**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 quarterly financial statements are audited 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 quarterly 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 RM81.7 million for the quarter was 9.1% higher than the corresponding quarter of FY2010. The higher revenue was achieved on the back of shipments which increased 6.8%.

Group net profit attributable to equity holders of the company for the quarter was RM3.4 million as compared to RM1.4 million registered in the corresponding quarter of FY2010. This was despite a much stronger Ringgit which adversely impacted price realized for export business. The improvement in profitability was driven by the higher shipment volume as well as a more favorable sales mix.

Cash reserves at the end of the quarter under review stood at RM51.4 million as compared to RM42.6 million at the end of corresponding quarter of FY2010.

**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 March 2011 of RM4.5 million was substantially higher than the RM0.5 million registered in the preceding quarter. Higher shipment volumes, improved sales mix and cost control initiatives had a favorable impact on profitability for the quarter under review.

**B3. Commentary on Prospects.**

The strengthening of the Ringgit against the USD continues to exert pressure on our export margins. The impact is significant given that export sales account for approximately 47% of our sales revenue. The surge in oil prices is also driving up prices of some key consumables. Nonetheless, the Group is encouraged that efforts to optimize product mix and improve productivity has translated into higher profits in the last quarter despite a sharp appreciation of the Ringgit. The Group will continue to focus on expanding its customer base and enhancing operating efficiencies to sustain positive performance in the quarter ahead.

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

Not applicable.

**B5. Taxation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Quarter (Jan-Mar) ended | | 12 months (Apr-Mar) ended | |
| 31 Mar 2011 | 31 Mar 2010 | 31 Mar 2011 | 31 Mar 2010 |
| RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| **In respect of current period** |  |  |  |  |
| - income tax | 1,615 | 913 | 3,163 | 1,946 |
| -deferred tax | (685) | (679) | (1,173) | 80 |
| **In respect of prior**  **period** - |  |  |  |  |
| - income tax | 0 | 0 | (331) | (1,467) |
| - deferred tax | 170 | 537 | 170 | 537 |
|  | 1,100 | 771 | 1,829 | 1,096 |

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 March 2011, the ALCOM Group had no bank borrowings outstanding.

**B10. Derivative Financial Instruments**

As at 31 March 2011, 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 | -  21.08 | -  20.88 | -  0.20 |
| (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 Mar** | **Quarter ended 31 Mar** | **12 months ended 31 Mar** | **12 months ended 31 Mar** |
|  |  | **2011** | **2010** | **2011** | **2010** |
|  |  | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
|  |  |  |  |  |  |
| **(a) Basic earnings per share** |  |  |  |  |  |
|  |  |  |  |  |  |
| Net profit/(loss) for the period | (RM,000) | 3,436 | 1,429 | 6,150 | 5,689 |
| Weighted average number of ordinary shares in issues | (‘000) | 132,252 | 132,252 | 132,252 | 132,252 |
|  |  |  |  |  |  |
| Basic earnings/(loss) per share | (sen) | 2.60 | 1.08 | 4.65 | 4.30 |
|  |  |  |  |  |  |

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 March 2011:

**Group Company**

RM’000 RM’000

**Assets**

Total retained profits of the Company and its subsidiaries

* Realised 58,611 36,568
* Unrealised 3,883 3,579 62,494 40,147

Less: Consolidation adjustments (10,771) -\_

Retained profits as per financial statement 51,723 40,147

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**B15. Authorization of Issue**

The audited quarterly financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 26 May 2011.

**BY ORDER OF THE BOARD**

**BERNARD GOMEZ**

**CHIEF FINANCIAL OFFICER**

**BUKIT RAJA, KLANG**

**26 MAY 2011**