**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. Audit Report of the preceding annual Financial Statements**

The audit report of the Group’s preceding annual Financial Statements was not subject to any qualification.

**A3. 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.

**A4. Unusual items affecting assets, liabilities, equity, net income, or cash flow**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group; for the quarter ending 31 Dec 2011.

**A5. Material changes in estimates**

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

**A6. 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.

**A7. Dividends paid**

There was no dividend declared or paid during the financial quarter ending 31 Dec 2011.

**A8. Segmental information**

The ALCOM Group is solely involved in the manufacturing of aluminium products and operates within Malaysia. Revenues are based on the regions in which the customers are located.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Malaysia | Asia | Other Regions | Total |
| **Revenue** | RM’000 | RM’000 | RM’000 | RM’000 |
| Qter Ended 31 Dec 2011 | 34,378 | 23,172 | 4,279 | 61,829 |
| 9 mths Ended 31 Dec 2011 | 108,896 | 77,600 | 20,978 | 207,474 |
|  |  |  |  |  |
| **Total Assets** |  |  |  |  |
| As at 31 Dec 2011 | 217,834 |  |  | 217,834 |

\*Revenue in the Malaysia segment includes sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM8,843,000 for quarter ended 31st Dec 2011 and RM34,130,000 for the 9 months ended 31st Dec 2011.

**A9. 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.

**A10. 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.

**A11. Changes in the composition of the Group**

Not applicable.

**A12. 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**

The Group recorded a revenue of RM61.8 million for the quarter ending 31 Dec 2011 which was 11.6% lower than the corresponding quarter of the preceding year. The decline in revenue was on the back of 12.3% decline in shipments affected mainly by the floods in Thailand as well as the global softening resulting from uncertainty in the western economies.

The Group registered a net loss of RM807 K after tax for the quarter ending 31 December 2011 as compared to a profit of RM 445 K in the corresponding quarter for the preceding year resulting mainly from the decline in shipments.

Cash reserves at the end of the quarter under review stood at RM39.1 million as compared to RM39.7 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**

The Group registered a pre-tax loss of RM 1.2 million for the quarter ending 31 Dec 2011 as compared to the profit before tax of RM 0.5 million registered in the preceding quarter. This loss was the consequence of a decline in shipments to customers impacted in the pro-longed floods situations in Thailand as well as the global softening demand resulting from the uncertainty in the Western economies.

**B3. Commentary on Prospects**

The weak global economic situation has not changed since the last quarter: the Euro-zone financial crisis continues to drive global growth forecasts downwards. But Thailand customers are slowly recovering from the floods and resumption of orders are anticipated within the next two months. The domestic situation is also expected to improve with the implementation (effective November 2011) of the Mandatory Quality Standards on Aluminum Rolled Product discouraging the import of low quality cheaper imports. With the Government's decision to defer its proposed energy rate hike from the intended effective date of December 2011, ALCOM is optimistic in its efforts to improve its financial position for the quarter ending 31 March 2011.

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

Not applicable.

**B5. Taxation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Quarter (Oct-Dec) ended | | 9 months (Apr-Dec) ended | |
| 31 Dec 2011 | 31 Dec 2010 | 31 Dec 2011 | 31 Dec 2010 |
| RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| **In respect of current period** |  |  |  |  |
| - income tax | (478) | 486 | 760 | 1,542 |
| -deferred tax | 166 | (101) | (290) | (482) |
| **In respect of prior period** |  |  |  |  |
| - income tax | (44) | (331) | (44) | (331) |
| - deferred tax | 0 | 0 | 0 | 0 |
|  | (356) | 54 | 426 | 729 |

The effective tax rate of the Group for the current quarter was below the statutory rate as result of the losses in the subsidiary company.

**B6. Unquoted Investments**

There were no purchases or disposals of unquoted securities for the current quarter and 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 Dec 2011, the ALCOM Group had no bank borrowings outstanding.

**B10. Derivative Financial Instruments**

As at 31 Dec 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**  **(RM million)** |
| (I) Less than 1 year - Payables  - Receivables | -  16.66 | -  15.98 | -  0.68 |
| (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 31 Dec** | **Quarter ended 31 Dec** | **9 months ended 31 Dec** | **9 months ended 31 Dec** |
|  |  | **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) | (807) | 445 | 1,613 | 2,714 |
| Weighted average number of ordinary shares in issues | (‘000) | 132,252 | 132,252 | 132,252 | 132,252 |
|  |  |  |  |  |  |
| Basic earnings/(loss) per share | (sen) | (0.61) | 0.34 | 1.22 | 2.05 |
|  |  |  |  |  |  |

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 December 2011:

**Group**  **Company**

RM’000 RM’000

* Realised 52,535 32,571
* Unrealised 4,011 3,200

Total Retained Profits as per consolidated accounts 56,546 35,771

Less: Consolidation adjustments (10,649) - \_

Total Retained Profits as per Financial Statements: 45,897 35,771

**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 23 February 2012.

**BY ORDER OF THE BOARD**

**BERNARD GOMEZ**

**CHIEF FINANCIAL OFFICER**

**BUKIT RAJA, KLANG**

**23 FEBRUARY 2012**