**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**

An interim dividend of 7.5% less 25% income tax in respect of the financial year ending 31 March 2012 was paid on 8 August 2011. The net dividend paid was approximately RM7.4 million.

**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 RM68.1 million for the quarter was 3.9% lower than the corresponding quarter of the preceding year. The decline in revenue was on the back of 8% decline in shipments due to the global softening demand especially in the western economies.

A small net loss attributable to shareholders of RM 81K was registered for the quarter ending 30th September 2011 as compared to a profit of RM 740 K in the corresponding quarter for the preceding year. This was attributable mainly to the lower shipments due to economic uncertainty leading to softer market demand, weaker sales mix as well as higher energy costs.

Cash reserves at the end of the quarter under review stood at RM44.9 million as compared to RM54.6 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.**

The Group registered a pre-tax loss of RM 0.43 million for the quarter ended 30 Sept 2011as compared to the profit before tax of RM 3.63 million registered in the preceding quarter. This loss was the consequence of weak demand from the western economies and the uncertain global economic conditions which led to lower shipment volumes coupled with higher input costs namely from electricity and natural gas.

**B3. Commentary on Prospects.**

Continued weakness in global economic conditions has led to global growth forecasts being revised downwards. The operating environment remains uncertain with Euro-zone financial crisis and the flooding experience in Thailand where some of Alcom’s key customers are located. Return to normalcy is expected within the next 3 to 6 months. Alcom has intensified seeking business opportunities in other regions to minimize the Thailand flood impact. With the recent sharp increase in energy cost Alcom has also intensified monitoring and optimizing of its use power.

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

Not applicable.

**B5. Taxation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Quarter (Jul-Sep) ended | | 6 months (Apr-Sep) ended | |
| 30 Sep 2011 | 30 Sep 2010 | 30 Sep 2011 | 30 Sep 2010 |
| RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| **In respect of current period** |  |  |  |  |
| - income tax | 215 | 367 | 1,238 | 1,062 |
| -deferred tax | (561) | (195) | (456) | (387) |
| **In respect of prior period** |  |  |  |  |
| - income tax | 0 | 0 | 0 | 0 |
| - deferred tax | 0 | 0 | 0 | 0 |
|  | (346) | 172 | 782 | 675 |

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

**B10. Derivative Financial Instruments**

As at 30 Sep 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 | -  22.65 | -  24.27 | -  (1.62) |
| (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**

There was no approved dividend not yet paid.

**B13. Earnings per Share**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Quarter ended 30 Sep** | **Quarter ended 30 Sep** | **6 months ended 30 Sep** | **6 months ended 30 Sep** |
|  |  | **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) | (81) | 740 | 2,420 | 2,269 |
| Weighted average number of ordinary shares in issues | (‘000) | 132,252 | 132,252 | 132,252 | 132,252 |
|  |  |  |  |  |  |
| Basic earnings/(loss) per share | (sen) | (0.06) | 0.56 | 1.83 | 1.72 |
|  |  |  |  |  |  |

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 September 2011:

**Group**  **Company**

RM’000 RM’000

* Realised 53700 33,332
* Unrealised 3,620 3,133

Total Retained Profits as per consolidated accounts 57,320 36,455

Less: Consolidation adjustments (10,616) - \_

Total Retained Profits as per Financial Statements: 46,704 36,455

**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 30 November 2011.

**BY ORDER OF THE BOARD**

**BERNARD GOMEZ**

**CHIEF FINANCIAL OFFICER**

**BUKIT RAJA, KLANG**

**30 NOVEMBER 2011**