

# **ALUMINIUM COMPANY OF MALAYSIA BERHAD (ALCOM) (Co. No. 3859-U)**

Quarterly Report on Consolidated Results for the Fourth Quarter Ended 30 Sept 2015

## **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 Mar 2015. 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 Mar 2015.

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 Mar 2015 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- Amendments to MFRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to MFRS 136 'Recoverable Amount Disclosures for Non-Financial Assets'
- Amendments to MFRS 139 'Novation of Derivatives and Continuation of Hedge Accounting'
- Amendments to MFRS 10, MFRS 12 and MFRS 127 'Investment entities'
- IC Interpretation 21 'Levies'
- Amendments to MFRS 119 'Defined Benefit Plans: Employee Contributions'

The application of the standards and amendments to the standards do not have a material 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.

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### 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 single tier dividend of 5% in respect of the financial year ending 31 March 2016 was declared and paid on 20 Aug 2015. The dividend paid amounted to approximately RM6.61 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 RM'000	Asia RM'000	Other Regions RM'000	Total RM'000
<b>Revenue</b>				
Quarter Ended 30 Sept 2015	21,766	29,027	10,275	61,068
6 months Ended 30 Sept 2015	42,297	66,805	20,851	129,953
<b>Total Assets</b>				
As at 30 Sept 2015	203,569			203,569

\* Revenue in the Malaysia segment included sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounted to RM2.52 million for the current quarter and RM7.51 million for 6 months ended 30 Sept. 2015.

### 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. Capital Commitments

Authorised capital expenditure for property, plant and equipment not provided for in the financial statements were as follows:-

	<b>Group 30 Sept 2015 RM'000</b>
- Contracted	512
- Not Contracted	1,598
Total Capital Commitment	<u>2,110</u>

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### **A11. 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.

### **A12. Changes in the composition of the Group**

Not applicable.

### **A13. 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**

Group revenue for the quarter under review recorded a marginal decline of 4.7% as compared to the corresponding quarter in the preceding year i.e. it registered at RM61.1 million as compared to RM64.1 million respectively. The revenue decline was due to lower shipment volumes recorded coupled with both lower Aluminium prices on the LME(London Metal Exchange) and MJP(Main Japanese Port) transport premium. This was partially offset by a better sales mix derived from the export sales. The strengthened USD currency vis a vis the Ringgit resulted in higher revenues per metric ton for the export sales.

The Group registered a loss before tax of RM1.5 million for the quarter ending 30 Sept 2015 as compared to a loss before tax of RM0.8 million recorded in the corresponding quarter of the preceding year. The higher loss was due mainly to lower metal lag\* gain as well as foreign exchange loss recorded in the current quarter compared to a foreign exchange gain in the corresponding quarter of the previous year.

Cash reserves at the end of the quarter under review stood at RM47.6million as compared to RM40.3million at the end of the corresponding quarter of the previous year.

*\*Metal price lag refers to timing differences experienced on the pass through of changing aluminum prices based on the difference in the price we pay for aluminum and the price we charge our customers after the aluminum is processed.*

### **B2. Material Changes in Profit before Taxation for the Quarter as Compared With the Preceding Quarter**

The Group recorded a pre-tax loss of RM1.5 million for the current quarter under review as compared to a pre-tax gain of RM0.3 million registered in the preceding quarter. The loss was due to lower shipment volume achievement which was in tandem with the anticipated annual low seasonal demand of the air-conditioning manufacturer's global market. In addition, in the preceding quarter, there was a reversal of provision of quality claim no longer required.

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### B3. Commentary on Prospects

The reduction in MJP(Main Japanese Port) transport premium in the 2<sup>nd</sup> quarter of the financial year together with the decline in Aluminium prices on the LME(London Metal Exchange) as well as the strengthened USD currency vis a vis the Ringgit augurs well for the Group for the 2<sup>nd</sup> half of the financial year, especially for the export products. At the same time, improvement initiatives and cost reduction measures will be continued at all levels and functions so that the group should close the financial year with an encouraging result.

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

Not applicable.

### B5. Profit for the Period

Profit for the period is arrived at after charging/(crediting):-

	Quarter ended 30 Sept 2015 RM'000	Year To Date 30 Sept 2015 RM'000
Interest income	166	371
Other income	80	178
Interest expenses	(8)	(17)
Depreciation and amortization	(2,954)	(5,921)
Provision for and write-off receivables	-	(54)
Provision for and write-off inventories	(142)	(217)
Gain or loss on Disposal	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	3,560	3,045
Gain/(Loss) on Derivatives	(3,653)	(3,167)
Exception items	-	-

### B6. Taxation

	Quarter ended		Year To Date	
	30 Sept 2015 RM'000	30 Sept 2014 RM'000	30 Sept 2015 RM'000	30 Sept 2014 RM'000
<b>Current Tax</b>				
- current year	(52)	(17)	(136)	(95)
- under provision in prior years	-	-	-	-
<b>Deferred Taxation</b>				
- Origination and reversal of temporary differences	523	(189)	388	66
	471	(206)	252	(29)

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

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### B7. Status of Corporate Proposal

Not applicable.

### B8. Group borrowings

As at quarter ending 30 Sept 2015, the ALCOM Group had no bank borrowings.

### B9. Derivative Financial Instruments

As at 30 Sept 2015, 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'000	Fair Value RM'000
Less than 1 year		
- Payable	5,007	5,272
- Receivable	28,987	31,197

### B10. Changes in Material Litigation

Not applicable.

### B11. Dividend Payable

Not applicable.

### B12. Earnings Per Share

	Quarter ended 30 Sept 2015	Quarter ended 30 Sept 2014	6 months ended 30 Sept 2015	6 months ended 30 Sept 2014
Net Profit/(Loss) attributable to shareholders (RM'000)	(1,000)	(1,041)	(964)	(2,282)
Weighted average number of ordinary shares in issue (000)	132,252	132,252	132,252	132,252
Basic earnings(loss) per share (sen)	0.76	(0.79)	(0.73)	(1.73)

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### **B13. Realised and Unrealised Profit and Losses Disclosure**

The determination of Realised and Unrealised Profits or Losses is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and at the directive of Bursa Malaysia Securities Berhad:

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits before consolidated adjustments		
- Realised	29,631	9,015
- Unrealised	6,633	5,608
Total Retained Profits as per consolidated accounts	36,264	14,623
Less: Consolidation adjustments	(15,348)	-
Total Retained Profits as per Financial Statements:	<u>20,916</u>	<u>14,623</u>

### **B14. 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 26 November 2015.

**BY ORDER OF THE BOARD  
STEPHANIE LAM LEE SAN  
COMPANY SECRETARY  
BUKIT RAJA, KLANG  
26 NOVEMBER 2015**