

## **PART A: EXPLANATORY NOTES PURSUANT TO MFRS 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 (MFRS) 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 2013. 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 2013.

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 2013 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- MFRS 10, 'Consolidated Financial Statements'
- MFRS 12, 'Disclosures of Interests in Other Entities'
- MFRS 13, 'Fair Value Measurement'
- Revised MFRS 127, 'Separate Financial Statements'
- Amendments to MFRS 101 'Presentation of items of Other Comprehensive Income'
- Amendment to MFRS 119, 'Employee Benefits'
- Amendment to MFRS 7, 'Financial Instruments: Disclosures'
- Amendments to MFRS 10, 11 & 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'
- Annual improvements 2009 – 2011 Cycle

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.

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### 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

There was no dividend declared or paid during the quarter ending 31 Mar 2014.

### 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 31 Mar 2014	24,813	37,875	2,050	64,738
12 months Ended 31 Mar 2014	102,965	144,165	12,039	259,169
<b>Total Assets</b>				
As at 31 Mar 2014	219,126			219,126

\*Revenue in the Malaysia segment includes sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM5,976 million for current quarter and RM21,475 million for 12 months ended 31 Mar 2014.

### 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 Group Performance**

For the quarter under review, the Group recorded revenue of RM64.7 million which represented a 15.9% decline over the corresponding quarter of the preceding year due to lower shipment volume coupled with lower LME pricing.

The Group incurred a net loss of RM1.8million for the financial year-to-date which was an improved performance compared to the corresponding 12 months where a net loss of RM2.9million was recorded. This was achieved on the back of strategies adopted in the 2<sup>nd</sup> half of the financial year wherein the focus was on selective portfolio management allowing for optimal product mix, enhancing higher margin returns.

Cash reserves at the end of the quarter under review stood at RM55.7 million as compared to RM36.1 million at the end of the corresponding quarter of the previous year.

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

The Group continued to record a pre-tax profit of RM151,000 for the current quarter under review as compared to a pre-tax profit of RM125,000 registered in the preceding quarter. This was achieved despite the declining market prices where the strategy of selective portfolio changes achieved the intended objective of maximizing margin returns.

**Commentary on Prospects**

Overall business environment remains challenging on both the global and domestic fronts. The Group will continue to maintain its strategy of optimizing its products portfolio and penetrating potential new markets. The focus on initiatives introduced to improve operational efficiencies will continue, whilst selected cost reduction measures will be accelerated to compensate for the increased energy costs.

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

Not applicable.

**B5. Taxation**

	Quarter (Jan-Mar) ended		12 months (Apr 13-Mar 14)	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
<b>Current Tax</b>				
- current year	204	0	457	0
- under provision in prior years	0	0	174	99
<b>Deferred Taxation</b>				
- Origination and reversal of temporary differences	(577)	(424)	(1,345)	(1,050)
	(373)	(424)	(714)	(951)

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate due mainly to the increased deferred tax assets for the period under review.

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**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 31 Mar 2014, the ALCOM Group had no bank borrowings outstanding.

**B10. Derivative Financial Instruments**

As at 31 Mar 2014, total contract value and fair value of the Group's outstanding forward foreign exchange contracts stood as follows :-

<b>Types of Derivatives (Foreign Exchange Contracts)</b>	<b>Contract/Notional Value (RM million)</b>	<b>Fair Value (RM million)</b>	<b>Gain/(Loss) on Fair Value (RM million)</b>
( I ) Less than 1 year	-	-	-
- Payables	-	-	-
- Receivables	24.73	24.36	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.

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**B13. Earnings Per Share**

	<b>Quarter ended 31 Mar</b>	<b>Quarter ended 31 Mar</b>	<b>12 months ended 31 Mar</b>	<b>12 months ended 31 Mar</b>
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
(a) Basic Earnings per share				
Net Profit(Loss) for the period (RM'000)	524	1,553	(1,583)	(2,963)
Weighted average number of Ordinary shares in issue (000)	132,252	132,252	132,252	132,252
Basic earnings(loss) per share (sen)	0.40	1.17	(1.20)	(2.24)

**B14. Realised and Unrealised Profit and Losses Disclosure**

Total retained profits of ALCOM Group and its subsidiaries companies as at 31 Mar 2014:

	<b>Group</b>	<b>Company</b>
	RM'000	RM'000
- Realised	46,861	25,418
- Unrealised	4,529	3,968
Total Retained Profits as per consolidated accounts	51,390	29,386
Less: Consolidation adjustments	(14,646)	-
Total Retained Profits as per Financial Statements:	36,744	29,386

**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 21 May 2014.

**BY ORDER OF THE BOARD**  
**BERNARD GOMEZ**  
 DIRECTOR, FINANCE  
 BUKIT RAJA, KLANG  
 21 MAY 2014