

# **Alucon Public Company Limited**

Interim financial statements  
for the three-month period ended  
31 March 2017

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 2017; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2017; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standards 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

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

#### *Conclusion*

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

(Sumate Jangsamsee)  
Certified Public Accountant  
Registration No. 9362

KPMG Phoomchai Audit Ltd.  
Bangkok  
12 May 2017

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

		31 March	31 December
<b>Assets</b>	<i>Note</i>	2017	2016
		(Unaudited)	
		(in thousand Baht)	
<b><i>Current assets</i></b>			
Cash and cash equivalents		401,560	241,784
Trade accounts receivable	3, 4	1,082,941	974,316
Inventories		1,158,820	1,207,154
Refundable value added tax		22,609	26,841
Other current assets		9,751	12,506
<b>Total current assets</b>		<b>2,675,681</b>	<b>2,462,601</b>
<b><i>Non-current assets</i></b>			
Property, plant and equipment	3, 5	3,935,796	3,965,267
Intangible assets		8,887	9,429
Deferred tax assets		40,394	41,164
Other non-current assets		299	300
<b>Total non-current assets</b>		<b>3,985,376</b>	<b>4,016,160</b>
<b>Total assets</b>		<b>6,661,057</b>	<b>6,478,761</b>

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

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

		31 March 2017 (Unaudited)	31 December 2016
<b>Liabilities and equity</b>	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<b><i>Current liabilities</i></b>			
Bank overdrafts		1,125	260
Trade accounts payable	3, 6	275,548	272,246
Other current payables to and short-term borrowings from related parties	3	124,231	313,236
Other current payables		171,463	105,115
Deferred income		5,786	5,786
Current income tax payable		181,171	120,058
Current provisions for employee benefits		28,491	24,328
Other current liabilities		21,196	25,946
<b>Total current liabilities</b>		<b>809,011</b>	<b>866,975</b>
<b><i>Non-current liabilities</i></b>			
Deferred income		10,604	12,031
Non-current provisions for employee benefits		466,486	471,763
<b>Total non-current liabilities</b>		<b>477,090</b>	<b>483,794</b>
<b>Total liabilities</b>		<b>1,286,101</b>	<b>1,350,769</b>
<b><i>Shareholders' equity</i></b>			
Share capital:			
Authorized share capital		432,000	432,000
Issued and paid share capital		432,000	432,000
Share premium			
Share premium on ordinary shares		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		43,200	43,200
Unappropriated		4,645,756	4,398,792
<b>Total shareholders' equity</b>		<b>5,374,956</b>	<b>5,127,992</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,661,057</b>	<b>6,478,761</b>

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

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

		Three-month period ended 31 March	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
<b><i>Revenues</i></b>			
Revenues from sales	3, 7	1,557,778	1,512,602
Other income		45,286	39,465
<b>Total revenues</b>		<b>1,603,064</b>	<b>1,552,067</b>
<b><i>Expenses</i></b>			
Costs of sale of goods	3	1,201,006	1,126,387
Distribution costs	3	34,084	38,141
Administrative expenses	3	44,967	44,558
Net foreign exchange loss		12,672	8,012
Finance costs	3	1,465	3,590
<b>Total expenses</b>		<b>1,294,194</b>	<b>1,220,688</b>
<b>Profit before income tax expense</b>		<b>308,870</b>	<b>331,379</b>
Tax expense		61,906	66,329
<b>Profit for the period</b>		<b>246,964</b>	<b>265,050</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>246,964</b>	<b>265,050</b>
<b>Basic earnings per share (<i>in Baht</i>)</b>	8	<b>5.72</b>	<b>6.14</b>

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

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

	Issued and paid-up share capital	Share Premium	Retained earnings		Total shareholders' equity
			Legal reserve	Unappropriated	
			(in thousand Baht)		
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 for the period	-	-	-	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
Three-month period ended					
31 March 2017					
Balance at 1 January 2017	432,000	254,000	43,200	4,398,792	5,127,992
Comprehensive income					
for the period					
Profit for the period	-	-	-	246,964	246,964
Other comprehensive income	-	-	-	-	-
Total comprehensive income					
for the period					
	-	-	-	246,964	246,964
Balance at 31 March 2017	432,000	254,000	43,200	4,645,756	5,374,956

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

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

	Three-month period ended 31 March	
	2017	2016
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the period	246,964	265,050
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	61,906	66,329
Finance costs	1,465	3,590
Depreciation	132,055	128,908
Amortisation of intangible assets	542	514
Provisions for employee benefits	9,852	15,529
Recognised deferred income	(1,427)	(1,442)
Unrealised loss on exchange	7,990	7,639
(Reversal of) losses on inventories devaluation	(349)	863
Gain on disposal of equipment	(1,444)	(7)
Interest income	(255)	(42)
	<u>457,299</u>	<u>486,931</u>
<b><i>Changes in operating assets and liabilities</i></b>		
Trade accounts receivable	(118,717)	(53,962)
Inventories	48,682	169,552
Refundable value added tax	4,232	5,410
Other current assets	2,788	(1,148)
Other non-current assets	2	-
Trade accounts payable	5,141	(66,308)
Other current payables to related parties	(1,040)	851
Other current payables	45,586	60,904
Other current liabilities	(4,749)	1,296
Provisions for employee benefits paid	(10,966)	(8,674)
<b>Net cash generated from operating</b>	<b>428,258</b>	<b>594,852</b>
Taxes paid	(23)	(21)
<b>Net cash from operating activities</b>	<b><u>428,235</u></b>	<b><u>594,831</u></b>

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

# Alucon Public Company Limited

## Statement of cash flows (Unaudited)

Three-month period ended

31 March

2017                      2016

(in thousand Baht)

### *Cash flows from investing activities*

Proceeds from sale of property, plant and equipment	1,444	7
Acquisition of property, plant and equipment	(103,324)	(85,365)
Acquisition of intangible assets	-	(1,369)
Interest received	223	5
<b>Net cash used in investing activities</b>	<b>(101,657)</b>	<b>(86,722)</b>

### *Cash flows from financing activities*

Increase in bank overdrafts	865	1,128
Repayment of short-term borrowings from related party	(165,000)	(285,000)
Interest paid	(2,667)	(5,205)
<b>Net cash used in financing activities</b>	<b>(166,802)</b>	<b>(289,077)</b>

<b>Net increase in cash and cash equivalents</b>	<b>159,776</b>	<b>219,032</b>
Cash and cash equivalents at beginning of period	241,784	200,025
<b>Cash and cash equivalents at ending of period</b>	<b>401,560</b>	<b>419,057</b>

### *Non-cash transaction*

During the period ended 31 March 2017, the Company acquired plant and equipment totalling Baht 103 million (2016: Baht 82 million), cash payments of Baht 103 million (2016: Baht 85 million) were made to purchase plant and equipment.

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



**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (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 interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 12 May 2017.

**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 2016) *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 2016. 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 2016.

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 2016 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017. 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**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

(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 2016.

### **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.

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

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	The market price or the price based on the memorandum of understanding. The selling price structure with the parent company is based on the actual cost incurred plus gross margin rate including the consideration of size, sale volume, country and transportation.
Purchase of raw materials and spare parts	The market price
Purchase of machinery and equipment	The market price
License fee	Percentage of sales amount as determined in an agreement
Commission expenses	Percentage of sales amount as determined in an agreement
Key management personnel compensation	Amount approved by the directors and / or the shareholders
Interest expense	1.25 per annum in 2017 and 1.25 - 1.55% per annum in 2016

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

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

<i>Three-month period ended 31 March</i>	2017	2016
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Sales of goods	293,603	272,331
Purchase of raw materials and spare parts	2,033	3,401
Purchase of machinery and equipment	-	1,574
License fee	3,427	5,539
Commission expenses	533	768
Other expenses	-	1
Interest expense	613	2,687
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefit	15,643	15,337
Post-employment benefits	290	385
<b>Total key management personnel compensation</b>	<b>15,933</b>	<b>15,722</b>

Balances as at 31 March 2017 and 31 December 2016 with related parties were as follows:

***Trade account receivable - related party***

	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<u>90,917</u>	<u>62,150</u>

***Trade account payable - related party***

	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<u>19</u>	<u>53</u>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

*Other current payables to and short-term borrowings from related parties*

	Interest rate			
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
	( % per annum)		(in thousand Baht)	
<b>Short-term borrowings</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited	1.25	1.25	115,000	280,000
<b>Other current payables</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			-	21,911
<b>Accrued license fee</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			3,427	5,414
<b>Accrued commission payable</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			533	567
<b>Accrued interest expense</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			118	1,319
<b>Accrued management’s remuneration and other benefits</b>				
Key management personnel			5,153	4,025
<b>Total</b>			<b>124,231</b>	<b>313,236</b>

Movements during the three-month periods ended 31 March 2017 and 2016 of short-term borrowings from related party were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
<b>Short-term borrowings</b>		
<b>Parent</b>		
At 1 January	280,000	1,013,000
Decrease	<u>(165,000)</u>	<u>(285,000)</u>
<b>At 31 March</b>	<b>115,000</b>	<b>728,000</b>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

***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 2017 (in thousand Baht)	31 December 2016
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<u>2,470</u>	<u>1,988</u>

***Significant memorandum of understanding***

On 3 February 2017, 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 2017 to March 2018.

**4 Trade accounts receivable**

	Note	31 March 2017 (in thousand Baht)	31 December 2016
Related party	3	90,917	62,150
Other parties		<u>992,024</u>	<u>912,166</u>
<b>Total</b>		<b><u>1,082,941</u></b>	<b><u>974,316</u></b>

Aging analyses for trade accounts receivable were as follows:

	31 March 2017 (in thousand Baht)	31 December 2016
<b>Related party</b>		
Within credit terms	<u>90,917</u>	<u>62,150</u>
	<b><u>90,917</u></b>	<b><u>62,150</u></b>
<b>Other parties</b>		
Within credit terms	34,229	749,629
Overdue:		
Less than 3 months	<u>57,795</u>	<u>162,537</u>
	<b><u>992,024</u></b>	<b><u>912,166</u></b>
<b>Total</b>	<b><u>1,082,941</u></b>	<b><u>974,316</u></b>

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

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

**5 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2017 and 2016 were as follows:

<i>Three-month period ended 31 March</i>	2017		2016	
	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	-
Building and building improvement	4,449	-	6,158	-
Machinery and equipment	26,805	-	62,133	-
Office equipment	83	(1)	330	-
Vehicles	6,207	-	-	-
Spare parts	(3,176)	-	3,059	-
Construction in progress	68,217	-	9,495	-
<b>Total</b>	<b>102,585</b>	<b>(1)</b>	<b>82,488</b>	<b>-</b>

**6 Trade accounts payable**

	Note	31 March 2017 <i>(in thousand Baht)</i>	31 December 2016
Related party	3	19	53
Other parties		275,529	272,193
<b>Total</b>		<b>275,548</b>	<b>272,246</b>

**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>	Segment 1		Segment 2		Total	
	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>					
Revenues from sales	947,384	944,276	610,394	568,326	1,557,778	1,512,602
<b>Gross Profit</b>	<b>262,423</b>	<b>298,784</b>	<b>94,349</b>	<b>87,431</b>	<b>356,772</b>	<b>386,215</b>
Unallocated revenues					45,286	39,465
Unallocated expenses					(91,723)	(90,711)
Finance costs					(1,465)	(3,590)
<b>Profit before income tax</b>					<b>308,870</b>	<b>331,379</b>

**Alucon Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

**8 Basic earnings per share**

The calculations of basic earnings per share for the three-month periods ended 31 March 2017 and 2016 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>	2017 <i>(in thousand Baht / thousand shares)</i>	2016 <i>(in thousand Baht / thousand shares)</i>
<b>Profit for the period attributable to shareholders of the Company</b>	<b>246,964</b>	<b>265,050</b>
<b>Number of ordinary shares outstanding</b>	<b>43,200</b>	<b>43,200</b>
<b>Basic earnings per share <i>(in Baht)</i></b>	<b>5.72</b>	<b>6.14</b>

**9 Commitments with non-related parties**

	31 March 2017 <i>(in thousand Baht)</i>	31 December 2016 <i>(in thousand Baht)</i>
<b><i>Capital commitments</i></b>		
Contracted but not provided for:		
Factory, machinery and equipment	<b>136,784</b>	<b>67,687</b>
<b><i>Other commitments</i></b>		
Purchase orders accepted by suppliers		
Within one year	1,791,766	2,035,185
After one year but within five years	363,742	444,041
	<b>2,155,508</b>	<b>2,479,226</b>
Bank guarantees	25,799	25,799
<b>Total</b>	<b>2,181,307</b>	<b>2,505,025</b>

*Purchase orders accepted by suppliers*

As at 31 March 2017, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot for a total quantity of 32,000 MT (*31 December 2016: 40,200 MT*), at the price as determined in purchase orders (*31 December 2016: at the price as determined in purchase orders*) that will be delivered during 2018 to 2019 (*31 December 2016: 2017 to 2018*).

**10 Events after the reporting period**

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