**ALUMINIUM COMPANY OF MALAYSIA BERHAD (ALCOM) (Co. No. 3859-U)**

(Incorporated in Malaysia)

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad(BMSB).

The interim financial statements should be read in conjunction with the Group's financial statements for the year ended 31 March 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2010.

The accounting policies and methods of computation adopted by the Group are consistent with those adopted in the financial statements for the year ended 31 March 2010 except as disclosed below.

**A2. Comments about Seasonal or Cyclical Factors**

One of the products that the ALCOM Group manufactures and sells is finstock (both bare and coated). This product is supplied to air conditioner manufacturers, in which sector demand is increasingly subject to seasonal changes.

**A3. Unusual items affecting assets, liabilities, equity, net income, or cash flow**

During the quarter under review, there were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group.

**A4. Material changes in estimates**

There were no significant changes in estimates that have had a material effect on the financial year-to-date results.

**A5. Debt and Equity Securities**

The Company did not do any share buy-back during the quarter under review. There was therefore no movement on the 2,079,000 treasury shares held by the Company during the quarter.

In the same quarter, the Company did not issue or repay any debt or equity securities.

**A6. Dividends paid**

There was no dividend paid in the current quarter under review.

**A7. Segmental report**

The ALCOM Group is solely involved in the manufacturing of aluminium products and operates within Malaysia.

**A8. Valuation of Property, Plant and Equipment**

There were no changes in the valuation of property, plant and equipment for the current financial quarter under review.

**A9. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the quarter in which this report is made.

**A10. Changes in the composition of the Group**

Not applicable.

**A11. Changes in contingent liabilities or contingent assets**

The ALCOM Group had no contingent liabilities or contingent assets as at end of the quarter.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB**

**B1. Review of Performance**

Group revenue of RM69.9 million for the quarter was 5.4% higher than the corresponding quarter in the preceding year. The higher revenue was achieved on the back of shipments which increased by 3.7%.

Group net profit attributable to equity holders of the company for the quarter was RM0.4 million as compared to RM2.4 million registered in the corresponding quarter of FY2010. Reduced margins and higher costs account for the drop in profitability.

Cash reserves at the end of the quarter under review stood at RM39.6 million as compared to RM41.7 million at the end of corresponding quarter in the preceding year.

**B2. Material changes in profit before taxation for the quarter as compared with the**

**preceding quarter.**

Group’s profit before tax for the quarter ended 31 December 2010 of RM0.5 million was lower than the RM0.9 million registered in the preceding quarter. Lower shipments and the continued strengthening of the Ringgit had impacted the margins in the quarter under review.

**B3. Commentary on Prospects.**

In the past few months, the Ringgit has strengthened significantly against the USD. This is putting considerable pressure on our margins. China mills continue to benefit from the significant advantage conferred by lower raw material cost traded on the Shanghai Futures Exchange. Nonetheless, the Group has been successful in efforts to expand its customer base, enhance product mix and improve operating efficiencies. The Group is cautiously optimistic that these efforts will help us to improve profitability in the present quarter.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Taxation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Quarter (Oct-Dec) ended | | 9 months (Apr-Dec) ended | |
| 31 Dec 2010 | 31 Dec 2009 | 31 Dec 2010 | 31 Dec 2009 |
| RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| **In respect of current period** |  |  |  |  |
| - income tax | 486 | (11) | 1,542 | 1,032 |
| -deferred tax | (101) | 870 | (482) | 759 |
| **In respect of prior period** - - income tax | (331) | (1,466) | (331) | (1,466) |
|  | 54 | (607) | 729 | 325 |

The effective tax rate of the Group for the current quarter and financial year to date is lower than the statutory tax rate due to the impact of capital allowances.

**B6. Unquoted Investments**

There were no profits or losses on sale of unquoted investments and/or properties for the current quarter and current financial year-to-date.

**B7. Quoted Investments**

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

**B8. Status of Corporate Proposal**

Not applicable.

**B9. Group borrowings**

As at quarter ended 31 December 2010, the ALCOM Group had no bank borrowings outstanding.

**B10. Derivative Financial Instruments**

As at 31 December 2010, total contract value and fair value of the Group’s outstanding forward foreign exchange contracts stood as follows :-

|  |  |  |  |
| --- | --- | --- | --- |
| **Types of Derivatives**  **(Foreign Exchange Contracts)** | **Contract/Notional Value**  **(RM million)** | **Fair**  **Value**  **(RM million)** | **Gain/(Loss)**  **on Fair Value** |
| (I) Less than 1 year - Payables  - Receivables | -  21.93 | -  21.52 | -  0.41 |
| (II) 1 year to 3 years; and - Payables  - Receivables | -  - | -  - | -  - |
| (iii) more than 3 years. - Payables  - Receivables | -  - | -  - | -  - |

**B11. Changes in Material Litigation**

Not applicable.

**B12. Approved Dividends Not Yet Paid**

Not applicable.

**B13. Earnings per Share**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Quarter ended 31 Dec** | **Quarter ended 31 Dec** | **9 months ended 31 Dec** | **9 months ended 31 Dec** |
|  |  | **2010** | **2009** | **2010** | **2009** |
|  |  | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
|  |  |  |  |  |  |
| **(a) Basic earnings per share** |  |  |  |  |  |
|  |  |  |  |  |  |
| Net profit/(loss) for the period | (RM,000) | 445 | 2,439 | 2,714 | 4,260 |
| Weighted average number of ordinary shares in issues | (‘000) | 132,252 | 132,252 | 132,252 | 132,252 |
|  |  |  |  |  |  |
| Basic earnings/(loss) per share | (sen) | 0. 34 | 1.84 | 2.05 | 3.22 |
|  |  |  |  |  |  |

The group does not have any dilutive potential shares outstanding.

**B14. Realised and Unrealised Profit and Losses Disclosure**

Total retained profits of ALCOM Group and its subsidiaries companies as at 31 Dec 2010:

RM’000

* Realised 44,831
* Unrealised 3,451

Total group retained profits as per consolidated accounts 48,282

No comparative figures for immediate preceding quarter are available as this is the first interim financial report on the consolidated results for the third quarter ending 31 Dec 2010 announced by the Group in compliance with the Listing Requirement.

**B15. Authorization of Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 21 February 2011.

**BY ORDER OF THE BOARD**

**KRISHNA PRASAD**

**CHIEF FINANCIAL OFFICER**

**BUKIT RAJA, KLANG**

**21 FEBRUARY 2011**