baht 119 million) were made to purchase plant and equipment.



**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 10 May 2016.

**1 General information**

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

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

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

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

**2 Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2015) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2015. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2015.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2015 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

*(b) Functional and presentation currency*

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

**Alucon Public Company Limited**  
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*(c) Use of judgements and estimates*

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2015.

*(d) Financial instruments*

**Carrying amounts and fair values**

The Company's bank overdrafts and short-term loan from financial institutions and short-term loans from related party are bearing interest at rates close to current market rate. The management believes that fair values of such assets and liabilities as at 31 March 2016 and 31 December 2015 are not materially different from their carrying amounts.

The Company has not disclosed the fair values for financial instruments such as trade and other accounts receivable, and trade and other accounts payable, because the carrying values approximate their fair value due to the relatively short-term maturity of these financial instruments.

**3 Related parties**

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

Relationships with related parties were as follows;

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

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

**Transactions**

**Pricing policies**

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 1.50 - 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 three-month periods ended 31 March 2016 and 2015 with related parties were as follows:

<i>Three-month period ended 31 March</i>	2016 (in thousand Baht)	2015
<b>Parent</b>		
Revenue from sale of goods	272,331	220,628
Purchase of raw materials and spare parts	3,401	2,498
Purchase of machinery and equipment	1,574	3,263
Interest expense	2,687	5,826
License fee	5,539	5,928
Commission expenses	768	653
Other expenses	1	27
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefit	15,337	15,385
Post-employment benefits	385	1,338
<b>Total</b>	<b>15,722</b>	<b>16,723</b>

Balances as at 31 March 2016 and 31 December 2015 with related parties were as follows:

**Trade account receivable from related party**

	31 March 2016 (in thousand Baht)	31 December 2015
<b>Parent</b>		
Takeuchi Press Industries Company Limited	67,070	64,561

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

*Trade account payable to related party*

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<u>255</u>	<u>10</u>

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

	Interest rate		31 March 2016	31 December 2015
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
<b>Short-term loans</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited	1.25 - 1.55	1.25 - 1.55	728,000	1,013,000
<b>Other accounts payable</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			-	44
<b>Accrued license fee</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			5,539	5,728
<b>Accrued commission payable</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			768	666
<b>Accrued interest expense</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			2,617	4,230
<b>Accrued management's remuneration and other benefits</b>				
Key management personnel			4,963	4,025
<b>Total</b>			<u><u>741,887</u></u>	<u><u>1,027,693</u></u>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
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Movements during the three-month periods ended 31 March 2016 and 2015 of short-term loans from related party were as follows:

<i>Three-month period ended 31 March</i>	2016	2015
	<i>(in thousand Baht)</i>	
<b>Short-term loans</b>		
<b>Parent</b>		
At 1 January	1,013,000	1,368,000
Increase	-	40,000
Decrease	(285,000)	-
<b>At 31 March</b>	<b>728,000</b>	<b>1,408,000</b>

**Significant agreement with related party**

**Technical license agreement**

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

**Commitments for purchase of raw materials and spare parts**

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	78	4,338

**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 aluminum monobloc aerosol cans and collapsible tubes for a period from April 2016 to March 2017.

**4 Trade accounts receivable**

		31 March 2016	31 December 2015
		<i>(in thousand Baht)</i>	
Related party	3	67,070	64,561
Other parties		1,008,861	960,468
<b>Total</b>		<b>1,075,931</b>	<b>1,025,029</b>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
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Aging analyses for trade accounts receivable were as follows:

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
<b>Related party</b>		
Within credit terms	67,070	64,561
	<b>67,070</b>	<b>64,561</b>
<b>Other parties</b>		
Within credit terms	834,725	774,710
Overdue:		
Less than 3 months	169,101	185,758
3 - 6 months	5,035	-
	<b>1,008,861</b>	<b>960,468</b>
<b>Total</b>	<b>1,075,931</b>	<b>1,025,029</b>

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

## 5 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2016 and 2015 were as follows:

<i>Three-month period ended 31 March</i>	2016		2015	
	Acquisitions and transfers - at cost	Disposals - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers - at cost	Disposals - net book value
Land and land improvement	1,313	-	6,157	-
Building and building improvement	6,158	-	777	-
Machinery and equipment	62,133	-	145,373	(18)
Office equipment	330	-	2,970	-
Vehicles	-	-	5,292	-
Spare parts	3,059	-	1,876	-
Construction in progress	9,495	-	(111,774)	-
<b>Total</b>	<b>82,488</b>	<b>-</b>	<b>50,671</b>	<b>(18)</b>

## 6 Trade accounts payable

	Note	31 March 2016	31 December 2015
		<i>(in thousand Baht)</i>	
Related party	3	255	10
Other parties		171,379	237,538
<b>Total</b>		<b>171,634</b>	<b>237,548</b>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

**7 Segment information**

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

*Segment 1* Can and tube  
*Segment 2* Slug

**Information about reportable segments**

<i>Three-month period ended 31 March</i>	<b>Segment 1</b>		<b>Segment 2</b>		<b>Total</b>	
	2016	2015	2016	2015	2016	2015
			<i>(in thousand Baht)</i>			
Revenue from sale of goods	944,276	887,265	568,326	539,170	1,512,602	1,426,435
<b>Segment result</b>	<b>298,784</b>	<b>186,950</b>	<b>87,431</b>	<b>37,046</b>	<b>386,215</b>	<b>223,996</b>

**8 Basic earnings per share**

The calculations of basic earnings per share for the three-month periods ended 31 March 2016 and 2015 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:

<i>Three-month periods ended 31 March</i>	2016	2015
	<i>(in thousand Baht / thousand shares)</i>	
<b>Profit attributable to equity holders of the Company</b>	<b>265,050</b>	<b>148,819</b>
<b>Number of ordinary shares outstanding</b>	<b>43,200</b>	<b>43,200</b>
<b>Basic earnings per share (in Baht)</b>	<b>6.14</b>	<b>3.44</b>

**9 Commitments with non-related parties**

	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>	
<b>Capital commitments</b>		
Contracted but not provided for:		
Factory, machinery and equipment	<b>107,297</b>	<b>127,863</b>
<b>Other commitments</b>		
Purchase orders accepted by suppliers		
Within one year	1,676,898	1,364,431
After one year but within five years	934,426	852,015
	<b>2,611,324</b>	<b>2,216,446</b>
Bank guarantees	25,799	25,799
<b>Total</b>	<b>2,637,123</b>	<b>2,242,245</b>



**Alucon Public Company Limited**  
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*Purchase orders accepted by suppliers*

As at 31 March 2016, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot for a total quantity of 50,400 MT (*31 December 2015 : 42,100 MT*), at the prices in the range of YEN 123,000-123,700 per MT and at the price as determined in purchase orders (*31 December 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 2016 to 2017 (*31 December 2015: 2015 to 2016*).

**10 Events after the reporting period**

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, which will be paid to shareholders in May 2016.