



Asia's Leader  
in the World of  
Aluminium  
Containers

**ALUCON**

**Public Company Limited**

Annual Report 2013



# ALUCON

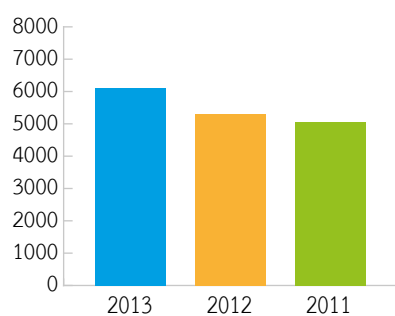
Public Company Limited



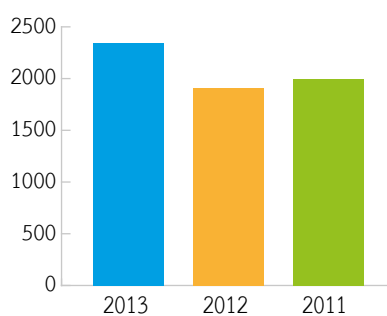
## FINANCIAL HIGHLIGHTS

	2013	2012	2011
<b>Financial Status (Million Baht)</b>			
Total Assets	6,107.81	5,293.96	5,044.01
Total Liabilities	2,344.71	1,907.71	1,998.91
Total Equity	3,763.10	3,386.25	3,045.10
<b>Operating Results (Million Baht)</b>			
Revenues	5,199.64	4,938.07	4,735.22
Expenses	4,366.45	4,160.59	4,038.40
EBT	833.19	777.48	696.82
Finance Costs	28.51	31.68	18.80
Net Profit	679.24	600.35	454.22
EPS	15.72	13.90	10.51

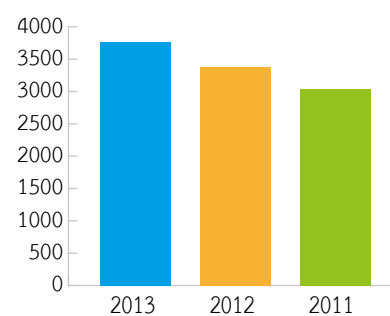
Total Assets



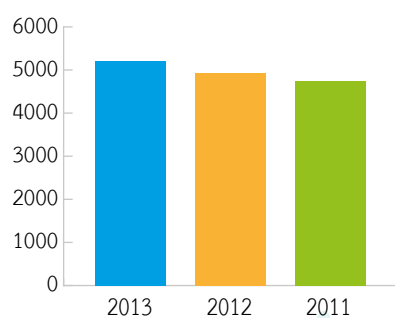
Total Liabilities



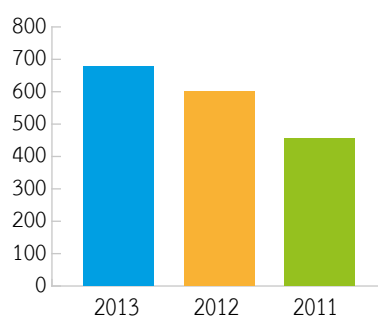
Total Equity



Revenues



Net Profit



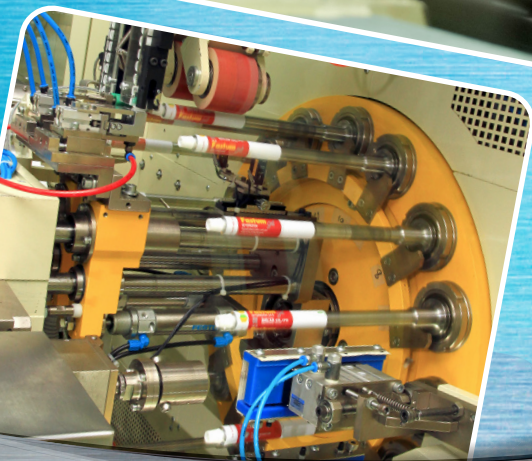


# ALUCON

Public Company Limited

No.1 IN ASIA

Largest Supplier ♦ Reliable Quality ♦ Competitive Price





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## REPORT BY THE MANAGING DIRECTOR

Firstly, it is my pleasure to report the outcome of Alucon during the year 2013. All numbers are new record high in our history.

- Total revenue increased 5% from Baht 4,938 million to Baht 5,200 million.
- Net profit after tax increased 13 % from Baht 600 million to Baht 679 million.
- Total production of aluminum tube and can increased 4% from 746 million to 773 million pieces.
- Meanwhile, slug production increased 11% from 26,174 tons to 29,113 tons. Those numbers are of course the largest in Asia.

The reasons why we could make the good net profit are follows:

1. The price of aluminum ingot, our core raw material, decreased 9% from US 2,019 Dollar to US 1,846 Dollar per ton.
2. Slug export sale increased 11% in moneywise and 18% in quantitywise amounting to 18,736 tons. Thanks to the economy of scale, we achieve the reduction of production cost.
3. Corporate income tax reduced 3% from 23% to 20%.
4. Our people have been improving the productivity which made less overtime available as well as every saving aspects such as materials, energy consumption and so on.

Through corporate social responsibility, we have great concern for local society. Our products have been contributing to people's life better through our customers' products. I am very proud that we achieve more contribution by our products. Our capital investment was very aggressive over Baht 900 million last year. It will be slowing down about Baht 600 million for this year.

This year, we have just started aluminum tube line for hair colour in CPS Building no. 9 and the second phase, warehouse building, has been constructing. Furthermore, we start two new high-speed production lines: one for aluminum tube and the other for aluminum aerosol can. Meanwhile, for the slug production, we continue to invest for improving the recovery rate and accelerating the casting speed. Because of more productions, we provide the new building (SPS4) by the end of this year.

Finally, owing to political uncertainty in Thailand, the country's economy has been slowed down. Even though the demand is not strong enough, we hope we can do better by improving total customer satisfaction. In addition, Alucon is very export-oriented company. I hereby express my sincere appreciation to all stakeholders of Alucon, please continue to support the Company for the year to come.



Mr. Takaaki Takeuchi  
Managing Director



## GENERAL INFORMATION

Name of Company	: <b>ALUCON PUBLIC COMPANY LIMITED</b>
Registration No.	: 0107537001854
Registered and Head Office	: No. 500 Moo 1 Soi Sirikam, Sukhumvit Road, Samrong Nua Sub-district, Muang Samutprakarn District, Samutprakarn Province 10270  Telephone 66(0) 2398 0147, 66(0) 2398 0461 66(0) 2398 0462, 66(0) 2398 4624 Facsimile 66(0) 2398 3455, 66(0) 2361 2511  E-mail alucon@alucon.th.com Website www.alucon.th.com
Factory No. 1	: <b>Aluminium Collapsible Tubes</b> No. 500 Moo 1 Soi Sirikam, Sukhumvit Road, Samrong Nua Sub-district, Muang Samutprakarn District, Samutprakarn Province 10270  Telephone 66(0) 2398 0147 Facsimile 66(0) 2398 3455
Factory No. 2	: <b>Aluminium Aerosol Cans, Bottles, Felt Pen Bodies, Tablet Tubes, etc.</b> No. 272/5 Moo 3 Pak-ruam Aow-Udom Road, Borwin Sub-district, Sriracha District, Chonburi Province 20230  Telephone 66(0) 38 345 001 (to 6) Facsimile 66(0) 38 345 000
Factory No. 3	: <b>Aluminium Slugs, Pettles, Plates, Coils</b> No. 272/5 Moo 3 Pak-ruam Aow-Udom Road, Borwin Sub-district, Sriracha District, Chonburi Province 20230  Telephone 66(0) 38 345 001 (to 6) Facsimile 66(0) 38 345 000
Registered Share Capital	: 432 Million Baht (43,200,000 share @ par value of Baht 10)
Issued Ordinary Share	: 43,199,986 ordinary shares
Juristic Person in which the Company holds more than 10% of share	: ALUCON does not hold shares in any other company or business



## Reference

### Share Registrar

: **Thailand Securities Depository Co., Ltd.**

The Stock Exchange of Thailand Building,  
62 Rachdapisek Road, Klongtoey Sub-district,  
Klongtoey District, Bangkok Metropolis 10110

Telephone 66(0) 2229 2800, 66(0) 2654 5599

Facsimile 66(0) 2359 1262 (to 3)

### Auditor

- : 1. Ms. Orawan Chunhakitpaisan CPA NO. 6105 and/or  
2. Mr. Charoen Phosamritlert CPA No. 4068 and/or  
3. Mr. Ekkasit Chuthamsatid CPA No. 4195

**KPMG Phoomchai Audit Limited**

Empire Tower, 50th – 51<sup>st</sup> Floor,  
195 South Sathorn Road, Yannawa Sub-district,  
Sathorn District, Bangkok Metropolis 10120

Telephone 66(0) 2677 2000

Facsimile 66(0) 2677 2222

### Legal Consultant

: **Pow & Associate Law Office**

7<sup>th</sup> Floor, Udom-Vidhya Building  
No. 956 Rama IV Road, Silom Sub-district,  
Bangrak District, Bangkok Metropolis 10500

Telephone 66(0) 2636 2541 (to 3)

Facsimile 66(0) 2238 2574

### Type of Business

: Production of Aluminium Packaging Containers

### Manufacturing Programme

#### Aluminium Collapsible Tubes

: For hair colours, pharmaceutical creams, ointments, adhesives,  
toothpastes etc.

#### Aluminium Monobloc Aerosol Cans

: For cosmetics, hair care products, perfumes, deodorants, air freshener  
and etc.

#### Aluminium Rigid Wall Containers

: For tablet tubes, felt pen bodies, powder cans, etc.

#### Aluminium bottles

: For cosmetics, pesticides, etc.

#### Technical Impact Extrusions

: Casings for electrical parts, condenser shells, etc.

#### Aluminium Slugs (Blanks)

: For the production of aluminium tubes and cans

#### Aluminium pellets, coils strips, plates

## BUSINESS NATURE

### Income structure

The Company's business involves the production and sale of impact extruded aluminium containers such as aluminium collapsible tubes as used for hair color products, medical creams, adhesives etc., aluminium rigid wall containers, aluminium monobloc aerosol cans, aluminium bottles, tablet tubes, marker pen bodies etc. and aluminium slugs for the production of such containers. About 68.05% of revenue is obtained from sales of aluminium cans and tubes whereas the balance of about 31.95% is obtained from sales of aluminium slug. During the year 2013 domestic sale on aluminium cans and tubes increased 2.73% and aluminium slug increased 8.22%.

### The Company's income structure from its operations in the past three years:

Value Unit: MB	2013		2012		2011	
	Value	%	Value	%	Value	%
Aluminium cans and tubes	3,421	68.05	3,330	69.17	3,067	67.16
Aluminium slug	1,606	31.95	1,484	30.83	1,500	32.84
<b>Total</b>	<b>5,027</b>	<b>100.00</b>	<b>4,814</b>	<b>100.00</b>	<b>4,567</b>	<b>100.00</b>

### Change in the past year

There are no major changes compared to last year

### Industrial situation and competition

ALUCON is a very export-oriented company. Today, it had become the largest manufacturer in Asia who produces more than 773 million pieces. Worldwide production approximately amount to more than 19 billion pieces which means our market share is around only 4%. Meanwhile, wider global competition has also become increasingly stronger.

Thus, Alucon is focusing on maintaining the productivity, on-time delivery and best quality, especially compared with the one produced in Europe or USA; its price is cheaper. With this ground, Alucon is able to compete with the competitors, once compared with quality and price.

On transportation expenses to oversea customers, it would be negative factor against us and it is one can dilute our production capacity and it is obstruction factor on our export. However, our productivity on various sizes, it could save cost so much, especially small to medium size. Besides, currency and foreign exchange rate would cause an effect to Alucon's competition.

For Slug business, although Alucon faces strong competition but nowadays, Alucon maintains slug production capacity as a largest manufactures in Asia and hold 5% market share worldwide.



## RISK FACTORS

### Marketing Risk

Today, using of aluminium packaging container is increasing up around the world, either of Europe, USA or Asia, and Alucon's products are still the same, which is to manufacture the packaging container for distribution, directly or indirectly (via contacted filler), almost 40 countries over the world as well as in Thailand. These are producers for cosmetics, hair-colors, pharmaceuticals, felt pen including aluminium slugs. With large customer-base in all regions of the world in addition to re-exports through local fillers the company is entitled to more channels for distribution of its products, together with the capacity of aluminium package manufacturer, filler and other materials. These demands of export are continuously expanded, therefore, the Company has been strengthened its capacity, in-time delivery, improvement on up-to-date technology and quality enhancement that may strongly bring protective trade intervention.

### Raw Material Risk

Aluminium ingots at 99.7% have been consumed as a core raw material of the Company's production which prices are quoted by London Metal Exchange Market. The Company will also purchase by providing on forward dealing and commodity price swap with foreign financial institutions purposed to reducing price risk.

### Foreign Currency Risk

The Company is exposed to foreign currency risk relating to the loan repayment, purchases and sales 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. In addition, the Company had entered into the Foreign Exchange Forward Contract.

### 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 including to double check their financial status with financial institution and almost of export customers are under commercial terms and conditions of Letter of Credit as well as Open Account. Therefore, the Company expects that losses from these receivable will not exceed the allowance for doubtful accounts.

## Risk from Packaging Material Substitute

Due to high price, the Company's major raw material for packaging containers, e.g. aluminium ingots could be substituted by other cheaper or more convenient metal such as tin-plate sheet, plastic or laminates. Aluminium aerosol cans could be substituted by tin-plate or plastic aerosol cans. Aluminium tubes and felt-pen bodies could possibly be substituted by plastic or laminate tubes. Aluminium slugs could be substituted by aluminium sheets for producing cans. The Company monitors these risks by improvement of production and cost measures by various methods including manufacturing of the lighter cans to decrease material consumption. However, external impacts especially increase of raw material prices or foreign currency exchange rates are beyond our control.

## Risk on Labour Cost and Material Cost

According to the labour cost alteration effective on January 1, 2013 up to 300 Baht per day announced by the Cabinet, the present labour cost rate affects the production cost, and material cost from suppliers is consequently increased. The chain of event makes the Company encounter less profit. Meanwhile, the Company encouraged the utilization on the employee's performance highly and efficiently with the same or less number of employees as presently to recompense for the increase of labour cost.





## RELATED PARTIES AND CONNECTED TRANSACTIONS

As of 31<sup>st</sup> December 2013, Takeuchi Press Industries Co., Ltd. Japan being a major shareholder with 28,670,300 shares, which is equivalent to 66.38% of all shares, acts as an intermediary for the sale of the Company's packaging materials and some aluminium slugs in the case of users in Japan who have no experience in importation directly and prefer to purchase the Company's products through Takeuchi Press Industries Co., Ltd. Prices of such sales to Takeuchi Press Industries Co., Ltd. Japan are in line respectively on the same level as sold to other customers either in Japan or in other countries.

Takeuchi Press Industries Co., Ltd. grants the Company a short term loan of 1,088 MB at an interest rate of 2.0 - 2.5% p.a. as of 31<sup>st</sup> December 2013.

Takeuchi Press Industries Co., Ltd. supplied the Company in the year 2013 with some items of equipment and machinery of total value of Baht 11,572,185.11 which was sold at favorable prices to the Company.

Last, Takeuchi Press Industries Co., Ltd. charged the license and commission fee to the Company for year 2013 in total of Baht 18,253,103.83, which is classified as a normal business supporting transaction with general commercial terms.

The Board of Directors carefully considered the above transactions with Takeuchi Press Industries Co., Ltd. and concluded that these are fair and without undue benefit to Takeuchi Press Industries Co., Ltd. Therefore the Board of Directors duly sanctioned these transactions by its meeting Mr. Takaaki Takeuchi representing Takeuchi Press Industries Co., Ltd. abstained from voting.

## SHAREHOLDERS

List of 10 major shareholders as of 27<sup>th</sup> December 2013 are as follows:

	No. of Shares	% of all issued shares
1. Takeuchi Press Industries Co., Ltd.	20,812,500	48.18
2. Thai Trust Fund for ALUCON Public Company Limited ***	9,677,850	22.38
3. Mrs. Mekhin Ueranant	1,570,850	3.64
4. Hartmut and Ilse Schneider Foundation for Children, Switzerland	1,381,950	3.20
5. Mr. Gul Hassaram Tanwani	1,200,000	2.78
6. Mr. Hartmut Wilhelm Schneider	1,127,250	2.61
7. Mr. Naresh Rochsilthum	788,275	1.83
8. Mrs. Koonj Mahtani	725,850	1.68
9. Mr. Ramesh Rochsilthum	516,375	1.20
10. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	450,000	1.04

\*\*\* (in which Takeuchi Press Industries Co., Ltd. holds in Thai Trust Fund totally 7,873,800 shares = 18.22% of all issued shares)

Takeuchi Press Industries Co., Ltd, Japanese company, being a major shareholder doing similar business as ALUCON in Japan, of which major shareholders are Takeuchi Shohji Ltd. Japan, Mr. Shigekazu Takeuchi and Takeuchi's family holding more than 40% of shares in Takeuchi Press Industries Co., Ltd.

### Rights of Shareholders

The Board of Directors of the Company has established the corporate governance policy concerning the shareholders' basic rights apart from rights to attend the shareholders' meeting, rights to obtain dividends including rights to sale, buy, transfer and other relevant transactions, in particular, rights to receive information of the Company's operation through Investment Relations (IR) Ms. Kanjana Piyachart, treated by the Company by following the Company's Article of Association (AOA), regulations provided under Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC).



## Rights of Stakeholders

The Company's policy is to provide the equitable treatment to all stakeholders, therefore, the encouragement of cooperation has been developed between the Company and the stakeholders, not only customers, shareholders, business partners, business competitors, but are also the Company's employees, debtors and other relating group of communities being mutually contribution of belonging profits.

Further, The Company has established the Audit Committee (the AC), under the conduction of SET' regulations, this committee has mainly authorities in these following tasks; to investigate and report the Company's financial statement, to audit the Company's internal control system, to nominate the Company's auditor and their remuneration, and to consider the Company's conflict of interest including risk management.

In addition, the Company has launched Quality Control Policy and obtained ISO 9001:2008 since year 2000 and 2008. Then, In 2013, the Company has also got FSSC 22000. The Company further contributed the Environmental Policy, Safety Policy and Good Corporate Governance by addressing them on the ways of strict practice to employees.

## Shareholders' Meetings

At least 21 days before the date of Annual General Meeting of Shareholders (AGM), the Company will promptly inform the shareholders to acknowledge the schedule of AGM, including mailing relevant documents of each AGM of agenda(S), a copy of previous year minutes of AGM, time and venue, the results of the Company's operation, and name lists attached with the necessary details of the directors who retire by rotation. At the shareholders' meeting, by following the Company's Article of Association (AOA) and the Public Limited Company Law, Chairmen of the Board of Directors' Meeting will be the Chairman of the AGM and has responsibility to present the annual results of the Company's operation for the shareholders of consideration. Shareholders will have opportunity to ask for more details related to the agenda considered during the meeting, the Company then put all recommendations, suggestions, received from the shareholders down and the executive directors has responsibility to answer all questions raised by shareholders.

## MANAGEMENT

As of 31<sup>st</sup> December 2013, there were 10 directors and the Board of Director had 4 times of Meeting, illustrated below:

Name	Position	MANAGEMENT	AGM 2013 Attendance
1. Mr. Somchai Aungsanant	Independent Director, Chairman of Board of Director	4/4	✓
2. Mr. Takaaki Takeuchi	Director, Managing Director	4/4	✓
3. Mrs. Eumporn Pamornbutr	Director, Assistant Managing Director	4/4	✓
4. Mr. Subpahchai Lovanit	Director, Plant Manager	4/4	✓
5. Ms. Salinee Mahtani	Director, General Manager	4/4	✓
6. Mr. Yoshihiro Mitsuta	Director, Senior Technical Manager (Slug)	4/4	✓
7. Mr. Iam Bunchaloemviphass*	Director	3/4	✓
8. Mr. Krit Indhewat	Independent Director, Audit Committee Chairman	4/4	✓
9. Ms. Vrinporn Uer-anant	Independent Director, Audit Committee	3/4	✓
10. Mr. Toshiyuki Koike	Independent Director, Audit Committee	4/4	✓
11. Mr. Vibool Uer-anant**	Director	1/4	-

\* Mr. Iam Bunchaloemviphass has tendered the resignation being effective on 11<sup>th</sup> November 2013.

\*\* Mr. Vibool Uer-anant has been appointed as the director since 11<sup>th</sup> November 2013.

### Directors' Authority and Duty:

1. Conduct their duties honestly; comply with all laws, the objectives and the Articles of Association of the Company, and the resolutions of any shareholder meetings in good faith and with care to preserve the interests of the Company.
2. Implement and direct the Company's policies, as well as monitor and supervise its operations to maximize economic value and shareholders' wealth
3. Ensure management's accountability to shareholders: preserve their rights and interest, clearly and fully disclose information.
4. Conduct themselves honestly and with integrity.
5. ensure the Company has management with the competency, knowledge and experience to run the business.
6. Ensure the Company is determined to carry on the business continuously.



## Selection of Directors and Executives

In case of there is a vacancy in the Board of Directors, the Board of Directors shall select and propose nominees to fill the vacant position. In the selection of candidates, various criteria are considered such as knowledge, capabilities and business-related experience.

In addition, the Company's directors and executives must not possess untrustworthy characteristics as determined by the Notification of the Securities and Exchange Commission as follows:

1. Having deficiency in legal competence or having been subject to any legal proceeding under the law governing capital market
  - 1.1 Being an insolvent person, or
  - 1.2 Being an incompetent or a quasi-incompetent person, or
  - 1.3 Having been named in any criminal complaint filed by the SEC; or having been subject to any legal proceeding following the criminal complaint initiated by the SEC; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the violation of the Securities and Exchange Act or the Derivatives Act.
2. Having any record of deceitful, fraudulent or dishonest management of assets
  - 2.1 Having been named in any criminal complaint filed by a financial regulatory authority or subject to any legal proceeding following the criminal complaint initiated by a financial regulatory authority, or barred from serving as director or executive of a financial regulatory agency, whereas the term "financial regulatory authority" herein means both local and foreign one; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of offences regarding deceitful, fraudulent or dishonest management of assets which has caused damage to either the financial institution which with which the person was associated or the customers thereto; or
  - 2.2 Having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of public offences regarding deceitful, fraudulent or dishonest management of assets; or
  - 2.3 Having been subject to the court's order of asset seizure under the Counter Corruption Act, the Anti-Money Laundering Act or any other similar law and it has not yet surpassed the three-year interval time after the date on which the court issued such order.
3. Having engaged in any transaction, practice or course of business which, if considered on a reasonable ground, materially affected shareholders, company or capital market
  - 3.1 Acted or omitted to act, without good faith or with gross negligence, in executing any transaction for the company or its subsidiary, which caused damage to the company or shareholders or generated unjust enrichment for oneself or others; or
  - 3.2 Disclosed or disseminated false information or statement regarding the company or its subsidiary which may cause misunderstanding or concealing material facts that should have been stated which may affect decision making of shareholders, investors or other parties involved, either by ordering, taking responsibility for or involving in preparation, disclosure or dissemination of such information or statement by taking or omitting to take any other action, unless the person can prove that, by virtue of own position, status or duty, he was not aware of such untruth or omission; or
  - 3.3 Engaged in any unfair practice or taking advantage of investors in trading securities or derivatives or aided or abetted thereof.

## Election of Directors

Directors shall be elected by the General Meeting of Shareholders pursuant to the criteria and procedures as follows:

1. A shareholder shall have the number of votes equal to the number of shares held by him multiplied by the number of the Directors to be elected.
2. The shareholder may utilize the number of votes he is entitled to per (1) to elect one or more persons as the Directors of the Company. In case he elects more than one person, his number of votes must be equally distributed to such persons.
3. The person who receives the votes of the highest number and the next persons in the order of the number of votes received shall be elected Directors in the number permitted. In case the next persons in the order of the number of votes received obtain equal numbers of votes and the number of such persons exceeds the remaining number of Directors permitted, the Director to be elected therefrom shall be decided by the Chairman.

At the Annual General Meeting of shareholders one-third of the Directors, or if their number is not multiple of three, then the number nearest to one-third must retire from office.

Directors to retire first must be those having been elected the longest period and those in alphabetical order. A retiring Director is eligible for re-election.

The term of any Director shall be terminated upon the occurrence of any of the following:-

1. his/her death
2. his/her resignation
3. his/her being disqualified or possessing any of the prohibitive attributes as per Section 68 of the Public Limited Company Act B. E. 2535
4. when a shareholders' meeting has resolved that he be relieved of his post per section No. 18
5. upon the court's order that he be relieved of his post.

Any Director wishing to resign shall submit his resignation to the Company in writing. The resignation shall take effect from the date on which his resignation reaches the Company.

The Directors who has resigned per the first paragraph may also notify the Registrar of his resignation.

In case the position of a Director has been vacated owing to reasons other than by completion of his tenure, the Board of Directors shall elect a qualified person not having any prohibitive attributes pursuant to Section 68 of the Public Limited Company Act. B.E. 2535 as a replacement Director for subsequent meetings of the Board of Directors unless the remaining period of the tenure shall be less than two months.

The resolution of the Board of Directors pursuant to the first paragraph shall be passed by an affirmative vote of not less than three-fourths of the remaining Directors.

At a meeting of shareholders, a resolution may be passed to relieve a Director of his post prior to his completing his tenure by the affirmative votes of not less than three-fourths of the shareholders who attend the meeting and entitled to vote thereat and who hold shares in aggregate of not less than half of the total number of shares held by the shareholders attending the meeting and entitles to vote thereat.



## Number of Consecutive Terms of Directors

The Company considers that every director who has been elected by the shareholders' meeting has the qualifications, knowledge, and capabilities that are accepted by all, has morals and ethics, and has satisfactorily performed his duties. If the shareholders' meeting gives their trust by re-electing the director, the Company respects the rights of the shareholders and therefore has not predetermined the number of consecutive terms of directors.

## Qualifications of Independent Directors

The Company has determined the definition of the Company's independent directors to be more stringent than the minimum requirements of the Notification of the Capital Market Supervisory Board with regards to holdings of the Company's shares under No. 1 -9 as follows:

1. Holding shares not exceeding 1% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;

8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company;
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as independent director with the qualifications under No. 1 - 9, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed by the applicant as independent director has or used to have a business relationship to provide professional services exceeding the value specified under No. 4 or No. 6, the Board of Directors may grant an exemption if the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

- (a) The business relationship or professional service which makes such person's qualifications not in compliance with the prescribed rules;
- (b) The reason and necessity for maintaining or appointing such person as independent director; and
- (c) The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

## Balance of power for non-executive Directors

The number of directors is 10 persons according to the Article of Association of the Company. The executive directors are those having most experience of the Company's business and may be or may not be shareholders. Board member consist of :

- Executive Directors            5   persons
- Non-Executive Director       1   persons
- Independent Directors        4   persons

All shareholders and directors are free to vote for or have their own choice regarding Company matters. All elected directors may hold several positions as may be approved by the other directors which should exclude unlimited power for such a director.

Directors shall consider and approve the business policy, capital investment and other relevant matters. It shall receive the report of the internal audit committee. Directors meetings shall be held regularly at least every 3 months. Executive directors shall report developments and performance of their departments. There is no limitation as to the time any director may serve. However, one-third of directors shall retire by rotation and those directors shall be re-elected by the shareholders at the Annual General Meeting.

## Leadership and Vision

Board of Directors shall consider and approve the business policy, capital investment and other matters, the meetings shall be held regularly at least every 3 months. The Executive directors shall report developments and company's performance.

## CORPORATE GOVERNANCE

The Company's Board of Director therefore established rules pertaining Corporate Governance Policy for all employees of ALUCON to acknowledge and practice as follows:

1. Structure, Duties, Responsibilities and Independence of Board of Directors.
2. Rights and Equitable Treatment to shareholders and stakeholders.
3. Information Disclosure and Transparency.
4. Controlling System and Risk Management.
5. Business Ethics

The Company performs administration in accordance with good governance guideline by recognizing the importance of and accountability to shareholders and stakeholders of the Company with full commitment and cooperation from all concerned parties, including the Board of Directors, Management and every employee. Such efforts positively contributed to the results of corporate governance assessment conducted by various organizations and agencies.

- In the 2012 Corporate Governance Survey of listed companies conducted by the Thai Institute of Directors (IOD), the Company received a rating of "Good" with the score at 79 from 100.
- In 2013 Quality of Annual General Meeting Survey conducted by the Thai Investors Association, the Company received a rating of "Excellent" with the score at 99.5 from 100.

### Corporate Governance Policy

The Board of Directors has emphasis on good governance to build confidence among shareholders, investors and concerned parties by adhering to the listed company's conducts guideline which confirms the guidance of the Stock Exchange of Thailand regarding good governance practices. The guideline comprises five principles which shaped up the Company's good governance practices in 2013 as follows:

#### 1. Shareholder's rights and equitable treatment (Principle 1 & 2)

The Company is always concerned with honoring the rights of shareholders and equitable treatment of all shareholders, irrespective of whether they are basic statutory rights, profit-sharing right, rights in shareholder's meeting, right to express opinions, right to participate in the Company's decision-making on important matters. Moreover, the Company also treats shareholders beyond the statutory rights, such as dissemination of information via the Company's webpage [www.alucon.th.com](http://www.alucon.th.com). Furthermore, shareholders are also given opportunities to propose an agenda of general shareholders' meeting and nominate candidates before director's election is held and share opinions and recommendation. No shareholder proposed additional agenda item and nominated any individual for a director position. A summary is presented below:

- 1.1 Information in invitation letter for attendance in shareholders' meeting includes date, time, venue, and meeting agenda as well all relevant information required for passing a resolution at the meeting which will be provided to shareholders ahead of time such as director appointment, remuneration review, auditor appointment, stipulation of audit fee, and dividend payment. For each agenda item, relevant facts and rationales are presented to shareholders together with the Board of Directors' comments for deliberation. According to attendance criteria and procedure of the shareholders' meeting, the Company nominates two independent directors as proxies of shareholders. The proxy form is a standard form on which comments about vote casting for each agenda item can be written.



- 1.2 Delivery of invitation letter and accompanying documents: To allow shareholders to study relevant information in both Thai and English versions (for foreign shareholders), the Company publishes announcements via SET news to inform shareholders that they can learn this information in the Company's webpage at least one month in advance. Such information is exactly the same as the information presented in a document form. The invitation letter and support documents will be delivered to shareholders 21 days prior to the meeting date.
- 1.3 Shareholders can download various information from the Company's webpage (www.alucon.th.com) such as financial data, the Company's information, and information about the meeting. The webpage can serve the needs of shareholders and interested persons who want to study some information about the Company. To inquire additional information, they can also send an email to Investor Relation at [kanjana\\_p@alucon.th.com](mailto:kanjana_p@alucon.th.com).
- 1.4 Allowing shareholders to propose an agenda item and qualified person's name for nomination as directors four months in advance of the meeting: Shareholders can learn from SET news that announces availability of such information in the Company's webpage. In this regard, relevant criteria and procedure are described such as a single shareholders or a number of shareholders with combined shares not less than 2,160,000 shares or 5% of registered capital. There is detailed information required for consideration, explicit criteria for decision whether to table or not table proposed agenda item, and other information regarding where and when to submit the proposal. In this regard, an informal proposal can be sent via email and later the original proposal must be delivered via registered mail to the Company Secretary. Upon receiving detailed information, the Board of Directors will deliberate on such matter as set out in the process. However, in the past nobody proposed any additional agenda item.
- 1.5 Shareholders' meeting: The Company held one 2013 Annual General Shareholders' Meeting on 23<sup>rd</sup> April 2013.
- The meeting date was not set on an extra holiday or a public holiday. The meeting time was not set too early in the morning or too late in the evening, so convenient transportation was ascertained.
  - The cutoff date of the shareholders list was set to ensure that shareholders would have more time to review meeting documents or support information before the meeting date.
  - Staffs were deployed to facilitate, advise and open registration service two hours prior to the meeting.
  - If a shareholder cannot attend the meeting, he or she may assign up to three proxies but only one proxy is permitted to attend. Alternatively, a shareholder may assign two independent directors as a proxy.
  - Before the meeting started, the Chairman of the Board of Directors assigned the Company Secretary as assistant to the chairman to facilitate the proceeding of the meeting. The secretary informed shareholders of the meeting rule and voting procedure.
  - Language to be used in the Meeting is Thai and English language for understanding and communication among management and shareholders both Thai and Foreigner
  - Shareholders were allowed to comment and ask questions. Important questions and answers were noted. The meeting time was sufficiently allocated for thorough inquiries by shareholders as well as explanation and presentation of relevant information by the Company's directors and various committees. In addition, shareholders also had opportunities to send questions or other vital information of the Company in advance since the meeting notification was sent to shareholders. Questions and such information may be sent to [pitipong@alucon.th.com](mailto:pitipong@alucon.th.com) or faxed to 02-3983455 or mailed to the Company's address.

- During votes casting, ballots were used for every agenda item so that votes could be counted expeditiously. Ballots would be stored only for the case which shareholders disagreed or abstained. To observe best practices of shareholders' meeting, ballots collected from all attending shareholders and proxies were collected after the meeting was adjourned. Furthermore, voting to elect committee members was cast for each individual director.
- The Company does not have a policy to derogate the rights of shareholders by abruptly distributing extra documents containing crucial information, not adding an agenda item or changing vital information that differs from documents delivered to shareholders, not restricting the right to attend meeting of shareholders by giving them voting or ballot casting right in certain agenda which are being considered and vote casting has not been underway. Moreover, video and audio recording of meeting can always be examined.
- Shareholder's minutes of meeting shows that the list of directors who attended or was absent from the meeting. In the 2013 Annual General Shareholder's Meeting, the Chairman of the Company, committee chairperson, and top executives were all presented to meet with and answer any question from shareholders, offer pertinent explanation, summarize questions and answers or comments. Regarding vote casting and ballot counting method, in case there are dissenting votes, the number of favorable and dissenting votes or abstention will be recorded in the minutes of meeting accurately and completely and the meeting report will be publicized on the Company's webpage for shareholders' scrutiny.

1.6 The Company discloses verifiable shareholding structure in clear and transparent manners.

## 2. Recognition of the roles of stakeholders (Principle 3)

The Company respects the rights of various stakeholder groups both inside the Company, such as employee and management, and other groups outside the Company, such as customers, shareholders, business partner, creditors, environment, communities, and the society, thus entailing good cooperation between the Company and these stakeholders. Such robust relationships will contribute to the Company's operation and boost up confidence that they have with the Company, thus strengthening the Company's secured position and competitiveness and assuring its long-term success.

### • Shareholder

The Company is committed to business operation which yields good operating result, stability, growth, and competitiveness by taking into account of present and future risk factors in order to increase shareholder value over a long term. The Company must dutifully operate its business by disclosing information in transparent and equitable manners and endeavor to protect its assets and preserve its reputation.

### • Employee

The Company recognizes that employees as driving forces for its future growth. Therefore, the Company treats all employees equitably and offers suitable remuneration for them. Aside from that, the Company also provides various welfares to employees such as free lunch, uniform, annual physical check-up, nursing room, accident insurance, scholarship for children and so forth. Moreover, the Company also encourages employees to expand their knowledge relevant to their assigned tasks.

- **Community and society**

The Company is utterly concerned with quality of life and environment in surrounding communities so that the Company's operation will be accepted and can thrive in the society sustainably. It can be observed that the Company strictly complies with laws and regulations of relevant authorities such as the Department of Industrial Works, Ministry of Industry, Pollution Control Department, and so on. In this regard, the Company imposes stringent regulations requiring that employees working in the plant must wear protective gears. Moreover, the Company also deals with environmental management in systematic manners and organizes public donations on an ongoing basis. The Company has arranged the activities joined with the local schools, local governmental agencies, communities, and there was a public relation to hear and solve the problem occurred from the community by the Company and also provide the scholarship to student and support the sport equipment to the local schools.

- **Customer**

The Company is committed to improve efficiency of service delivery to achieve highest customer satisfaction and operates under a policy that always protects customer's interests. In this regard, the Company always aims and trains every employee to recognize the values of an cherish the integrity principle pertinent to pricing and service quality as well as honesty in disposition of agreement and negotiation.

- **Creditor**

The Company strictly abides by contractual terms, duly performs its duties, and is accountable and transparent to its creditors.

- **Competitor**

The Company operates within a fair competition framework.

- **Business partner**

The Company prescribed code of ethic, code of conduct and conflict of interest, whereby it will not demand from, receive or pay any trade-related benefit from or to business partners and will maintain confidentiality to ensure that business relation with business partners will be suitable, efficient and fair in accordance with corporate governance principles.

### 3. Disclosure of information and transparency (Principle 4)

The Company recognizes the importance of disclosure of its financial and non-financial information accurately, completely, regularly, timely, and transparently. In addition, such information should be easily accessible, equitable, and credible as follows:

- 3.1 Disclose relevant news and information as well as annual report via the Stock Exchange of Thailand's channel and the Company's webpage. In the past year, the Company had never been reprimanded by the Securities and Exchange Commission or the Stock Exchange of Thailand for violation of information disclosure guidelines.
- 3.2 The Company publishes the director's responsibilities to financial statement along with the auditor report in annual report. Such report contains contents which conform to accounting principles and financial reporting that presents accurate, complete, and factual information in compliance with accounting standards, this report is signed by both Chairman of the Board of Directors



3.3. The Company's management structure comprises two committees, including the Board of Directors and the Audit Committee. In 2013, there are the attendance on the Meetings as follows:

Name of Director	Board of Director	Audit Committee
1. Mr. Somchai Aungsanant	4/4	-
2. Mr. Takaaki Takeuchi	4/4	-
3. Mrs. Eumporn Pamornbutr	4/4	-
4. Mr. Subpachai Lovanit	4/4	-
5. Ms. Salinee Mahtani	4/4	-
6. Mr. Yoshihiro Mitsuta	4/4	-
7. Mr. Iam Bunchaloemviphass	3/4	-
8. Mr. Krit Indhewat	4/4	4/4
9. Ms. Vrinporn Uer-anant	3/4	3/4
10. Mr. Toshiyuki Koike	4/4	4/4
11. Mr. Vibool Uer-anant*	1/4	-

\* Mr. Vibool Uer-anat has been appointed as the director of Alucon since 11<sup>th</sup> November 2013.

3.4 The Company is utterly concerned with disclosure of relevant information to investors so that investors can receive accurate, transparent, and thorough information. The Compliance and Investor Relation Department is assigned to act as a company representative responsible for communication, provision of information services, and dissemination of news and information about the Company's activities to institutions, investors, shareholders, analysts, general public and relevant authorities.

To obtain various information about the Company, operating performance, financial statements and information reports submitted to the Stock Exchange of Thailand, which include current and past information, interested person can read and/or download such information from [www.alucon.th.com](http://www.alucon.th.com) which provides these information in both Thai and English.

Investors and concerned parties who have any inquiry and would like to obtain information about the Company can contact the Investor Relation:

- Ms. Kanjana Piyachart  
Tel. 02-3980147 ext. 371  
Email: [kanjana\\_p@alucon.th.com](mailto:kanjana_p@alucon.th.com)

3.5 The Company disclosed scope of responsibilities and mandates of the Board of Directors and various committees in the annual information disclosure form.

3.6 Share trading report

According to the code of conduct, the Company has a policy to avoid/refrain from trading its shares one month before disclosing the information to the general public and to notify the Board of Directors and every company executive about the notification of the Office of the Securities and Exchange Commission (SEC) pertaining to Section 59 of the Securities and Exchange Act B.E 2535 that requires reporting of shareholding of themselves, their spouses of such shares, a copy of such report must be sent to the Company Secretary as an evidence. In the past, the Company never had any incident where any director or company executive used inside information for their own or others' undue personal gain and underage children to the SEC within 30 days after

being elected as a director and appointed as a company executive. Directors and management executives filed changes in share ownership report with the Office of the Securities and Exchange Commission in compliance with section 59 whenever share ownership changed. The Company Secretary is responsible for compiling information and reporting to SET every time.

#### 4. Responsibility of the Board of Directors (Principle 5)

- 4.1 According to the Company's regulation, it is stipulated that one in three (1/3) of the total number of Directors at each annual general shareholder's meeting will vacate their offices. If the number may not be divisible by three, the number of Director to vacate their position will be the figure closest to the value of one in three (1/3). Therefore, each director's term lasts approximately three years.
- 4.2 The Company set up one sub-committee, which is Audit Committee and prescribed their duties and responsibilities. To promote transparency and independence, most committee members are independent members. Moreover, to ensure that these committees are truly autonomous while carrying out their duties, the board chairman does not take up the position of committee chairman and member.
- 4.3 The Board of Directors collectively formulates the Company's vision, mission, strategies, targets, business plan, and budget as well as maintains its independence and supervises the management to operate in line with business plan under a predetermined budget in order to optimize benefits for the organization, stakeholders and shareholders. Moreover, the Board also implements an internal control system, an audit system, and efficient risk management measures and constantly monitors these matters in board meeting.
- 4.4 The Company stipulates performance evaluation containing two parts, that is, key performance indicators (KPI) and competency. This system will help employees recognize and understand operational strategies and approaches which will achieve the organization's strategic targets such as goal, mission and performance measurement.
- 4.5 The Company creates and maintains an internal control system and regularly reviews efficiency of the internal control system in relation to financial control, operating performance, and corporate governance in compliance with pertinent legal provision and regulations, protection and maintenance of assets, and risk management. In this regards, the Company commissioned Dhamniti Auditing Co., Ltd. to audit business conduct of various functions and ensure that the operations conform to the guidelines set out in an approved annual audit plan. The internal audit report will be informed directly to the Audit Committee.

Based on the 2013 internal audit report prepared by Dhamniti Auditing Co., Ltd., no significant discrepancies were found. The Company had an adequate, prudent internal control system and properly complied with the regulations and laws of relevant authorities; moreover, its properties were protected from being used unscrupulously by management and employees.

- 4.6 Regarding conflict of interest, the Board of Directors informs board members and management executives to prepare a list of their own interest and interest of connected persons in accordance with the provision of the concerned agency. It is required that the Company must be notified of such list within 15 days after the initial request and every time changes occur. Such report will be used by the Company Secretary as information and tool to ensure that board members carry out their duties with integrity. The Company Secretary sends a copy of this report to the Chairman of the Company and the Audit Committee's chairperson for acknowledgement.

- 4.7 The Company holds board meetings and informs each board member of upcoming meeting in advance. In 2013, a total of four board meetings were convened. In each board meeting, the Board of Directors, Board Chairman, Managing Director and the Company Secretary jointly review meeting agenda to ensure that vital matters are included in the agenda and each board member can table matters in meeting agenda autonomously.

The Company Secretary delivers meeting documents to directors in advance. The document has been prepared concisely as possible. However, if there is any matter which cannot be disclosed in writing or if it is disclosed in advance, it may adversely affect the Company, the Board can bring up and discuss such matter at meeting and the Chairman will allocate sufficient time for such discussion. Directors are keen on every issue brought to their attention in meeting, including any corporate governance issue. For any issue which still lacks sufficient information directors can always request additional information from the Company Secretary.

Minutes of meeting of the Board of Directors contains essential information such as meeting date, time when meeting is called and adjourned, a list of directors who attend the meeting and are absent, summary of proposed matters, summary of debated issues and observation notes, the Board's resolution and director's comments, rapporteur's name, name of a person who endorses the report. The Company keeps minutes of meeting of all board meeting in good order. Such record can be readily searched but cannot be altered without the Board's consent.

- 4.8 Regarding remuneration of directors, it was proposed for approval by shareholders each year in accordance with transparency and auditing principles. Moreover, it is assured that remuneration is at a suitable level and sufficient enough to motivate and retain quality directors as required.
- 4.9 Regarding the policy concerning tenure of the Company's directors in other companies, the Company does not have any stipulation applicable to the case which each director holds a position in other companies. This is because such matter does not affect director's competency and expertise, provided that such director can fully devote his/her time for the Company in regard to policy formulation, consultation on problem-solving in business operation within the scope of power and duties of the Company's director.
- 4.10 In case a new director is appointed, the Company Secretary is responsible for preparing summary documents that cover business characteristics, organizational structure, operation, rules and regulation, vital policies as well as guideline on board member's conducts, provisions of the Stock Exchange of Thailand and the SEC Office in order to ensure that a new director can fully perform his/her duties as director of a listed company.
- 4.11 The Company recognizes the importance of the development of directors' knowledge. Therefore, the Company supports and facilitates the organization of training and educational programs for directors, whereby the Company Secretary was assigned to coordinate with directors, informing them of various training programs. In the past, directors regularly attended various courses of Thai Institute of Directors Association.
- 4.12 Roles and responsibilities and scope of responsibilities of the Company Secretary are described under Management Structure.



# REPORT BY THE DIRECTORS FOR THE YEAR 2013

## AUDITED ACCOUNTS

The Directors submit the Balance Sheet, Statements of Income and Retained Earnings and Cash Flow together with the auditor's report for the year ended 31<sup>st</sup> December 2013.

## INVESTMENTS

Investments during the year in fixed assets amounted to MB 1,113

## REVENUES

Total revenues amounted to MB 5,200 out of which sales were MB 5,027.

## PROFITABILITY

Profits before financial cost and company income tax amount to MB 862 representing an increase of 6.6% compared to the previous year.

## FINANCES

The Company has short to long term debts amounting to about MB 2,345 and the debt/equity ratio at the end of the year was 0.62:1

## APPROPRIATION OF PROFITS

Board of Directors proposes to declare a dividend for the year 2013 at the rate of Baht 8 per share and appropriation of profits as of 31<sup>st</sup> December 2013 shall be as follows:-

	Baht	Baht
Retained earnings at beginning of year		2,657,051,296
<b>Final dividend for year 2012 of Baht 7.00</b>		
Being paid on 17 <sup>th</sup> May 2013	302,399,902	
Net profit after tax for year 2014		679,244,220
Legal Reserve as required by law		-
Profit available for appropriation		3,033,895,614
Proposed dividend for year 2013 of Baht 8 per share on 43,199,986 shares	345,599,888	
Balance of profits to be carried forward		2,688,295,726

## ELECTION OF DIRECTORS

Directors namely Mr. Somchai Aungsanant, Mrs. Eumporn Pamornbutr, Mr. Yoshihiro Mitsuta and Ms. Vrinporn Uer-anant are retired by rotation but being eligible, they offer themselves for reelection by Annual General Meeting of Shareholders.

## DIRECTORS' and AUDIT COMMITTEES' REMUNERATION

The directors request approval by the General Meeting for payment of Directors' remuneration for year 2014 in total of Baht 3,750,000 as detailed below:

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| • Chairman of Board of Directors | Baht 600,000 per person per annum |
| • Directors                      | Baht 350,000 per person per annum |

and for payment of Audit Committee for year 2014 in total of Baht 650,000 as detailed below:

- |                            |                                   |
|----------------------------|-----------------------------------|
| • Audit Committee Chairman | Baht 250,000 per person per annum |
| • Audit Committee          | Baht 200,000 per person per annum |

## AUDITOR

The Directors propose the following persons of KPMG Phoomchai Audit limited to be appointed as the auditor of the Company for year 2014 and for payment of the annual audit fee of Baht 1,120,000.

- |                               |             |
|-------------------------------|-------------|
| 1. Ms. Orawan Chunhakitpaisan | 6105 and/or |
| 2. Mr. Ekkasit Chuthamsatid   | 4195 and/or |
| 3. Mr. Banthit Tangpakorn     | 8509        |

On behalf of the Board of Directors  
Somchai Aungsanant  
Chairman of Board of Directors  
Bangkok, 20<sup>th</sup> February 2014

## REMUNERATION FOR DIRECTORS

Remuneration for directors is clearly set by following the data base of remuneration for directors for the listed companies in the year 2012, which was prepared by the SET to be used as reference by listed companies in paying remuneration to their directors, in the section regarding director remuneration for each business sector, and including the consideration on their experience, role and scope of duties and responsibilities, as well as, expected benefits from each directors are at the rate of appropriate and par with comparable companies in the manufacturing industry and appealing enough to attract and retain quality directors whom the Board needs to approve by the shareholders' meeting. Directors who are assigned with extra work (e.g. being members of committee) have been paid appropriately more.

Remuneration for the top executives shall be based on their position and responsibility in management as well as their seniority which corresponds to the performances of the company as well as that of each executive as approved by the board.

### Directors and Management's remuneration in Baht terms

Remuneration for Directors and executives at the end of 2012 and 2013 are as follows:

(Unit : million Baht)

	Persons		Remuneration			
			Compensation & Car Allowance		Salary, Living Cost & Bonus	
	2012	2013	2012	2013	2012	2013
A. Directors	10	10	3.65	4.15		
B. Audit Committee	3	3	0.50	0.65		
C. Executives	6	6			59.411	62.482

### OTHER REMUNERATION:

There is no other remuneration.

### DIVIDEND POLICY

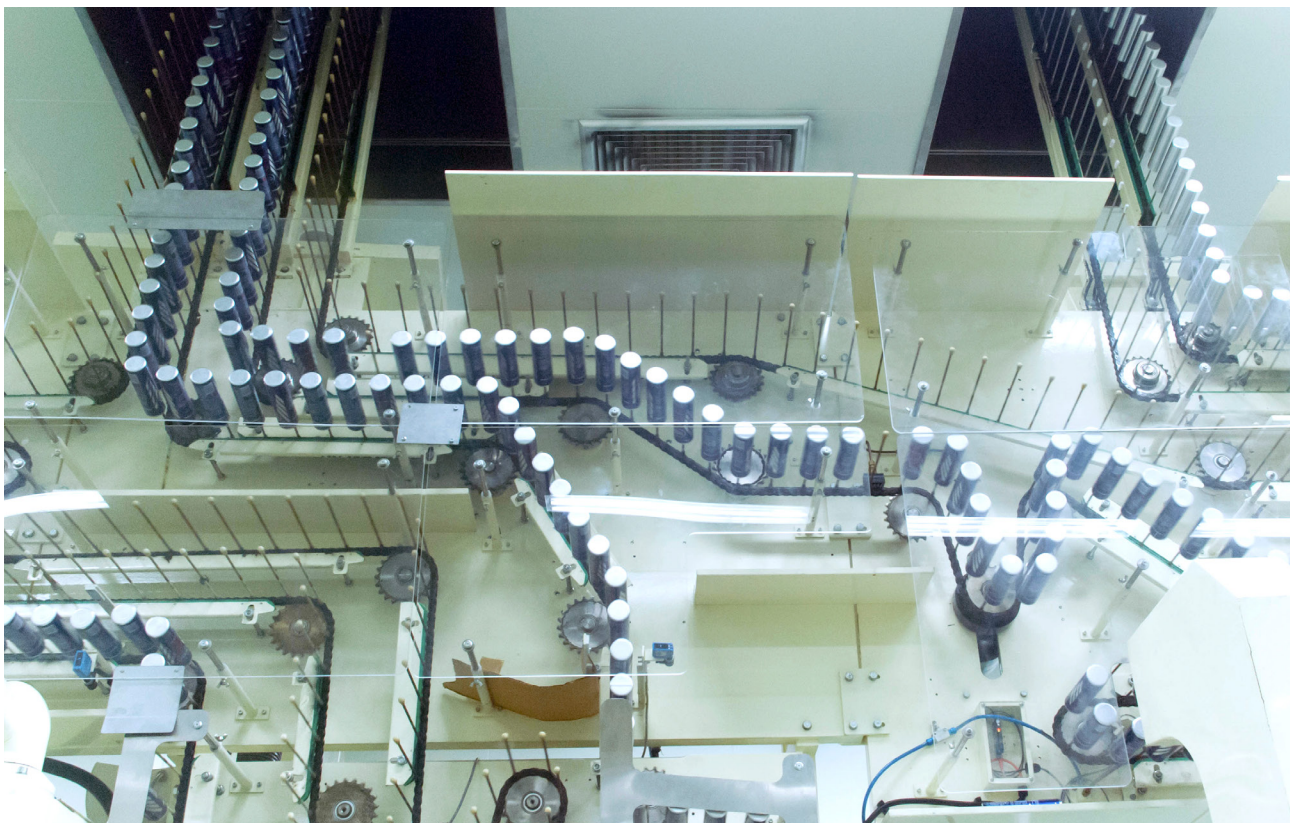
According to the Company of Article of Association (AOA) , distribution of dividends out of a source other than the profits is not permitted. In case the Company still registers an accumulated loss, no distribution of dividend is permitted. Distribution of dividends in respect of each share shall be equal. Dividend policy 50 - 70% of net profit after income tax.

Distribution of dividends must be effected within one month from the date on which the shareholders' resolution or the Board of Directors' resolution was passed as relevant. Notice of distribution of dividend must be sent to all shareholders and published in a newspaper.



Dividend payment of the Company between 2008 and 2013 illustrated below:

Year	Capital Stock (1000)	Net Profit (1000)	Dividend: (baht/share)	Dividend: (Stock/ share)	Total Dividend (baht/share)	Percent of net profit
2008	28,800	513,706	9.00	-	9.00	50.46
2009	28,800	570,200	10.56	5.00	5.56	53.33
2010	43,200	543,585	6.50	-	6.50	51.67
2011	43,200	454,218	6.00	-	6.00	57.09
2012	43,200	600,351	7.00	-	7.00	50.36
2013	43,200	679,244	8.00	-	8.00	50.88



## EXECUTIVES AND DIRECTORS

The names and details of executives and directors are as follows:

### 1. Mr. Somchai Aungsanant

Age	: 60 years
Position	: Independent Director and Chairman of Board of Directors
Education	: Bachelor of Arts, Thammasat University
	: MBA – West Texas State University, USA
Training by IOD	: None
Shareholding	: 87,750 shares = 0.20 % (No change)
Family Relation with Board or Executive	: None
Work Experience	: 1996 – Present Managing Director Podium Home Center Co., Ltd.
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: 1 company : Managing Director - Podium Home Center Co., Ltd.
- in other organization that may cause any conflict of interest to company	: None

### 2. Mr. Takaaki Takeuchi

Age	: 54 years
Position	: Director, Managing Director (Authorized Director)
Education	: Master of Science in Packaging, Michigan State University, USA
Training by IOD	: None
Shareholding	: 90,000 shares = 0.21% (no change)
Family Relation with Board or Executive	: None
Work Experience:	: 1997 – Present Managing Director ALUCON Public Company Limited
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: None
- in other organization that may cause any conflict of interest to company	: 1 company : Director – Takeuchi Press Industries Co., Ltd.

### 3. Mrs. Eumporn Pamornbutr

Age	: 64 years
Position	: Director, Assistant Managing Director (Authorized Director)
Education	: Bachelor degree of Business Administration in Accounting, South East Bangkok College
	: Certificate - Mini MBA, Thammasat University
	: Certificate - Financial Management, Chulalongkorn University
	: Training by Federation of Accounting Professions
	- Chief Financial Officer Certification Program from Federation of Accounting Professions in year 2006
	- Risk Management for Executive Program from Chulalongkorn University

Training by IOD : Directors Accreditation Program (DAP) – in year 2003  
: Finance for Non-Finance Directors – in year 2005  
: Role of Compensation Committee – in year 2012

Shareholding: 58,500 shares = 0.14% (No change)

Family Relation with Board or Executive : None

Work Experience : 2003 – Present Assistant Managing Director  
ALUCON Public Company Limited

Current position in other organization

- in listed companies : None
- in non-listed companies : 1 company : Director – H.W Schneider Co., Ltd.
- in other organization that may cause any conflict of interest to company : None

#### 4. Mr. Subpachai Lovanit

Age: : 72 years

Position: : Director, Plant Manager

Education: : Vocational Certificate obtained Scholarship from German Government to study engineering in Berlin for 2 years

Training by IOD : Directors Accreditation Program (DAP) – in year 2003  
: Understanding the Fundamental of Financial Statements in year 2006

Shareholding: : 59,400 shares = 0.13% (no change)

Family Relation with Board or Executive : None

Work Experience: : 1998 – Present Director – Plant Manager  
ALUCON Public Company Limited

Current position in other organization

- in listed companies : None
- in non-listed companies : None
- in other organization that may cause any conflict of interest to company : None

#### 5. Ms. Salinee Mahtani

Age : 48 years

Position : Director, General Manager

Education : Master Degree in International Business – KOBE University, Japan

Training by IOD : Directors Accreditation Program (DAP) – in year 2003  
: Understanding the Fundamental of Financial Statement – in year 2006

Shareholding: : 45,000 shares = 0.10% (no change)

Family Relation with Board or Executive : None

Work Experience : 1998 – Present Director – General Manager  
ALUCON Public Company Limited

Current position in other organization

- in listed companies : None
- in non-listed companies : None
- in other organization that may cause any conflict of interest to company : None

## 6. Mr. Yoshihiro Mitsuta

Age	: 64 years
Position	: Director – Senior Technical Manager
Education	: Bachelor of Engineering, Waseda University, Japan
Training by IOD	: None
Shareholding	: None
Family Relation with Board or Executive	: None
Work experience	: 2008 – present Director – Senior Technical Manager ALUCON Public Company Limited : 2002 – 2008 Senior Technical Manager ALUCON Public Company Limited
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: None
- in other organization that may cause any conflict of interest to company	: None

## 7. Mr. Krit Indhewat

Age	: 73 years
Position	: Independent Director and Chairman Audit Committee
Education	: Bachelor Degree – London University, England
Training by IOD	: None
Shareholding	: 13,500 shares = 0.03 % (No change)
Family Relation with Board or Executive	: None
Work Experience:	: Managing Partner - Royal Tajmahal Limited Partnership : Director - Advance Ad Co., Ltd.
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: 2 companies : Managing Partner - Royal Tajmahal Limited Partnership
- in other organization that may cause any conflict of interest to company	: None

## 8. Ms. Vrinporn Uer-anant

Age	: 64 years
Position	: Independent Director and Audit Committee
Education	: MBA, Utah State University, USA BBA, Chulalongkorn University
Training by IOD	: Directors Accreditation Program (DAP) – in year 2004 : Finance for Non-Finance Directors – in year 2004
Shareholding	: 154,300 shares = 0.36% (no change)
Family Relation with Board or Executive	: None
Work Experience	: 2006 - 2013 Lecturer, School of Management and Economic, Assumption University (ABAC) 2013 – present Consultant - Quality Management System
Current position in other organization	
- in listed companies	: None



- in non-listed companies : 3 companies :  
 Director – Q.Street Co., Ltd.  
 Director – Thai Farmer Properties Co., Ltd.  
 Director – Moon Light Bay Co., Ltd.
- in other organization that may cause any conflict of interest to company : None

## 9. Mr. Toshiyuki Koike

- Age : 41 years
- Position : Independent Director, Audit Committee
- Education : Master of Management, Mahidol University, Thailand  
 : Bachelor of Arts in Economic, Aoyama Gakuin University, Japan  
 : Bachelor of Arts in Literature, Aoyama Gakuin University, Japan
- Training by IOD : None
- Shareholding : None
- Family Relation with Board or Executive : None
- Work Experience : 2012 – present Managing Director  
 ENZO International Co., Ltd.  
 : 2010 – 2012 Managing Director  
 OSD Network (Thailand) Co., Ltd.
- Current position in other organization
- in listed companies : None
- in non-listed companies : 1 companies :  
 Director – ENZO International Co., Ltd.
- in other organization that may cause any conflict of interest to company : None

## 10. Mr. Vibool Uer-anant

- Age : 58 years
- Position : Director
- Appointment Date : 11<sup>th</sup> November 2013
- Education : M.P.A California State University, Fullerton, USA.
- Training by IOD : None
- Shareholding : None
- Work Experience : 2001– present Managing Director  
 Varothorn Parts & Service Co., Ltd.  
 : 2001– present Managing Director  
 Sama Biz Co., Ltd.
- Current position in other organization
- in listed companies : None
- in non-listed companies : 2 companies :  
 Director – Varothorn Part & Services Co., Ltd.  
 Director – Samma Biz Co., Ltd..
- in other organization that may cause any conflict of interest to company : None

# EXPLANATION AND ANALYSIS OF FINANCIAL STATUS AND BUSINESS PERFORMANCE

## Feasibility of Capital Structure

The capital structure with a debt to equity ratio of 0.62:1 should be considered as a satisfactory. The cash flow and considering annual depreciation of MB 442.83 should provide funds for further expansion. The Company has a high credit rating and is able to obtain funds to cover costs of expansions of production facilities. The quality of assets starting from buildings to machinery and equipment is well maintained.

Profitability should be considered as adequate for the industry. Though, the high quality standard of the Company's packaging materials is on the same level as other world leading producers, prices have to be in line with those of other Asian producers. Efficiency of the Company's operations is well maintained.

## Reasons for material changes in operation or financial ratio

There are no material changes in operations. Change of financial ratio due to large investments.

## Extraordinary item which have material impact on the Company's operation

There are no extraordinary items that have an impact on the Company's profitability.

## Explanation on the material differences

There are no material differences between the actual and projected performance of the previous year.

## Significant changes

There are no significant changes that have an effect on the Company's financial statement and operating result.

## Effect from the changes in restructure of the Group shareholding

There are no changes in the structure of the Company and group shareholding.

## Guarantee contingent, liabilities, investment or commitments.

Please refer to Note 4 paged 53 and Note 30 paged 84

## Factors related to investment decision

### Legal Dispute

The company is not involved in any legal dispute.

### Obligation on future issuance of shares

The Company has no obligation to issue new shares at present.

### Information regarding debenture or promissory notes:

The Company does not hold and has not issued any debentures or promissory notes.

## FUTURE PLAN

On year 2014, Alucon has development projects for the business in the near future as follows:

- New tube production building in Sriracha has already been completed and we are ready to transfer the aluminum tube production lines in Samrong plant to Sriracha plant from time to time in the future.
- We have been installing new aluminum tube production line with the speed of 180 tubes per minute starting operation sometime in the first half of year 2014.
- New aluminium aerosol can production line was ordered targeting to start operation in September 2014. The speed of the production line is 200 tubes per minute.
- Visual camera inspecting systems were applied to can and slug production. The system will also be applied to tube production next year. The automatic packing system will be installed since the labour cost in Thailand has been dramatically increasing. We are trying to reduce the number of employees per production line.
- We have been developing aluminium alloy slug for aluminium aerosol can production which make lightweight cans available
- CPS Building No.9 phase 2 will have been constructing, and SPS Building No.4 will start the construction in the third quarter of this year. We have been investing for improving the efficiency and capacity in SPS.

### Relations with Investors

Board of Directors recognizes the importance that the Company discloses material information correctly, timely and transparently even financial statements or general information along with important information that may effect in price of company securities. Company discloses via the SET Client Portal (SCP) and [www.setportal.set.or.th](http://www.setportal.set.or.th) and by our company website. Investors to be notified of such material information should visit our website at [www.alucon.th.com](http://www.alucon.th.com) or contact our e-mail address at [alucon@ksc.th.com](mailto:alucon@ksc.th.com), contact person: Ms. Kanjana Piyachart, Investment Relation (IR).

### Control of Internal Information

Confidential information is only available to a few executives involved. They are not buying shares and do not pass information to others.

### Internal Control System

The Company has evaluated the internal control system from the report by Audit Committee being summarised that there are 5 factors which is organisation internal control, risk evaluation, performance control, information system and information communication, and monitor system. Audit Committees considered that the Company has an enough internal control system regarding transaction with the major shareholders, directors, executives or related person. For other control matter, it is considered that the Company has sufficient control system as such.

## Company Secretary

The Board of Directors' Meeting had a resolution on 6<sup>th</sup> August 2010 for the appointment of Mr. Pitipong Archamongkol, a Legal Manager, as a Company Secretary.

### The information and their responsibilities are as follows:

#### Mr. Pitipong Archamongkol

Age	: 40 years
Position	: Legal Manager and Corporate Secretary
Appointing Date	: 6 <sup>th</sup> August 2010
Education:	: Bachelor Degree on Law from Chulalongkorn University Master Degree on Business Law from Chulalongkorn University Certificate on International Trade Law from Thammasat University
Training by IOD	: Company Secretary Program on year 2011 Board Reporting Program on year 2011
Shareholding	: 100 shares = 0.01 % (No change)
Work Experience	: 2010 – present Legal Manager and Corporate Secretary ALUCON Public Company Limited : 2004 – 2010 Legal Manager - Siam Nissan Automobile Co., Ltd. : 1996 – 2004 Senior Associate - Johnson Stokes & Master

### Scope of Responsibility of Corporate Secretary shall be follows:

1. Preparing and keeping the following documents;
  - a. A register of directors
  - b. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
  - c. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives;
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In cases where the Company Secretary vacates his position or is incapable of performing his duty, the Board of Directors shall appoint a new Company Secretary within 90 days from the date on which the Company Secretary has vacated his position or has been incapable of performing his duty. In this regard, the Board of Directors shall be empowered to assign any director to perform the duty as the substitute during such period.



## AUDIT COMMITTEE

The name of 3 audit committee members are as follows:

**1. Mr. Krit Indhewat**

Age	: 73 years
Position	: Chairman – Audit Committee
Education	: Bachelor Degree – London University, England
Shareholding	: 13,500 shares = 0.03 %
Work Experience	: Managing Partner – Royal Tajmahal Limited Partnership Director – Advance Ed Co., Ltd.

**2. Ms. Vrinporn Uer-anant**

Age	: 64 years
Position	: Audit Committee
Education	: MBA, Utah State University, USA BBA, Chulalongkorn University
Shareholding	: 154,300 shares = 0.36 %
Work Experience	: 2006 - 2013 Lecturer, School of Management and Economic, Assumption University (ABAC) 2013 – present Consultant - Quality Management System

**3. Mr. Toshiyuki Koike**

Age	: 41 years
Position	: Audit Committee
Education	: Master of Management, Mahidol University, Thailand Bachelor of Arts in Economic, Aoyama Gakuin University, Japan Bachelor of Arts in Literature, Aoyama Gakuin University, Japan
Shareholding	: None
Work Experience	: 2012 – present Managing Director ENZO International Co., Ltd. : 2010 – 2012 Managing Director OSD Network (Thailand) Co., Ltd.

### Scope of Duties:

1. The Audit Committee should review the Company's financial reports to ensure the accuracy and timeliness and the inclusion of all appropriate disclosures to give a true and fair view of the financial situation of the Company. The Audit Committee should liaison with the external auditor and the Finance Director who is responsible for preparing the quarterly and annual financial reports.
2. The Audit committee should liaison with external auditors and an internal auditor to review the internal control system to ensure the existence and effective operation of suitable controls over the entities' significant business processes.
3. The Audit Committee should oversee the audit of the Company including nominating auditors, approving the audit scope and examining audit findings.
4. The Audit Committee should review the business operations to be compliant with the Company's rules and regulations, and the laws.
5. The Audit Committee should oversee related parties transactions to avoid conflict of interest.
6. The Audit Committee should carry out any other function allocated by the Board of Directors.
7. The Audit Committee should prepare the Audit Committee's report signed by the Chairman of the Audit Committee describing the Audit Committee's responsibilities and activities during the year. The Audit Committee's report should be included in the Company's annual report to the shareholders.

### Term of Office of Audit Committee

An Audit Committee member has a term of office of 3 years each by the resolution of Board of Directors, except an Audit Committee member who has been appointed to fill a vacancy for any reason other than by rotation, in which case he shall retain office for the remaining term of office of the Audit Committee member whom he replaces.

## NOTE FROM AUDIT COMMITTEE

The Audit Committee of Alucon Public Company Limited was appointed by the Board of Directors. There are three audit committee members whose qualifications meet the Audit Committee's charters which are consistent with the provision of the Office of Securities and Exchange Commission. The names of committee members are as follows:

- |                           |                                 |
|---------------------------|---------------------------------|
| 1. Mr. Krit Indhewat      | Chairman of the Audit Committee |
| 2. Ms. Vrinporn Uer-anant | Audit Committee Member          |
| 3. Mr. Toshiyuki Koike    | Audit Committee Member          |

and Mr. Pitipong Archamongkol, Corporate Secretary, as a coordinator to Audit Committee.

The Audit Committee performs its duties within the scope, duties, and responsibilities as designated by the Board of Directors which fully accord with the stipulation of the Stock Exchange of Thailand's notifications.

In 2013, the Audit Committee held four meetings. Every committee member had perfect attendance for all committee meetings. Sometimes the Audit Committee attended meetings with top management. In essence, the Audit Committee's performance can be summarized as follows:

1. Reviewed quarterly and annual financial statements to ensure that the Company's financial statements were made accurately and reliably. The Audit Committee agreed with the auditors that the essence of these financial statements was accurate as deemed appropriate according to the generally accepted accounting standards.
2. Reviewed to ensure that the Company maintains a suitable, adequate, and efficient internal control system. In this regard, internal audit experts were commissioned to conduct assessment and internal auditors also conducted internal audit of core operating systems in accordance with the annual audit plan which was reviewed and approved by the Audit Committee. In addition, they were also assigned to keep track of rectification of the discrepancies described in the audit report. It was discerned that the Company's internal control system was adequate and suitable with the nature of the business and no significant shortcomings or weaknesses were found. Property maintenance was carried out properly and full information disclosure was observed.  
Furthermore, the Audit Committee reviewed the internal audit system by examining the tasks, scope of operation, roles and responsibilities, head counts and the independence of the internal audit unit. The internal audit unit was thereby required to submit audit reports to the Audit Committee and present management reports to the Management. It was discerned that the Company's internal audit was conducted independently, adequately and effectively.
3. Reviewed risk management. In this regard, the Company conducted operational risk management activities, whereby various operating units identified the risks, assessed risks stemming from internal and external factors, conducted risk management and monitored each unit's progress to ensure that they could perform and achieved prescribed targets. If there were incidents which might hamper the organization's efforts to achieve its objectives, such risk could be timorous managed and contained with an acceptable level. In this regard, the Audit Committee observed that the Company has a suitable, adequate and effective risk management system.

4. Reviewed to ensure that Company complied with securities and stock exchange laws, SET provisions or other laws which are pertinent to its business operation. It was discerned that no significant shortcomings were found in regard to non-compliance with relevant laws and provisions.
5. Reviewed and commented the execution of connected transactions or items which might pose conflict of interest. It was discerned that there were no items that posed conflict of interest and the Company disclosed relevant information accurately and thoroughly.
6. Considered and proposed selection of auditors and audit fee to the Board of Directors for approval by the shareholders' meeting. The Audit Committee scrutinized performance of the auditors last year as well as their knowledge, expertise, and independence. Then, the Audit Committee recommended the Board of Directors to request the shareholders' meeting to approve the appointment of Ms. Orawan Chunhakitpaisan and/or Mr. Ekkasit Chuthamsatid and/or Mr. Banthit Tangpakorn of KPMG Phoomchai Audit Limited as the auditors for the year 2014. Total audit fee is 1,120,000 Baht per annum.

In conclusion, the Audit Committee fully performed its duties as stipulated in the charters of the Audit Committee which was approved by the Board of Directors. In the Audit Committee's opinion, the Company has had accurate and robust reporting of financial and operational data and also has had suitable and effective internal control system, internal audit, and risk management. In addition, the Company also properly complied with the laws and provisions and fulfilled obligations; connected items were executed properly; the operation was conducted in conformity with the corporate governance system adequately, transparently and reliably. Finally, the Audit Committee also examined the auditors' independence for appointment and submitted a proposal of audit fee.

Mr. Krit Indhewat  
Chairman of Audit Committee

### Opinion of Independent Directors:

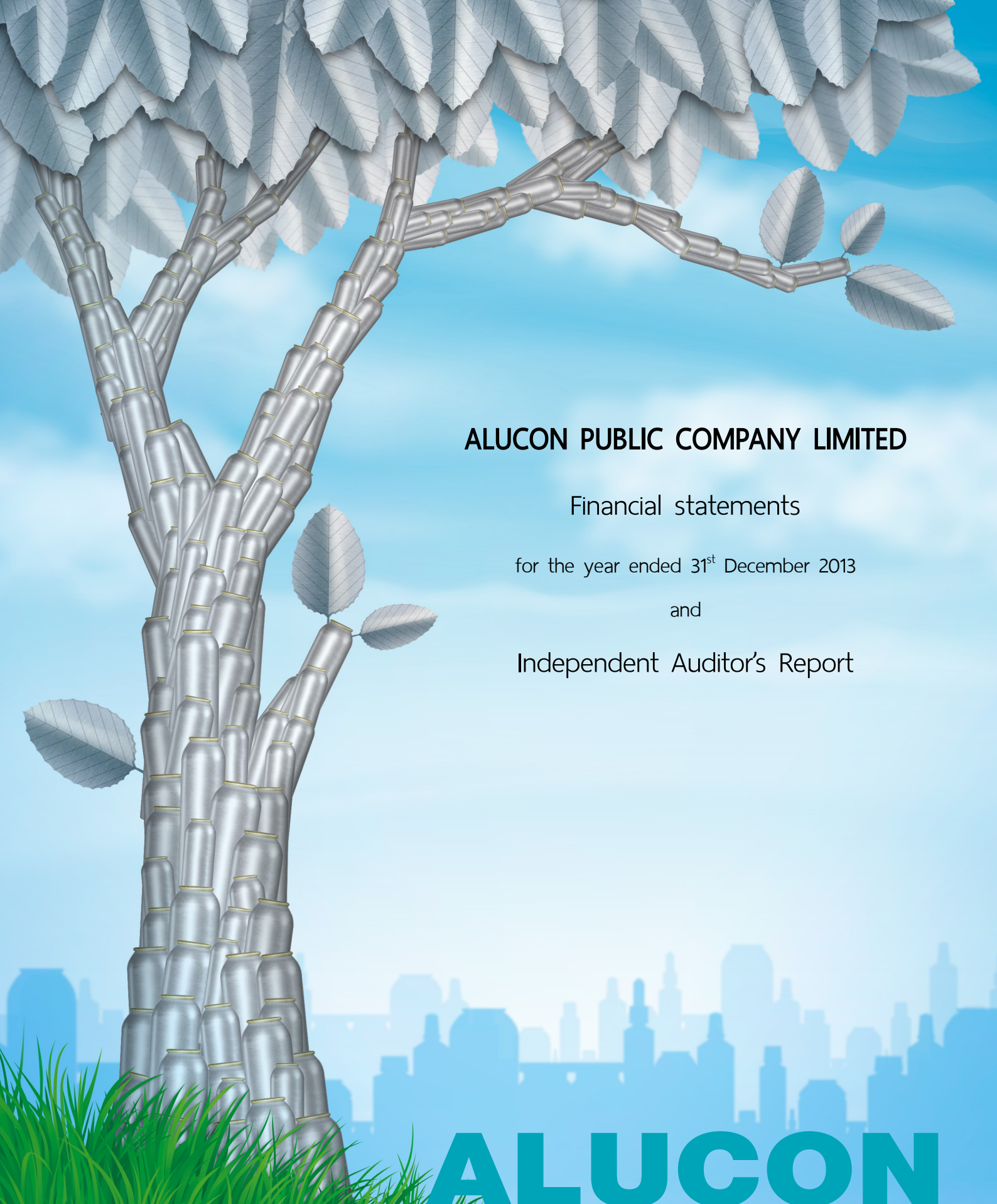
Mr. Krit Indhewat

Ms. Vrinporn Uer-anant

Mr. Toshiyuki Koike

The Independent Directors have carefully considered the connected transactions as stated on page 12 of the Annual Report. In view of customers in Japan requiring special attention and excellent service the assistance of Takeuchi Press Industries Co., Ltd., Japan is most suitable to increase the sales of the Company to Japan. There is no disadvantage to ALUCON by such an intermediary but it ensures regular sales to customers in Japan. Accordingly, the Independent Directors considered such connected transactions as beneficial to the Company.

The Independent Directors considered the performance of the Company respectively its various factories as satisfactory. However, they recommend that efficiency is increased further which should increase profitability.



# ALUCON PUBLIC COMPANY LIMITED

Financial statements

for the year ended 31<sup>st</sup> December 2013

and

Independent Auditor's Report

# ALUCON

Public Company Limited



# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Alucon Public Company Limited

I have audited the accompanying financial statements of Alucon Public Company Limited (the “Company”), which comprise the statement of financial position as at 31<sup>st</sup> December 2013, 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.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, 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.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31<sup>st</sup> December 2013, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Orawan Chunhakitpaisan)  
Certified Public Accountant  
Registration No. 6105

KPMG Phoomchai Audit Ltd.  
Bangkok  
20<sup>th</sup> February 2014

# STATEMENT OF FINANCIAL POSITION

		31 December	
Assets	Note	2013	2012
		(in Baht)	
Current assets			
Cash and cash equivalents	6	69,052,219	241,969,619
Trade accounts receivable	5, 7	879,255,006	821,826,331
Inventories	8	999,623,784	792,516,293
Refundable value added tax		65,184,617	11,598,982
Other current assets		7,445,802	7,228,128
Total current assets		2,020,561,428	1,875,139,353
Non-current assets			
Property, plant and equipment	5, 9, 12	4,000,478,082	3,331,060,120
Intangible assets	10	9,639,033	11,066,394
Deferred tax assets	11	76,920,205	76,486,655
Other non-current assets		208,910	208,910
Total non-current assets		4,087,246,230	3,418,822,079
Total assets		6,107,807,658	5,293,961,432

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

## STATEMENT OF FINANCIAL POSITION

		31 December	
Liabilities and equity	Note	2013	2012
		(in Baht)	
<b>Current liabilities</b>			
Bank overdrafts and short-term loans			
from financial institutions	12	144,653,076	154,425,851
Trade accounts payable	5, 13	237,891,267	156,392,703
Other payables to and short-term loans from related parties	5, 12	1,114,184,069	894,303,758
Current portion of long-term loans from			
and accrued interest payable to related party	5, 12	-	10,524,385
Other payables	14	262,786,167	121,145,610
Income tax payable		72,127,318	92,771,022
Other current liabilities	15	22,222,213	21,145,206
<b>Total current liabilities</b>		<b>1,853,864,110</b>	<b>1,450,708,535</b>
<b>Non-current liabilities</b>			
Deferred income	16	35,190,403	40,976,213
Employee benefit obligations	17	455,657,671	416,025,528
<b>Total non-current liabilities</b>		<b>490,848,074</b>	<b>457,001,741</b>
<b>Total liabilities</b>		<b>2,344,712,184</b>	<b>1,907,710,276</b>

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

## STATEMENT OF FINANCIAL POSITION

Equity	Note	31 December	
		2013	2012
		(in Baht)	
Share capital	18		
Authorised share capital		<u>432,000,000</u>	<u>432,000,000</u>
Issued and paid-up share capital		431,999,860	431,999,860
Additional paid-in capital			
Premium on ordinary shares	18	254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	19	43,200,000	43,200,000
Unappropriated		<u>3,033,895,614</u>	<u>2,657,051,296</u>
<b>Total equity</b>		<u><b>3,763,095,474</b></u>	<u><b>3,386,251,156</b></u>
<b>Total liabilities and equity</b>		<u><b>6,107,807,658</b></u>	<u><b>5,293,961,432</b></u>

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



# STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	Note	2013	2012
		(in Baht)	
<b>Income</b>			
Revenue from sale of goods	5, 20, 29	5,027,287,054	4,813,624,783
Net foreign exchange gain		27,028,857	2,414,824
Other income	21	145,321,190	122,033,949
<b>Total income</b>		<b>5,199,637,101</b>	<b>4,938,073,556</b>
<b>Expenses</b>			
Cost of sale of goods	5, 8	4,040,051,914	3,841,075,627
Selling expenses	5, 22	138,503,333	127,903,851
Administrative expenses	23	92,097,638	96,371,982
Key management personnel compensation	5, 24	67,278,177	63,561,070
Finance costs	5, 26	28,514,475	31,680,515
<b>Total expenses</b>	25	<b>4,366,445,537</b>	<b>4,160,593,045</b>
<b>Profit before income tax expense</b>		<b>833,191,564</b>	<b>777,480,511</b>
Income tax expense	27	153,947,344	177,128,573
<b>Profit and total comprehensive income for the year</b>	20	<b>679,244,220</b>	<b>600,351,938</b>
<b>Basic earnings per share</b>	28	<b>15.72</b>	<b>13.90</b>

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

## STATEMENT OF CHANGES IN EQUITY

		Issued and paid-up share capital	Additional paid-in capital Premium on ordinary shares	Retained earnings		Total equity
	Note			Legal reserve	Unappropriated	
				(in Baht)		
Year ended 31 December 2012						
Balance at 1 January 2012		431,999,860	254,000,000	43,200,000	2,315,899,274	3,045,099,134
Profit and total comprehensive income						
for the year		-	-	-	600,351,938	600,351,938
Dividends	30	-	-	-	(259,199,916)	(259,199,916)
Balance at 31 December 2012		<u>431,999,860</u>	<u>254,000,000</u>	<u>43,200,000</u>	<u>2,657,051,296</u>	<u>3,386,251,156</u>
Year ended 31 December 2013						
Balance at 1 January 2013		431,999,860	254,000,000	43,200,000	2,657,051,296	3,386,251,156
Profit and total comprehensive income						
for the year		-	-	-	679,244,220	679,244,220
Dividends	30	-	-	-	(302,399,902)	(302,399,902)
Balance at 31 December 2013		<u>431,999,860</u>	<u>254,000,000</u>	<u>43,200,000</u>	<u>3,033,895,614</u>	<u>3,763,095,474</u>

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

# STATEMENT OF CASH FLOWS

	For the year ended 31 December		
	Note	2013	2012
		(in Baht)	
<b>Cash flows from operating activities</b>			
Profit for the year		679,244,220	600,351,938
<i>Adjustments for</i>			
Depreciation		442,831,918	433,602,760
Amortisation of intangible assets		1,789,611	1,743,430
Recognised deferred income		(5,785,810)	(5,801,661)
Interest income		(357,886)	(880,800)
Finance costs		28,514,475	31,680,515
Unrealised gain on exchange		(18,974,392)	(15,340,342)
Provision for (revesal of) loss from devaluation of inventories		493,132	(835,623)
(Gain) loss on disposal of plant and equipment		(177,169)	852,261
Income tax expense		153,947,344	177,128,573
		1,281,525,443	1,222,501,051
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(46,513,469)	(66,272,332)
Inventories		(207,600,623)	25,410,539
Refundable value added tax		(53,585,635)	11,567,179
Other current assets		(222,904)	5,347,599
Other non-current assets		-	39,890
Trade accounts payable		80,537,501	(126,655,304)
Other payables to related parties		3,181,950	(193,466)
Other payables		348,109	(19,372,392)
Other current liabilities		1,077,007	(826,191)
Employee benefit obligations		39,632,143	73,226,774
<b>Cash generated from operating activities</b>		<b>1,098,379,522</b>	<b>1,124,773,347</b>
Income tax paid		(175,024,598)	(200,839,040)
<b>Net cash from operating activities</b>		<b>923,354,924</b>	<b>923,934,307</b>

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

## STATEMENT OF CASH FLOWS

		For the year ended 31 December	
	Note	2013	2012
		(in Baht)	
<b><i>Cash flows from investing activities</i></b>			
Interest received		364,414	874,989
Purchase of plant and equipment		(963,237,181)	(628,289,900)
Interest paid for plant and equipment		(538,247)	(1,975,421)
Sale of plant and equipment		492,005	725,219
Purchase of intangible assets		(211,250)	(827,320)
<b>Net cash used in investing activities</b>		<b>(963,130,259)</b>	<b>(629,492,433)</b>
<b><i>Cash flows from financing activities</i></b>			
Finance costs paid		(30,338,838)	(29,368,188)
Dividends paid		(302,399,902)	(259,199,916)
(Decrease) increase in bank overdrafts and short-term loans from financial institutions		(403,325)	863,281
Proceeds from short-term loans from related party		200,000,000	360,000,000
Repayment of short-term loans from related party		-	(309,295,000)
<b>Net cash used in financing activities</b>		<b>(133,142,065)</b>	<b>(236,999,823)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(172,917,400)</b>	<b>57,442,051</b>
Cash and cash equivalents at 1 January		241,969,619	184,527,568
<b>Cash and cash equivalents at 31 December</b>	6	<b>69,052,219</b>	<b>241,969,619</b>

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

During the year ended 31 December 2013, the Company acquired plant and equipment and intangible assets totalling Baht 1,113 million (2012: Baht 600 million), cash payments of Baht 964 million (2012: Baht 631 million) were made to purchase plant and equipment including related interest and intangible assets.

During the year ended 31 December 2013, the Company agreed to reschedule the long-term promissory note due for repayment with the parent company to short-term promissory note in amount of Baht 10 million (2012: Baht 60 million).

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

# NOTES TO THE FINANCIAL STATEMENTS

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4.	Significant accounting policies
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7.	Trade accounts receivable
8.	Inventories
9.	Property, plant and equipment
10.	Intangible assets
11.	Deferred tax
12.	Interest-bearing liabilities
13.	Trade accounts payable
14.	Other payables
15.	Other current liabilities
16.	Deferred income
17.	Employee benefit obligations
18.	Share capital
19.	Reserves
20.	Segment information
21.	Other income
22.	Selling expenses
23.	Administrative expenses
24.	Employee benefit expenses
25.	Expenses by nature
26.	Finance costs
27.	Income tax expense
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32.	Commitments with non-related parties
33.	Thai Financial Reporting Standards (TFRS) not yet adopted



# NOTES TO THE FINANCIAL STATEMENTS

**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 20 February 2014.

## 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, who held 66.38% 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 the following new and revised TFRS relevant to the Company’s operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Company’s accounting policies. The effects of these changes are disclosed in note 3.

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 financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 33.

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

### (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 estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 4 (o)	Current and deferred taxation
Note 17	Measurement of defined benefit obligations
Note 31	Valuation of financial instruments

## 3 Changes in accounting policies

### (a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS and as set out in note 2, the Company has changed its accounting policies in the following areas:

- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Company are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Company has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Company's reported assets, liabilities or retained earnings.

### (c) Presentation of information on operating segments

From 1 January 2013, the Company has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Company's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Company's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Company presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Company presenting segment information (Note 20) in respect of the following segments: Can and tube and Slug.

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

### (a) Foreign currencies transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

### (b) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. Gains and losses from commodity price swap agreement used to hedge anticipated future commodity purchases are recognised when the forecasted transaction occurs.

### (c) 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.

### (d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

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.

### (e) 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.

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.

### (f) Property, plant and equipment

#### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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 other income in 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.



## NOTES TO THE FINANCIAL STATEMENTS

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	3 - 20 years
Buildings and building improvement	20 and 30 years
Machinery and equipment	2 - 20 years
Office equipment	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.

### (g) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

#### *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
------------------	----------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### (h) 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.

### (i) 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.

### (j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

### (k) Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into the fund and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

## NOTES TO THE FINANCIAL STATEMENTS

### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in profit or loss.

### *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than pension plans 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, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

## NOTES TO THE FINANCIAL STATEMENTS

### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

### **(l) 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.

### **(m) Revenue**

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

### *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.

### *Interest and other income*

Interest and other income are recognised in profit or loss as they accrue.

### **(n) Finance costs**

Finance costs comprise interest expense on borrowings and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

### (o) 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 it relates 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. 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.

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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

### 5 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, 66.38% shareholding
Key management personnel		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 particular types of transactions are explained further below:

#### Transactions

Revenue from sale of goods

Purchase of raw materials and spare parts

Purchase of machinery and equipment

Interest expense

License fee

Commission expenses

Key management personnel compensation

#### Pricing policies

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

The market price

The market price

2.00-3.00% per annum in 2013 and 1.75-3.25% per annum in 2012

Percentage of sales amount as determined in an agreement

Percentage of sales amount as determined in an agreement

Amount approved by the directors and / or the shareholders

## NOTES TO THE FINANCIAL STATEMENTS

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

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Revenue from sale of goods	930,525	1,041,399
Purchase of raw materials and spare parts	12,133	13,883
Purchase of machinery and equipment	11,572	2,185
Interest expense (included capitalise as the cost of asset)	24,531	28,541
License fee	16,307	11,866
Commission expenses	1,946	1,149
Other expenses	59	356
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefit	59,956	58,341
Termination benefits	7,322	5,220
<b>Total</b>	<b>67,278</b>	<b>63,561</b>

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

### *Trade account receivable from related party*

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	59,379	74,450

### *Trade account payable to related party*

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	2,329	1,701

## NOTES TO THE FINANCIAL STATEMENTS

### *Other payable to and short-term loans from related parties*

	Interest rate			
	2013	2012	2013	2012
	( % per annum)		(in thousand Baht)	
<i>Short-term loans</i>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited	2.00 - 2.50	2.50 - 3.00	1,088,000	878,000
<i>Other payables</i>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			9,091	905
<i>Accrued commission payable</i>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			552	366
<i>Accrued license fee</i>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			4,827	2,555
<i>Accrued interest expense</i>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited			7,689	8,990
<i>Accrued management's remuneration and other benefits</i>				
Key management personnel			4,025	3,488
<b>Total</b>			<b>1,114,184</b>	<b>894,304</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	2013	2012
	(in thousand Baht)	
<b>Short-term loans</b>		
<b>Parent</b>		
At 1 January	878,000	767,295
Increase	210,000	420,000
Decrease	-	(309,295)
<b>At 31 December</b>	<b>1,088,000</b>	<b>878,000</b>

*Long-term loans from and accrued interest payable to related party*

	Interest rate			
	2013	2012	2013	2012
	(% per annum)		(in thousand Baht)	
<b>Long-term loans</b>				
<b>Parent</b>				
Takeuchi Press Industries Company Limited	-	2.25	-	10,000

*Accrued interest expense*

<b>Parent</b>		
Takeuchi Press Industries Company Limited	-	524
<b>Total</b>	-	<b>10,524</b>
Less current portion	-	(10,524)
<b>Net</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Long-term loans</b>		
<b>Parent</b>		
At 1 January	10,000	70,000
Decrease	(10,000)	(60,000)
<b>At 31 December</b>	<b>-</b>	<b>10,000</b>

On 1 September 2010, the Company issued promissory notes to related party totalling Baht 70 million which bear interest at rates ranging from 1.75% - 2.25% per annum. These long-term loans were repayable together with interest expenses on various dates from March 2012 to March 2013.

### *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 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*

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<b>11,003</b>	<b>2,360</b>



## NOTES TO THE FINANCIAL STATEMENTS

### *Significant memorandum of understanding*

On 14 February 2012, 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 2012 to March 2013.

Subsequently, on 6 February 2013, the Company entered into a new memorandum of understanding to supply aluminium slugs in quantity about of 6,000 MT for a period from April 2013 to March 2014.

## 6 Cash and cash equivalents

	2013	2012
	<i>(in thousand Baht)</i>	
Cash on hand	61	83
Cash at banks - current accounts	13,828	2,773
Cash at banks - saving accounts	44,684	151,580
Cash at banks - fixed accounts	-	23
Bill of exchange shorter than 3 months	-	50,000
Cheques in transit	10,479	37,511
<b>Total</b>	<b>69,052</b>	<b>241,970</b>

### *Cheques in transit*

Cheques in transit as at 31 December 2013 were all subsequently collected by 2 January 2014 (2012: 9 January 2013).

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

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	43,466	142,881
United States Dollars (USD)	25,150	88,104
Japanese Yen (YEN)	436	10,985
<b>Total</b>	<b>69,052</b>	<b>241,970</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Trade accounts receivable

	Note	2013	2012
		<i>(in thousand Baht)</i>	
Related party	5	59,379	74,450
Other parties		819,876	747,376
<b>Total</b>		<b>879,255</b>	<b>821,826</b>

Aging analyses for trade accounts receivable were as follows:

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Related party</b>		
Within credit terms	59,379	74,450
	<b>59,379</b>	<b>74,450</b>
<b>Other parties</b>		
Within credit terms	614,505	576,868
Overdue:		
Less than 3 months	200,044	169,279
3 - 6 months	5,327	1,229
	<b>819,876</b>	<b>747,376</b>
<b>Total</b>	<b>879,255</b>	<b>821,826</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

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

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	416,320	448,427
United States Dollars (USD)	376,650	269,272
Japanese Yen (YEN)	59,379	74,450
Australian Dollars (AUD)	20,731	13,068
Others (GBP, HKD and SGD)	6,175	16,609
<b>Total</b>	<b>879,255</b>	<b>821,826</b>

### 8 Inventories

	2013	2012
	<i>(in thousand Baht)</i>	
Finished goods	157,442	185,306
Work in progress	135,302	169,241
Raw materials	457,460	220,259
Packing materials	2,722	1,668
Spare parts	131,409	131,348
Goods in transit	117,856	86,768
	1,002,191	794,590
Less allowance for decline in value	(2,567)	(2,074)
<b>Net</b>	<b>999,624</b>	<b>792,516</b>

Inventories recognised as an expense in “cost of sales of goods”:

- Cost	4,039,559	3,841,912
- Write-down to net realisable value	493	-
- Reversal of write-down	-	(836)
<b>Total</b>	<b>4,040,052</b>	<b>3,841,076</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9 Property, plant and equipment

	Land and building improvement	Buildings and building improvement	Machinery and equipment	Office equipment	Vehicles	Spare parts	Assets under construction	Total
	<i>(in thousand Baht)</i>							
<b>Cost</b>								
At 1 January 2012	177,493	1,211,265	4,016,942	18,306	28,874	23,372	319,520	5,795,772
Additions	3,206	8,449	63,676	558	1,228	30,725	492,509	600,351
Transfers	12,264	9,194	421,383	-	-	(12,224)	(430,617)	-
Disposals	-	-	(50,420)	(976)	-	-	-	(51,396)
<b>At 31 December 2012 and 1 January 2013</b>	<b>192,963</b>	<b>1,228,908</b>	<b>4,451,581</b>	<b>17,888</b>	<b>30,102</b>	<b>41,873</b>	<b>381,412</b>	<b>6,344,727</b>
Additions	27,955	13,124	109,370	1,096	5,385	23,945	931,746	1,112,621
Transfers	12,777	145,878	560,646	-	-	(26,883)	(692,418)	-
Disposals	-	-	(3,057)	(494)	(3,126)	-	-	(6,677)
<b>At 31 December 2013</b>	<b>233,695</b>	<b>1,387,910</b>	<b>5,118,540</b>	<b>18,490</b>	<b>32,361</b>	<b>38,935</b>	<b>620,740</b>	<b>7,450,671</b>
<b>Depreciation</b>								
At 1 January 2012	45	489,679	2,105,037	14,533	20,584	-	-	2,629,878
Depreciation charge for the year	994	41,040	386,370	1,521	3,678	-	-	433,603
Disposals	-	-	(48,840)	(974)	-	-	-	(49,814)
<b>At 31 December 2012 and 1 January 2013</b>	<b>1,039</b>	<b>530,719</b>	<b>2,442,567</b>	<b>15,080</b>	<b>24,262</b>	<b>-</b>	<b>-</b>	<b>3,013,667</b>
Depreciation charge for the year	2,839	44,782	390,555	1,298	3,358	-	-	442,832
Disposals	-	-	(2,785)	(493)	(3,028)	-	-	(6,306)
<b>At 31 December 2013</b>	<b>3,878</b>	<b>575,501</b>	<b>2,830,337</b>	<b>15,885</b>	<b>24,592</b>	<b>-</b>	<b>-</b>	<b>3,450,193</b>
<b>Net book value</b>								
At 1 January 2012	177,448	721,586	1,911,905	3,773	8,290	23,372	319,520	3,165,894
At 31 December 2012 and 1 January 2013	191,924	698,189	2,009,014	2,808	5,840	41,873	381,412	3,331,060
At 31 December 2013	229,817	812,409	2,288,203	2,605	7,769	38,935	620,740	4,000,478

## NOTES TO THE FINANCIAL STATEMENTS

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2013 amounted to Baht 1,438 million (2012: Baht 943 million).

### *Assets under construction*

As at 31 December 2013, the Company is in process of constructing a new factory and installing new machinery and equipment which have an estimated cost of approximately Baht 1,049 million (2012: Baht 789 million). The cost incurred up to 31 December 2013 amounted to approximately Baht 621 million (2012: Baht 381 million).

Capitalised borrowing costs relating to the construction of a new factory amounted to Baht 0.4 million (2012: Baht 1.3 million), with a capitalisation rate of 2.50% - 3.00% (2012: 1.75% - 3.25%).

## 10 Intangible assets

	Software licence (in thousand Baht)
<b>Cost</b>	
At 1 January 2012	18,072
Additions	827
<b>At 31 December 2012 and 1 January 2013</b>	<b>18,899</b>
Additions	363
<b>At 31 December 2013</b>	<b>19,262</b>
<b>Amortisation</b>	
At 1 January 2012	6,089
Amortisation charge for the year	1,744
<b>At 31 December 2012 and 1 January 2013</b>	<b>7,833</b>
Amortisation charge for the year	1,790
<b>At 31 December 2013</b>	<b>9,623</b>
<b>Net book value</b>	
At 1 January 2012	11,983
At 31 December 2012 and 1 January 2013	11,066
At 31 December 2013	9,639

# NOTES TO THE FINANCIAL STATEMENTS

## 11 Deferred tax

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

	2013	2012
	<i>(in thousand Baht)</i>	
Deferred tax assets	93,510	86,851
Deferred tax liability	(16,590)	(10,364)
<b>Net</b>	<b>76,920</b>	<b>76,487</b>

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

	At 1 January 2013	(Charged) / credited to Profit or loss (Note 27)	At 31 December 2013
	<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>			
Inventories (allowance for decline in value)	414	99	513
Employee benefit obligations	78,241	7,718	85,959
Deferred income	8,196	(1,158)	7,038
<b>Total</b>	<b>86,851</b>	<b>6,659</b>	<b>93,510</b>
<b><i>Deferred tax liability</i></b>			
Property, plant and equipment (depreciation gap)	(10,364)	(6,226)	(16,590)
<b>Total</b>	<b>(10,364)</b>	<b>(6,226)</b>	<b>(16,590)</b>
<b>Net</b>	<b>76,487</b>	<b>433</b>	<b>76,920</b>



## NOTES TO THE FINANCIAL STATEMENTS

	At 1 January 2012	(Charged) / credited to Profit or loss (Note 27)	At 31 December 2012
	<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>			
Accounts receivable (doubtful accounts)	1,189	(1,189)	-
Inventories (allowance for decline in value)	669	(255)	414
Employee benefit obligations	64,385	13,856	78,241
Deferred income	9,529	(1,333)	8,196
<b>Total</b>	<b>75,772</b>	<b>11,079</b>	<b>86,851</b>
<b>Deferred tax liability</b>			
Property, plant and equipment (depreciation gap)	(5,676)	(4,688)	(10,364)
<b>Total</b>	<b>(5,676)</b>	<b>(4,688)</b>	<b>(10,364)</b>
<b>Net</b>	<b>70,096</b>	<b>6,391</b>	<b>76,487</b>

## 12 Interest-bearing liabilities

	Note	2013	2012
		<i>(in thousand Baht)</i>	
<b>Current</b>			
Bank overdrafts			
unsecured		468	872
Short-term loans from financial institutions			
unsecured		144,185	153,554
<b>Bank overdrafts and short-term loans from financial institutions</b>		<b>144,653</b>	<b>154,426</b>

## NOTES TO THE FINANCIAL STATEMENTS

	Note	2013 (in thousand Baht)	2012
Current portion of long-term loans from related party			
unsecured	5	-	10,000
Short-term loans from related party			
unsecured	5	1,088,000	878,000
<b>Total current interest-bearing liabilities</b>		<b><u>1,232,653</u></b>	<b><u>1,042,426</u></b>

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

	2013 (in thousand Baht)	2012
Within one year	1,232,653	1,042,426
<b>Total</b>	<b><u>1,232,653</u></b>	<b><u>1,042,426</u></b>

As at 31 December 2013, the Company had unutilised credit facilities of approximately Baht 2,543 million (2012: 2,646 million).

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

	2013 (in thousand Baht)	2012
Thai Baht (THB)	1,088,468	888,872
United States Dollars (USD)	49,424	46,166
Japanese Yen (YEN)	94,761	107,388
<b>Total</b>	<b><u>1,232,653</u></b>	<b><u>1,042,426</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 13 Trade accounts payable

	Note	2013	2012
		<i>(in thousand Baht)</i>	
Related party	5	2,329	1,701
Other parties		235,562	154,692
<b>Total</b>		<b>237,891</b>	<b>156,393</b>

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

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	112,856	65,467
United States Dollars (USD)	94,755	73,956
Japanese Yen (YEN)	9,108	11,710
Others (CHF, AUD, EUR and GBP)	21,172	5,260
<b>Total</b>	<b>237,891</b>	<b>156,393</b>

### 14 Other payables

	2013	2012
	<i>(in thousand Baht)</i>	
Construction payable	167,898	29,067
Other payables	60,391	52,423
Accrued operating expenses	34,497	39,656
<b>Total</b>	<b>262,786</b>	<b>121,146</b>

### 15 Other current liabilities

	2013	2012
	<i>(in thousand Baht)</i>	
Advances received from customers	12,764	7,579
Accrued withholding tax payable	7,848	12,118
Accrued social fund	1,610	1,448
<b>Total</b>	<b>22,222</b>	<b>21,145</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 16 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. During the year ended 31 December 2013, the Company recognised income in profit or loss of Baht 5.8 million (2012: Baht 5.8 million).

### 17 Employee benefit obligations

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Statement of financial position obligations for:</b>		
Post-employment benefits	369,110	323,619
Other long-term employee benefits	28,683	38,948
Provident fund	57,865	53,459
<b>Total</b>	<b>455,658</b>	<b>416,026</b>

Year ended 31 December	2013	2012
	<i>(in thousand Baht)</i>	
<b>Statement of comprehensive income:</b>		
<b>Recognised in profit or loss:</b>		
Post-employment benefits	55,580	77,790
Other long-term employee benefits	(8,113)	12,985
Provident fund	5,998	6,104
<b>Total</b>	<b>53,465</b>	<b>96,879</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

The statement of financial position obligation was determined as follows:

	2013	2012
	<i>(in thousand Baht)</i>	
Present value of unfunded obligation	<u>397,793</u>	<u>362,567</u>

Movement in the present value of the defined benefit obligations

	2013	2012
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	362,567	294,468
Benefits paid by the plan	(12,241)	(22,676)
Current service costs and interest	45,390	41,671
Actuarial loss	2,077	49,104
<b>Defined benefit obligations at 31 December</b>	<u><b>397,793</b></u>	<u><b>362,567</b></u>

Expense recognised in profit or loss (note 24)

	2013	2012
	<i>(in thousand Baht)</i>	
Current service costs	32,256	29,760
Interest on obligation	13,134	11,911
Actuarial loss	2,077	49,104
<b>Total</b>	<u><b>47,467</b></u>	<u><b>90,775</b></u>

The expense is recognised in the following line items in the statement of comprehensive income:

	2013	2012
	<i>(in thousand Baht)</i>	
Cost of sales	32,136	74,865
Selling expenses	1,856	2,414
Administrative expenses	13,475	13,496
<b>Total</b>	<u><b>47,467</b></u>	<u><b>90,775</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2013	2012
Discount rate (%)	3.70	3.65
Future salary increases (%)	5.6	3.5 - 4.5
Retirement age (years)	55	55

Assumptions regarding future mortality are based on published statistics and mortality tables.

### 18 Share capital

	Par value per share <i>(in Baht)</i>	2013 Number <i>(thousand shares / thousand Baht)</i>		2012 Number <i>(thousand shares / thousand Baht)</i>	
<b>Authorised</b>					
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>
<b>Issued and paid-up</b>					
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.

### 19 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 20 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.

#### *Information about reportable segments*

	Segment 1		Segment 2		Total	
	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	3,420,866	3,329,760	1,606,421	1,483,865	5,027,287	4,813,625
<b>Segment result</b>	<b>890,896</b>	<b>864,176</b>	<b>96,339</b>	<b>108,373</b>	<b>987,235</b>	<b>972,549</b>
Unallocated revenues					172,350	124,449
Unallocated expenses					(297,879)	(287,836)
Finance costs					(28,514)	(31,681)
<b>Profit before income tax</b>					<b>833,192</b>	<b>777,481</b>
<b>Segment assets</b>						
Trade account receivable	631,845	638,814	247,410	183,012	879,255	821,826
Inventories	266,088	246,248	733,536	546,268	999,624	792,516
Property, plant and equipment	3,287,676	2,749,656	712,802	581,404	4,000,478	3,331,060
Unallocated assets					228,451	348,559
<b>Total Assets</b>					<b>6,107,808</b>	<b>5,293,961</b>

## NOTES TO THE FINANCIAL STATEMENTS

	Segment 1		Segment 2		Total	
	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>					
Segment liabilities						
Trade account payable	127,071	74,651	110,820	81,742	237,891	156,393
Unallocated liabilities					2,106,821	1,751,317
<b>Total Liabilities</b>					<b>2,344,712</b>	<b>1,907,710</b>

### *Geographical segments*

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

### *Geographical information*

	Revenues	
	2013	2012
	<i>(in thousand Baht)</i>	
Thailand	1,697,262	1,681,771
Asia pacific	2,410,091	2,304,177
America	335,493	281,616
Others	584,441	546,061
<b>Total</b>	<b>5,027,287</b>	<b>4,813,625</b>

### *Major customer*

Revenues from one customer of the Company's 1 and 2 segments are approximately Baht 634.9 million (2012: Baht 480.5 million) of the Company's total revenues.

## NOTES TO THE FINANCIAL STATEMENTS

### 21 Other income

	2013	2012
	<i>(in thousand Baht)</i>	
Sale of scrap	118,528	96,654
Others	26,793	25,380
<b>Total</b>	<b>145,321</b>	<b>122,034</b>

### 22 Selling expenses

	2013	2012
	<i>(in thousand Baht)</i>	
Freight expenses	79,630	75,524
Employee benefit expenses	28,034	27,035
Others	30,839	25,345
<b>Total</b>	<b>138,503</b>	<b>127,904</b>

### 23 Administrative expenses

	2013	2012
	<i>(in thousand Baht)</i>	
Employee benefit expenses	60,235	61,493
Depreciation and amortisation	4,645	4,761
Transportation expenses	3,782	4,800
Repair and maintenance	3,740	3,364
Others	19,696	21,954
<b>Total</b>	<b>92,098</b>	<b>96,372</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 24 Employee benefit expenses

	2013	2012
	<i>(in thousand Baht)</i>	
Wages and salaries	589,817	546,877
Pension costs - defined benefit plans	47,467	90,775
Contribution to defined contribution plans	5,998	6,104
Director's remuneration	4,796	4,146
Others	37,663	35,217
<b>Total</b>	<b>685,741</b>	<b>683,119</b>

#### *Defined benefit plans*

Details of the defined benefit plans are given in note 17.

#### *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.

### 25 Expenses by nature

	2013	2012
	<i>(in thousand Baht)</i>	
Changes in inventories of finished goods and work in progress	61,802	4,335
Raw materials and consumables used	2,337,387	2,193,108
Employee benefit expenses	685,741	683,119
Depreciation and amortisation	444,622	435,346
Utilities expenses	367,194	339,727
Repair and maintenance	117,436	110,235
Freight expenses	79,630	75,524
Finance costs	28,514	31,681
Others	244,120	287,518
<b>Total cost of sales of goods, selling expenses and administrative expenses</b>	<b>4,366,446</b>	<b>4,160,593</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 26 Finance costs

	Note	2013 (in thousand Baht)	2012
Interest expense:			
Related party	5	24,531	28,541
Financial institutions		4,364	4,436
		<b>28,895</b>	<b>32,977</b>
Less amounts included in the cost of assets under construction	9	(381)	(1,296)
<b>Net</b>		<b>28,514</b>	<b>31,681</b>

### 27 Income tax expense

#### *Income tax recognised in profit or loss*

	Note	2013 (in thousand Baht)	2012
<b>Current tax expense</b>			
Current year		154,380	183,520
<b>Deferred tax expense</b>	11		
Movements in temporary differences		(433)	(8,224)
Income tax reduction - deferred		-	1,833
<b>Total</b>		<b>153,947</b>	<b>177,129</b>

#### *Reconciliation of effective tax rate*

	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		<b>833,192</b>		<b>777,481</b>
Income tax using the Thai corporation tax rate	20	166,638	23	178,820
Income tax reduction - deferred		-		1,833
Income not subject to tax		(12,048)		(4,600)
Others		(643)		1,076
<b>Total</b>	<b>18</b>	<b>153,947</b>	<b>23</b>	<b>177,129</b>

## NOTES TO THE FINANCIAL STATEMENTS

### *Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

## 28 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 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:

	2013	2012
	(in thousand Baht / thousand shares)	
Profit attributable to equity holders of the Company	<u>679,244</u>	<u>600,352</u>
Number of ordinary shares outstanding	<u>43,200</u>	<u>43,200</u>
Basic earnings per share (in Baht)	<u>15.72</u>	<u>13.90</u>

## 29 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the production of aluminium containers. The privileges granted include:

- (a) own land in the amount the Board deems it appropriate;
- (b) exemption from payment of import duty on machinery and equipment approved by the Board;
- (c) exemption from payment of income tax for certain operations for a period of three years from the date on which the income is first derived from such operation

## NOTES TO THE FINANCIAL STATEMENTS

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.

Summary of revenue from promoted and non-promoted businesses:

	2013			2012		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	65,243	3,307,739	3,372,982	93,123	3,182,726	3,275,849
Local sales	409,900	1,244,405	1,654,305	232,760	1,305,016	1,537,776
<b>Total Revenue</b>	<b>475,143</b>	<b>4,552,144</b>	<b>5,027,287</b>	<b>325,883</b>	<b>4,487,742</b>	<b>4,813,625</b>

### 30 Dividends

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved the appropriation of cash dividends of Baht 7 per share, amounting to Baht 302.4 million. The dividend was paid to shareholders in May 2013.

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the shareholders approved the appropriation of cash dividends of Baht 6 per share, amounting to Baht 259.2 million. The dividend was paid to shareholders in May 2012.

### 31 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 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 0.62:1 in 2013 and 0.56:1 in 2012, 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:

	Effective interest rates  (% per annum)	Within 1 year	After 1 year but within 5 years  (in thousand Baht)	Total
<b>2013</b>				
<b>Current</b>				
Loans payable - Financial institutions	0.52 - 0.65	144,653	-	144,653
Loans payable - Related party	2.00 - 2.50	1,088,000	-	1,088,000
<b>Total</b>		<b>1,232,653</b>	<b>-</b>	<b>1,232,653</b>
<b>2012</b>				
<b>Current</b>				
Loans payable - Financial institutions	0.54 - 0.66	154,426	-	154,426
Loans payable - Related party	2.25 - 3.00	888,000	-	888,000
<b>Total</b>		<b>1,042,426</b>	<b>-</b>	<b>1,042,426</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Foreign currency risk

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

	Note	2013	2012
		(in thousand Baht)	
United States Dollars (USD)			
Cash and cash equivalents	6	25,150	88,103
Trade accounts receivable	7	376,650	269,272
Interest-bearing liabilities	12	(49,424)	(46,166)
Trade accounts payable	13	(94,755)	(73,956)
		<u>257,621</u>	<u>237,253</u>
Japanese Yen (YEN)			
Cash and cash equivalents	6	436	10,985
Trade accounts receivable	7	59,379	74,449
Interest-bearing liabilities	12	(94,761)	(107,388)
Trade accounts payable	13	(9,108)	(11,710)
		<u>(44,054)</u>	<u>(33,664)</u>
Australian Dollar (AUD)			
Trade accounts receivable	7	20,731	13,068
Trade accounts payable	13	-	(2,482)
		<u>20,731</u>	<u>10,586</u>
Others (HKD, SGD, EUR, GBP and CHF)			
Trade accounts receivable	7	12,864	16,609
Trade accounts payable	13	(21,172)	(2,777)
		<u>(8,308)</u>	<u>13,832</u>
Gross statement of financial position exposure		225,990	228,007

## NOTES TO THE FINANCIAL STATEMENTS

### *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.

### *Determination of fair values*

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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 do not materially different from the carrying amounts.

## NOTES TO THE FINANCIAL STATEMENTS

Fair values of outstanding Commodity Price Swap agreement, together with the carrying values, as of 31 December were as follows:

	Contract amount		Contract value		Fair value	
Type of agreement	2013	2012	2013	2012	2013	2012
	(Ton)		(YEN per ton)		(YEN per ton)	
Commodity Price Swap agreement	600	900	188,000	188,000	190,958	187,656

### 32 Commitments with non-related parties

	2013	2012
	(in thousand Baht)	
<b>Capital commitments</b>		
Contracted but not provided for:		
Factory, machinery and equipment	<u>428,115</u>	<u>408,092</u>
<b>Other commitments</b>		
Unused letters of credits	86,656	76,742
Purchase orders accepted by suppliers		
Within one year	1,451,871	1,677,164
After one year but within five years	<u>285,495</u>	<u>1,439,807</u>
	<u>1,737,366</u>	<u>3,116,971</u>
Commodity Price Swap agreement	35,630	60,567
Bank guarantees	<u>24,718</u>	<u>24,718</u>
<b>Total</b>	<u><u>1,884,370</u></u>	<u><u>3,278,998</u></u>

#### *Purchase orders accepted by suppliers*

As at 31 December 2013, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 33,600 MT (2012: 53,800 MT), at the prices in the range of YEN 123,000 - 134,100 per MT, and at the price as determined in purchase orders (2012: at the prices in the range of YEN 123,000 - 134,100 per MT and at the price as determined in purchase orders) that will be delivered during 2013 to 2016 (2012: 2013 to 2016).

## NOTES TO THE FINANCIAL STATEMENTS

### *Commodity Price Swap agreement*

As at 31 December 2013 and 2012, the Company had a Commodity Price Swap agreement to hedge the risk of aluminium price fluctuation with a foreign financial institution in quantity of 25 MT per month, maximum totaling 1,800 MT, at a price of YEN 188,000 per MT. This agreement is for 6 years from 1 January 2010 to 31 December 2015.

### 33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Company's operation, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 13	Customer Loyalty Programmes	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's 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.

บริษัท อลูคอน จำกัด (มหาชน)  
แบบยืนยันความถูกต้องครบถ้วนของค่าตอบแทนที่จ่ายให้แก่ผู้สอบบัญชี  
รอบปีบัญชีสิ้นสุดวันที่ 31 ธันวาคม 2556

**ค่าตอบแทนจากการสอบบัญชี (audit fee)**

รายการที่	ชื่อบริษัทผู้จ่าย	ชื่อผู้สอบบัญชี	ค่าสอบบัญชี
1	บมจ.อลูคอน	อรรถธรณ ชุมทกิจไพศาล บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด	1,080,000.00
รวมค่าตอบแทนจากการสอบบัญชี			1,080,000.00

**ค่าบริการอื่น (non-audit fee)**

รายการที่	ชื่อบริษัทผู้จ่าย	ประเภทของงานบริการอื่น	ผู้ให้บริการ	ค่าตอบแทนของงานบริการอื่น	
				ส่วนที่จ่ายไปในระหว่างปีบัญชี	ส่วนที่จะต้องจ่ายในอนาคต
1	บมจ.อลูคอน	การตรวจสอบพิเศษเพื่อวัตถุประสงค์ของผู้ถือหุ้นใหญ่	บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด	-	220,000.00
รวมค่าตอบแทนสำหรับงานบริการอื่น (non-audit fee)				-	220,000.00

**ข้อมูลข้างต้น**

- ☒ ถูกต้องครบถ้วนแล้ว ทั้งนี้ ข้าพเจ้าขอยืนยันว่าไม่มีข้อมูลการให้บริการอื่นที่บริษัทจ่ายให้ข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด และบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้าและสำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด ที่ข้าพเจ้าทราบและไม่มีเหตุสงสัยไว้ข้างต้น

- ☐ ไม่ถูกต้อง ไม่ครบถ้วน กล่าวคือ.....

เมื่อปรับปรุงข้อมูลข้างต้น (ถ้ามี) แล้ว ข้าพเจ้าขอยืนยันว่าข้อมูลทั้งหมดในแบบฟอร์มนี้แสดงค่าตอบแทนสอบบัญชีและค่าบริการอื่นที่บริษัทและบริษัทย่อยจ่ายให้ข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด และบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้า และสำนักงานสอบบัญชีดังกล่าว ที่ถูกต้องครบถ้วน

ลงชื่อ.....

(คุณอรรถธรณ ชุมทกิจไพศาล)

สังกัด บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด

ผู้สอบบัญชีของบริษัท อลูคอน จำกัด (มหาชน)

## PRODUCTION, DELIVERIES, AND SALES

2013      2012      2011      2010      2009

### Production

#### Tubes, Cans & Others containers

##### Volume (piece-million)

Total Production	773.17	745.78	720.86	672.62	588.80
Total Deliveries	776.25	744.22	721.00	666.13	594.00
Domestic	315.82	303.41	270.42	236.22	205.20
Exports	460.43	440.81	450.58	429.91	388.80

### Aluminium Slug

##### Volume (Metric-ton)

Total Production	29,113.30	26,147.30	25,573.90	22,174.20	18,264.58
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##### Volume (Million Baht)

Sale Revenue	5,027.29	4,813.62	4,567.19	4,057.50	3,504.70
Domestic	1,654.31	1,537.78	1,287.96	950.50	938.70
Exports	3,372.98	3,275.84	3,279.23	3,107.00	2,566.00





## REVIEW OF OPERATING RESULTS AND FINANCIAL STATUS FOR 5 YEARS

For year 2009 – 2013

(MB)

	2013	2012	2011	2010	2009
<b>Operating</b>					
Gross Revenues	5,199.64	4,938.07	4,735.22	4,171.01	3,599.73
Sales	5,027.29	4,813.62	4,567.19	4,057.56	3,504.70
Other Income	145.32	122.03	141.73	113.46	95.02
Cost of Sales	4,040.05	3,841.08	3,759.20	3,103.01	2,593.33
Gross Profit	1,159.59	1,096.99	976.02	1,068.00	1,006.40
Sales and Administration Expenses	297.88	287.84	260.40	294.78	212.80
Financial Cost	28.51	31.68	18.80	14.50	20.97
Loss on exchange rate	-	-	-	3.46	0.00
Profit before taxation	833.19	777.48	696.82	755.26	772.62
Corporate Income Tax	153.95	177.13	242.60	211.67	202.38
Net Profit / (Loss)	679.24	600.35	454.22	543.58	570.24
Earnings per share (Baht)	15.72	13.90	10.51	12.58	19.80
Profit / (Loss) to Revenue	13.06%	12.16%	9.59%	13.03%	15.84%
Dividend	44.52%	43.17%	61.82%	55.95%	45.00%

### Financial Status

Total Assets	6,107.81	5,293.96	5,044.01	4,518.78	3,924.69
Total Liabilities	2,344.71	1,907.71	1,998.91	1,647.10	1,436.46
Working Capital	166.70	424.43	196.76	398.41	312.19
Current ratio	1.09:1	1.29:1	1.21:1	1.33:1	1.32:1
Debt/ Equity ratio	0.62:1	0.56:1	0.66:1	0.57:1	0.58:1
Return on Equity	18%	18%	15%	19%	23%
Return on Assets	11%	11%	9%	12%	15%
Shareholders' Equity	3,763.10	3,386.25	3,045.10	2,871.68	2,488.22
Book Value/share (Baht)	87.11	78.39	70.49	66.47	86.40

# REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

ALCON always concerns on CSR being subject to good corporate governance in administrating on entity, improving employees’ quality, of which they are good for their safety including participation in developing of surrounding communities and society as well as to protect the environment as follows:

1. Alucon assumes that the responsibility to society is responsible for the conduct of all employees.
2. Alucon shall promote and support the implementation of CSR on environmental protection, in order to improve the quality of employees’ life and local community can be lived with each other happily
3. Alucon shall continue on promoting and supporting the employees’ activities engaged with the local community including awareness.
4. All levels of management must act as a good role model in encouraging the good responsibilities to society on environmental protection and participation on local community development. This is to motivate employees to follow.
5. Employees must be conscious of the company’s responsibility to society in terms of environmental protection and participation in local community development.

On preparation of this report, Alucon has complied with all policies by focusing on CSR, to be in line with our CSR policy. Alucon has not yet prepared the sustainability report separately from this Annual Report. Thus, the details summary of CSR in Process throughout year 2013 can be detailed as follows:

## 1. Environmental conservation

Alucon with a focus on the environment as much as in 2556, Alucon has implemented measures to monitor the environmental impacts by focusing on the followings:

1. soil quality;
2. water quality at Mab Kra Chid Canel;
3. air quality in atmosphere; and
4. noise quality

Besides, Alucon always focus on environmental matter by arranging the orientation to all new employees regarding the environmental topic to know and recognize about (i) the nature of impact of environmental pollution (ii) how to distinguish waste garbage (iii) determination of the conduct of employee to distinguish the waste garbage properly (iv) control and reduce environmental impact, conservation and reduced consumption of resources.

For the whole detail of environmental reports, they all are in the Annual Registration Statement or known as “Form 56-1” that can be downloaded from Alucon’s website

## 2. Quality Control

Alucon has set the policy to remain the leading producer of aluminium packaging containers in the Asia Pacific region with concentration on:

- producing the aluminium packaging containers at the highest quality standard; operating its factories with continuous improvement; ensuring on time deliver and conforming with product safety requirement under mutual agreement with customers.
- ensuring training to all employees to understand on quality policy and encouraging the work performance.

- developing good communication and creating good co-operation amongst the colleagues both internal and external

Alucon got the standard ISO9002 in 2000, which become ISO9001:2008 at the present. This standard is for quality management system by enhancing customer satisfaction and on 2013, Alucon has just got the new standard: FSSC22000, or Food Safety System Certification being certified on safety standard of which this standard is mixing ISO22000 and PAS220 in one standard, in order for supporting the manufacturing for our customer's product

Beyond the standards as stated in above, Alucon has also received certificates, reference letter, honors and awards plaque to mark guarantee the quality of goods being recognized in the group of companies with more than 300 customers worldwide.

### 3. Occupational health and safety standards in the work environment.

Alucon has set the occupational health and safety standards in the work environment policy as follows:

1. it is assumed that responsibility for safety in the workplace is first priority in the performance of all employee
2. Alucon shall continue to promote and encourage the improvement of working conditions and environment in a safe condition.
3. Alucon shall continue to promote and encourage safety activities that can stimulate employee awareness of safety and environmental organizations working in such good public relations such as training, public announcement, exhibitions and any kind of games.
4. All levels of management must act as a good role model in arranging the safety workplace and environment in order to motivate employees to follow.
5. Employees must be conscious of the safety in workplace either of themselves and their colleagues, as well as assets of the Company throughout the performance.
6. Taking care of cleanliness and tidiness in the working area is the duty of every employee.
7. Employees must be in cooperation with Alucon to ensure safety in workplace and good surrounding environment.
8. Employees are eligible to propose their idea or plan to improve the safety condition to save enough on working.

In matters of safety, Alucon always remind the employees to recognize the effect from non-safety in working place. Alucon has set up 2 safety committees: Samrong and Sriracha to manage, administrate, check, monitor and suggest on any action to lead the safety for employee. These committees last in their position for 2 years.

Besides, Alucon has arrange the activities to campaign the safety to our employee throughout year 2013, for 10 times both Samrong and Sriracha plant, in particular of the creation of good conscience to employees on a back-to-home trips on New Year Festival and Songkarn Festival of which the feedback on this campaign were good enough.

## CSR AFTER PROCESS

On year 2013, Alucon has arranged CSR activities under the campaign named “Fencing Our Community Surrounding with Happieness with Alucon” about 64 activities, with 10,330 attendances, under the budget in amount of 3,092,829 Baht which can be summarized as follows :-

### Public Health Activities:

- Blood donation 3 times by 179 donators
- Setting community clinic and support lunch for senior adult project with hospital of Borwin Sub-district
- Organized screening for cervical cancer for their employees and the communities around the plant with 183 people.



### Education Activities:

- Providing scholarship to 279 employee's child and 50 students of Ban Borwin school
- Donation of book, computer and other electric equipment for 19 items including 1 ton of aluminium to Value Garbage Project for reselling and bring it for scholarship to student in Samrong Nua area
- Constructing 15 toilets each for Baan Kaow Hin School, Baan Pong Saked School of Borwin Sub-district and Suankularb School of Chonburi Province



### Community Activities:

- Installing information board to present environmental report and CSR activities; visit and meeting with surrounding communities to hear their comment including to inform and explain the detail of construction of Building No. 9 Phase 2 : Effect and Protection on dust and noise.
- Joining the activities and supporting the budget for annual party of Al-It-Ti-Had Mosque of Sang Wiman Village
- To arrange and join the campaign of “No place for drugs” in Likit Community 4 Phatana, Samrong Nua Community and Borwin Community, including to support the budget for such campaign
- to join setting the training center for traffic in Borwin area
- to support on reforestation project named “Muscular 800 million for the Queen by Borwin Sub-district” in the number of 5,000 sets.
- to support and join the “Public Health Volunteer Development Program by Borwin Village”







# ALUCON

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