

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 2016. 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 2016.

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 2016 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- Amendments to MFRS 116 "Property, plant and equipment"
- Amendments to MFRS 138 "Intangible assets"

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.

- (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following financial years:

- (i) Financial year beginning on/after 1 April 2017
 - Amendments to MFRS 107 "Statement of cash flows" - Disclosure initiative
 - Amendments to MFRS 112 "Income taxes" - Recognition of deferred tax assets for unrealised losses
- (ii) Financial year beginning on/after 1 April 2018
 - MFRS 9 "Financial instruments"
 - MFRS 15 "Revenue from contracts with customers"
- (iii) Financial year beginning on/after 1 April 2019
 - MFRS 16 "Leases"

Management is in the process of assessing the impact of the above standards and amendments to published standards on the financial statements of the Group and the Company in the year of initial application.

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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

There was no dividend paid during the quarter under review.

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.

	Revenue	
	Quarter Ended 30 Jun 2016 RM'000	Year To Date 30 Jun 2016 RM'000
Malaysia	25,209	25,209
Thailand	20,450	20,450
India	13,472	13,472
Asia (exclude Malaysia, Thailand and India)	2,781	2,781
Europe	6,523	6,523
Middle East	3,388	3,388
Others	2,046	2,046
Total	<u>73,869</u>	<u>73,869</u>

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A8. Segmental information (continued)

Revenue in the Malaysia segment included sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounted to RM3.72 million for the current quarter and year to date ended 30 June 2016.

Total Assets	RM'000
As at 30 Jun 2016	199,187

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:-

	Group
	30 Jun 2016
	RM'000
- Contracted	664
- Not Contracted	453
Total Capital Commitment	<u>1,117</u>

A11. Material events subsequent to the end of the interim period

On 18th August, 2016, Towerpack Sdn. Bhd. ("Towerpack") proposed the acquisition of 78,234,054 ordinary shares of RM1.00 each in ALCOM ("ALCOM Shares"), representing 59.16% equity interest in ALCOM which is held by Novelis Inc for a purchase consideration of RM47,722,772.94 or RM0.61 per ALCOM Share pursuant to a sale and purchase agreement executed on 18th August 2016 between Towerpack and Novelis Inc.

Upon completion of the proposed acquisition, Towerpack's holding of the voting shares of ALCOM will increase from nil to 59.16%. In accordance with Section 218(2) of the Capital Markets and Services Act, 2007 and Paragraph 4.01(a) of Part B of the Rules, Towerpack will be required to extend a mandatory take-over offer to acquire the remaining voting shares of ALCOM not already owned by Towerpack and persons acting in concert with it (if any) at RM0.61 per ALCOM Share.

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A12. Changes in the composition of the Group

There were no changes in the composition of the Group as at the date of this report.

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

The Group's revenue for the quarter under review was RM73.9 million which represented a 7% growth over the corresponding quarter of the preceding year. This was achieved mainly from the shipment volumes being 12% higher, contributed largely from the higher Coated Fin product category. The strengthened USD currency vis a vis the Ringgit also aided in this improvement. This was partially offset by the lower Aluminium prices on the LME(London Metal Exchange) & lower MJP(Main Japanese Port) transport premium which in total was approximately 21% lower on average for the quarter under review as compared to the corresponding quarter of the preceding year.

The Group registered a profit after tax of RM1.15 million for the quarter ending 30 June 2016 as compared a profit before tax of RM0.04 million recorded in the corresponding quarter of the preceding year. The comparatively better profitability performance was largely attributable to the higher contribution generated from a favorable sales mix for the increased shipment volume.

Cash reserves at the end of the quarter under review stood at RM45.9million as compared to RM46.0million 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 recorded a profit before tax of RM2.3 million for the current quarter under review as compared to a loss before tax of RM0.3 million registered in the preceding quarter. The better result was due to lower fixed costs and a better product mix offset partially by the weakened USD currency for the export sales. Fixed costs were lower mainly due to lesser provisions for both bonus and fees to be incurred for consultants engaged to enhance recovery improvements in operations. In addition, in the preceding quarter, the result was impacted by impairment loss of RM2.13 million for selected assets which were written down to its fair value offset partially by a one-off inventory adjustment gain of RM0.9 million pursuant to the annual inventory physical count conducted in last financial year.

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B3. Commentary on Prospects

Despite the global economy remaining sluggish with low growth expectations from both advanced and emerging market economies, the Group's first quarter performance was commendable. However exports are expected to remain weak for the country's trading partners. The Group is cautiously optimistic of its performance for the second half of the financial year given that it has secured firm orders from key customers although in some of the markets it serves there has been uncertainty. At the same time, the Group will continue to maintain its strategy to focus on optimizing its products' sales mix whilst aggressively exploring potential new markets for its core products. Improvement initiatives and cost reduction measures will continue to be implemented within the Group.

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 Jun 2016 RM'000	Year To Date 30 Jun 2016 RM'000
Interest income	287	287
Other income	18	18
Interest expenses	7	7
Depreciation and amortization	2,991	2,991
Provision for and write-off receivables	-	-
Physical inventory adjustment (gain)/loss	-	-
Provision for and write-off inventories	168	168
Impairment of property, plant and equipment	-	-
Foreign exchange (gain)/loss		
- Realised	(445)	(445)
- Unrealised	(813)	(813)
Net fair value (gain)/loss on Derivatives	1,063	1,063

B6. Taxation

	Quarter ended		Year To Date	
	30 Jun 2016 RM'000	30 Jun 2015 RM'000	30 Jun 2016 RM'000	30 Jun 2015 RM'000
Current Tax				
- current year	(714)	(84)	(714)	(84)
- under/(over) provision	-	-	-	-
Deferred Taxation				
- Origination and reversal of temporary differences	(407)	(135)	(407)	(135)
	(1,121)	(219)	(1,121)	(219)

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B6. Taxation (continued)

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate due to non-deductibility of certain expenses and reversal of deferred taxation after adjustment on temporary differences during the period under review.

B7. Status of Corporate Proposal

Not applicable.

B8. Group borrowings

As at quarter ending 30 Jun 2016, the ALCOM Group had no bank borrowings.

B9. Derivative Financial Instruments

As at 30 Jun 2016, 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	2,918	2,882
- Receivable	29,594	29,485

B10. Changes in Material Litigation

Not applicable.

B11. Dividend Payable

Not applicable.

B12. Earnings Per Share

	Quarter ended 30 Jun 2016	Quarter ended 30 Jun 2015	12 months ended 30 Jun 2016	12 months ended 30 Jun 2015
Net Profit/(Loss) attributable to shareholders (RM'000)	1,153	36	1,153	36
Weighted average number of ordinary shares in issue (000)	132,252	132,252	132,252	132,252
Basic earnings/(loss) per share (sen)	0.87	0.03	0.87	0.03

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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:

	Group	Company
	RM'000	RM'000
Total retained profits before consolidated adjustments		
- Realised	36,408	10,414
- Unrealised	4,287	3,693
Total Retained Profits as per consolidated accounts	40,695	14,107
Less: Consolidation adjustments	(15,092)	-
Total Retained Profits as per Financial Statements:	<u>25,603</u>	<u>14,107</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 25 Aug 2016.

BY ORDER OF THE BOARD
STEPHANIE LAM LEE SAN
COMPANY SECRETARY
BUKIT RAJA, KLANG
25 August 2016