**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 2011. 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 2011.

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 2011 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 RM77.6 million for the quarter was 4.6% higher than the corresponding quarter in the preceding year. The higher revenue was achieved on the back of improved sales mix.

Group net profit attributable to equity holders of the company for the quarter was RM2.5 million as compared to RM1.5 million registered in the corresponding quarter ending 30 June 2010. This improvement was achieved from a more optimal sales mix and successful cost containment mainly from efficient metal sourcing.

Cash reserves at the end of the quarter under review stood at RM45.1 million as compared to RM47.2 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 30 June 2011 of RM3.6 million was 20% lower than the RM4.5 million registered in the preceding quarter mainly due to the seasonal reduction in shipment volumes and the continuous impact of the strengthening ringgit on export revenues.

**B3. Commentary on Prospects.**

The debt issues in the United States and Europe is likely to slow down global GDP growth and may have an impact on the export oriented Asian economies.  In addition, competition is expected to intensify with Chinese mills expanding their capacities and continuing to benefit from lower raw material cost traded on Shanghai Futures Exchange (SHFE).  The Group will pursue continuous improvement initiatives that include the expansion of the Group’s existing customer base to enhance product mix and improving operating efficiencies to compensate for the massive increases in costs of electricity which is already higher than other Asian manufacturing economies, natural gas and other operating supplies.

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

Not applicable.

**B5. Taxation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Quarter (Apr-Jun) ended | | 3 months (Apr-Jun) ended | |
| 30 Jun 2011 | 30 Jun 2010 | 30 Jun 2011 | 30 Jun 2010 |
| RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| **In respect of current period** |  |  |  |  |
| - income tax | 1,023 | 695 | 1,023 | 695 |
| -deferred tax | 105 | (192) | 105 | (192) |
| **In respect of prior period** |  |  |  |  |
| - income tax | 0 | 0 | 0 | 0 |
| - deferred tax | 0 | 0 | 0 | 0 |
|  | 1,128 | 503 | 1,128 | 503 |

The effective tax rate of the Group for the current quarter and financial year to date is above the statutory tax rate mainly due to non-deductible expenses and losses of the subsidiary company.

**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 30 June 2011, the ALCOM Group had no bank borrowings outstanding.

**B10. Derivative Financial Instruments**

As at 30 June 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 | -  26.14 | -  26.34 | -  (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**

On 8 July 2011, ALCOM announced an interim dividend of 7.5% less 25% income tax in respect of the financial year ending 31 March 2012. The net dividend amount to approximately RM7.4 million was paid on 8 August 2011.

**B13. Earnings per Share**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Quarter ended 30 Jun** | **Quarter ended 30 Jun** | **3 months ended 30 Jun** | **3 months ended 30 Jun** |
|  |  | **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) | 2,500 | 1,529 | 2,500 | 1,529 |
| Weighted average number of ordinary shares in issues | (‘000) | 132,252 | 132,252 | 132,252 | 132,252 |
|  |  |  |  |  |  |
| Basic earnings/(loss) per share | (sen) | 1.89 | 1.16 | 1.89 | 1.16 |
|  |  |  |  |  |  |

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 30 June 2011:

**Group**  **Company**

RM’000 RM’000

* Realised 61,464 39,952
* Unrealised 3,618 3,385

Total group retained profits as per consolidated accounts 65,082 43,337

Less: Consolidation adjustments (10,859) -

Total Group Retained Profits as per Financial Statements: 54,223 43,337

**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 25 August 2011.

**BY ORDER OF THE BOARD**

**BERNARD WILLIAM GOMEZ**

**CHIEF FINANCIAL OFFICER**

**BUKIT RAJA, KLANG**

**25 AUGUST 2011**