

**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 Malaysian 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 2012. 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 2012.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the company for the financial year ended 31 March 2012 except for the adoption of the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). In adopting the new framework, the Group is applying MFRS 1 "First-time adoption of MFRS" where the following standards, amendments to published standards and interpretations to existing standards are applicable:

- MFRS 139 "Financial Instruments: Recognition and Measurement"
- The revised MFRS 124 "Related Party Disclosures"
- Amendment to MFRS 112 "Income Taxes"
- Amendments to IC Interpretation 14 "MFRS 119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction"
- Amendment to MFRS 1 "First Time Adoption on Fixed Dates and Hyperinflation"
- Amendment to MFRS 7 "Financial instruments: Disclosures on Transfers of Financial Assets"

The adoption of the above MFRSs and IC Interpretations does not have any significant impact to the financial statements of the Group and the Company.

**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**

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

**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 under review.

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

## A7. Dividends paid

An interim dividend of 5.0 % less 25% income tax in respect of the financial year ending 31 March 2013 was paid on 15 August 2012. The net dividend paid was approximately RM4.96 million.

## 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   |
|----------------------------------|----------|--------|---------------|---------|
| <b>Revenue</b>                   | RM'000   | RM'000 | RM'000        | RM'000  |
| Quarter Ended 30 September 2012  | 32,411   | 31,892 | 1,499         | 65,802  |
| 6 months Ended 30 September 2012 | 65,965   | 70,768 | 4,885         | 141,618 |
| <b>Total Assets</b>              |          |        |               |         |
| As at 30 September 2012          | 219,112  |        |               | 219,112 |

\*Revenue in the Malaysia segment includes sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM5.227 million for current quarter and RM12.470 million for 6 months ended 30th September 2012.

## 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

Revenue for the Group recorded a decline of 3.3% at RM65.8 million for the current quarter under review as compared to the corresponding quarter of RM68.1 million in the preceding year despite increased shipment volume of 11.2%. This was mainly due to the LME for Aluminium being lower for the quarter under review against the corresponding quarter last year. The quarter's revenue was 13.2% lower vs the preceding quarter resulting from a drop in shipment volume by 7.1% and the lower LME for Aluminium as well as variation in mix of products sold.

The Group's result attributable to equity holders of the Company for the current quarter was a loss of RM3.2 million as compared to the loss of RM81 thousand in corresponding quarter of the preceding year due mainly to higher usage of external re-roll coils for compensating for capacity constraint arising from the recent scheduled festive maintenance shut-downs.

Cash reserves at the end of the quarter under review stood at RM32.7 million as compared to RM44.9 million at the same corresponding quarter of last year.

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

The Group receded to a loss before tax of RM2.6 million for the current quarter under review as compared to a pre-tax profit of RM1.6 million registered in the preceding quarter due mainly by the higher usage of external re-roll coils to compensate for capacity constraints arising from the scheduled festive maintenance shut-downs.

### B3. Commentary on Prospects

Despite the global economic uncertainty resulting mainly from the Euro zone crisis persisting, the orders from both the Domestic and Export customers are expected to be sustained in the coming quarters. However, the higher usage of external re-roll coils will continue into the 3rd quarter. In these challenging times, the Group will continue to work on expanding its customer base for its high value product range and improving operating efficiencies.

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

Not applicable.

### B5. Taxation

|                                     | Quarter (Jul-Sep) ended |             | 6 months (Apr-Sep) ended |             |
|-------------------------------------|-------------------------|-------------|--------------------------|-------------|
|                                     | 30 Sep 2012             | 30 Sep 2011 | 30 Sep 2012              | 30 Sep 2011 |
|                                     | RM'000                  | RM'000      | RM'000                   | RM'000      |
| <b>In respect of current period</b> |                         |             |                          |             |
| - income tax                        | (294)                   | 215         | 208                      | 1,238       |
| -deferred tax                       | 843                     | (561)       | 109                      | (456)       |
| <b>In respect of prior period</b>   |                         |             |                          |             |
| - income tax                        | 0                       | 0           | 0                        | 0           |
| - deferred tax                      | 0                       | 0           | 0                        | 0           |
|                                     | 549                     | (346)       | 317                      | 782         |

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate due to unabsorbed losses of the subsidiary company and certain expenses being non-deductible for income tax purposes.

## 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 ending 30 Sep 2012, the ALCOM Group had no bank borrowings outstanding.

## B10. Derivative Financial Instruments

As at 30 Sep 2012, total contract value and fair value of the Group's outstanding forward foreign exchange contracts stood as follows :-

| Types of Derivatives<br>(Foreign Exchange Contracts) | Contract/Notional<br>Value<br>(RM million) | Fair<br>Value<br>(RM million) | Gain/(Loss)<br>on Fair Value<br>(RM million) |
|--|--|-------------------------------|--|
| (I) Less than 1 year                                 | -  | -                             | -  |
| - Payables   | -  | -                             | -  |
| - Receivables  | 21.52                                      | 21.15                         | 0.37   |
| (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<br>ended 30<br>Sep | Quarter<br>ended 30<br>Sep | 6 months<br>ended 30<br>Sep | 6 months<br>ended 30<br>Sep |
|--|----------|----------------------------|----------------------------|-----------------------------|-----------------------------|
|  |          | 2012                       | 2011                       | 2012                        | 2011                        |
|  |          | RM'000                     | RM'000                     | RM'000                      | RM'000                      |
| <b>(a) Basic earnings per share</b>                  |          |                            |                            |                             |                             |
| Net profit/(loss) for the period                     | (RM,000) | (3,161)                    | (81)                       | (1,330)                     | 2,420                       |
| Weighted average number of ordinary shares in issues | ('000)   | 132,252                    | 132,252                    | 132,252                     | 132,252                     |
| Basic earnings/(loss) per share                      | (sen)    | (2.39)                     | (0.06)                     | (1.01)                      | 1.83                        |

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 2012:

|   | <u>Group</u>    | <u>Company</u> |
|---|-----------------|----------------|
|   | RM'000          | RM'000         |
| - Realised  | 46,421          | 26,789         |
| - Unrealised  | <u>4,048</u>    | <u>3,516</u>   |
| Total Retained Profits as per consolidated accounts | 50,469          | 30,305         |
| Less: Consolidation adjustments                     | <u>(10,787)</u> | <u>-</u>       |
| Total Retained Profits as per Financial Statements: | <u>39,682</u>   | <u>30,305</u>  |

**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 27 Nov 2012.

**BY ORDER OF THE BOARD  
BERNARD GOMEZ  
CHIEF FINANCIAL OFFICER  
BUKIT RAJA, KLANG  
27 NOVEMBER 2012**