ALUMINIUM COMPANY OF MALAYSIA BERHAD ("ALCOM") (Co. No. 3859-U)
Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 March 2017

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 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 March 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 March 2017 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- Amendments to MFRS 116 & MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to MFRS 11 "Accounting for Acquisition of Interests in Joint Operations"
- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative
- Amendments to MFRS 127 "Equity method in separate financial statements"
- Amendments to MFRS 10 & MFRS 128 "Sale or Contribution of Assets between and Investor and its Associate or Joint Venture"
- Amendments to MFRS/FRS 10, 12 & 128 "Investment entities - Applying the Consolidation Exception"
- Annual Improvements to MFRSs 2012 – 2014 Cycle

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) <u>Financial year beginning on/after 1 April 2017</u>

- 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) <u>Financial year beginning on/after 1 January 2018</u>

- MFRS 9 "Financial instruments"
- MFRS 15 "Revenue from contracts with customers"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"

(iii) Financial year beginning on/after 1 January 2019
- MFRS 16 "Leases"

The 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.

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 Group manufactures and sells is finstock (both bare and coated). This product is supplied to air conditioner manufacturers, in which sector demand is 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 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 which are as follows:

A8. Segmental information (continued)

	Revenue	
	Quarter Ended 31 Mar 2017 RM'000	**Year To Date 31 Mar 2017 RM'000**
Malaysia	24,195	93,612
Thailand	24,714	97,204
India	17,288	58,901
Asia (excluding Malaysia, Thailand and India)	4,307	12,958
Europe	8,488	31,700
Middle East	4,420	15,972
Others	862	6,785
Total	84,274	317,132

Revenue in the Malaysia segment included sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounted to RM4.9 million for the current quarter and RM13.3 million for the year to date ended 31 March 2017.

Total Assets	**RM'000**
As at 31 March 2017	223,337

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 31 Mar 2017 RM'000
- Contracted	2,433
- Not Contracted	3,012
Total Capital Commitment	5,445

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

Except for those in Note B7, there were no material events subsequent to the end of the period under review up to the date of this announcement that have not been disclosed in this quarterly financial statements.

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 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

Fourth quarter ended 31 Mar 2017 ("Q4 FY2017") vs fourth quarter ended 31 Mar 2016 ("Q4 FY2016")

The Group's recorded a revenue of RM84.3 million for the quarter under review (Q4 FY2017) which was RM6.6 million higher than the corresponding quarter of the preceding year (Q4 FY2016). This increased revenue was achieved despite attaining a 6% lower shipment volume.

This lower volume was offset by the higher content of coated fin product in the product mix and the higher base metal costs. Base metal costs which is denominated in USD comprising of aluminium prices on the London Metal Exchange ("LME") and transport premium was in total 16% higher in Q4 FY2017 vs Q4 FY2016.

B1. Review of Group Performance (continued)

Fourth quarter ended 31 Mar 2017 ("Q4 FY2017") vs fourth quarter ended 31 Mar 2016 ("Q4 FY2016") (continued)

In addition, the USD currency was 6% weaker comparatively in Q4 FY2017 vs Q4 FY2016 which was favourable for the coated fin product as major portion of its shipment is denominated in USD as it is destined for the export market.

The Group registered a pre-tax profit of RM5.2 million for Q4 FY2017 as compared to the pre-tax loss of RM0.3 million in Q4 FY2016.

The comparatively better profitability performance was largely attributable to the higher contribution generated from coated fin shipment volume which was 15% higher as well as the depreciation charges being lower for the quarter under review. The Q4 FY2016 result was negatively impacted by impairment charges for plant and machineries totaling RM2.1 million after the annual impairment review.

Cash reserves at the end of Q4 FY2017 stood at RM57.0 million as compared to RM50.7 million at the end of Q4 FY2016.

Financial Year Ended 31 Mar 2017 ('FY2017') vs Financial Year Ended 31 Mar 2016 ('FY2016')

For FY2017, the Group recorded a revenue of RM317.1 million compared to RM287.4 million in the corresponding financial year. The higher revenue was largely a result of the higher coated fin shipment volumes, which was in line with the Group's product portfolio strategy. It registered a volume increase of 41% over FY2016, although shipment volumes, in total grew 6% year-on-year.

This improved revenue was achieved despite the base metal costs being approximately 8% lower on average for FY2017 as compared to FY2016.

Profit before tax registered RM15.8 million compared to RM2.9 million in FY2016.The increased shipment volume of the coated fin was the main contributor to the pre-tax profit being significantly higher for FY 2017 compared to FY 2016 as coated fin generates the highest contribution per metric ton.

The positive result was also aided by a lower depreciation charge in FY2017 and a higher gain in metal price lag*. This performance was partially offset by increased costs in repairs & maintenance of machinery, higher reroll premiums incurred, higher provisions for staff bonus, employee welfare and directors' fees. In addition, there was also higher provision for customer complaints with the introduction of warranty claims for roofing in FY2017; contrasting with the reversal of provision for quality claim no longer required in FY2016. The Group also incurred costs in FY2017 which were related directly to the divestment by Novelis Inc. of its major stake in the Company. These costs included the engagement of professional services in relation to this divestment.

**metal price lag refers to timing differences experienced on the pass through of changing aluminium prices based on the price we pay for aluminium and the price we charge our customers after the aluminium is processed*.

B2. Material Changes in Profit before Taxation for the Quarter of Q4 FY2017("Q4 FY2017") as Compared With the Immediate Preceding Quarter ended 31 December 2016 ("Q3 FY2016")

The Group recorded a pre-tax profit of RM5.2 million for the current quarter under review as compared to a pre-tax profit of RM5.8 million registered in the immediate preceding quarter.

Lower shipment volume by was one of the contributing factors to the lower pre-tax result achieved. The result also was impacted by higher repairs and maintenance costs, a lower gain in metal price lag in in Q4 FY2017 vs Q3 FY2017 and higher reroll premiums in Q4FY2017 to supplement capacity constraints. In Q4 FY2017. In addition, there were also certain product rejects which were partially offset by inventory adjustment gain following the annual physical stock-take.

B3. Commentary on Prospects

Despite the widespread underlying global political risk, there is a rise in business confidence that is perceptible. This however is not generating a widespread upturn although the global growth forecast for 2017 is expected to be better than 2016. The Group expects to move in tandem with this anticipated recovery and exploit available opportunities. At the same time, expectations are for the Aluminium price and transport premiums to be more volatile which would challenge the Group competitively as margins of selected customers will be impacted.

Against this backdrop, the Group will continue to maintain its strategy to focus on optimising its products sales mix whilst exploring potential new markets for its core products. The recently approved capital investment to double the coated fin volume within the next 20 months is expected to further improve the Group's competitiveness.

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 31 Mar 2017 RM'000	Year-To-Date 31 Mar 207 RM'000
Interest income	319	1,219
Other income	456	527
Interest expenses	(10)	(32)
Depreciation and amortization	(1,937)	(10,177)
Provision for and write-off inventories	51	(6)
Foreign exchange (gain)/loss		
- Realised	(346)	(552)
- Unrealised	984	(829)
Net fair value (gain)/loss on Derivatives	(595)	1,028

B6. Taxation

	Quarter ended		Year-To-Date	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Current Tax				
- current year	(501)	(914)	(4,178)	(2,115)
- under/(over) provision	-	62	-	61
Deferred Taxation				
- Origination and reversal of temporary differences	234	560	(16)	1,003
	(267)	(292)	(4,194)	(1,051)

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate.

B7. Status of Corporate Proposals

On 12 April 2017, Alcom made an announcement on a proposal to undertake a proposed capital reduction and repayment to the shareholders of Alcom of up to RM42,985,871.36 on the basis of RM0.32 for each ordinary share in Alcom ("Alcom Share" or "Share") held, via a reduction of the share capital of Alcom pursuant to Section 116 of the Companies Act, 2016 ("Act") ("Proposed Capital Repayment").

The Proposed Capital Repayment will not result in:-
(a) a cancellation of Alcom Shares;
(b) a change in the number of Alcom Shares held by any shareholder of Alcom; and
(c) a change in the proportion of Alcom Shares held by any shareholder of Alcom.

Each shareholder will hold the same number of Alcom Shares before and immediately after the completion of the Proposed Capital Repayment.

The effective date of the Proposed Capital Repayment will be the date on which the sealed copy of the order by the High Court of Malaya confirming the Proposed Capital Repayment is lodged with the Companies Commission of Malaysia.

The Proposed Capital Repayment is subject to the following approvals being obtained:-

(i) approval of the shareholders of Alcom at an extraordinary general meeting to be convened;
(ii) sanction of the High Court of Malaya pursuant to Section 116 of the Act; and
(iii) approval or consent of any other relevant regulatory authorities and/or parties, if applicable.

The Proposed Capital Repayment is not conditional upon any other corporate exercise/scheme of Alcom.

Subject to the required approvals being obtained and barring any unforeseen circumstances, the Proposed Capital Repayment is expected to be completed in the third quarter of the calendar year 2017.

B8. Group borrowings

As at quarter ending 31 March 2017, the Group had no bank borrowings.

B9. Derivative Financial Instruments

As at 31 March 2017, 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	14,011	14,019
- Receivable	39,918	39,819

B10. Changes in Material Litigation

Not applicable.

B11. Dividend Payable

The Board has proposed a final special single-tier dividend of 20.5 sen per share for the financial year ended 31 March 2017 to be paid, subject to approval of the shareholders at the forthcoming Fifty-Sixth Annual General Meeting of the Company.

B12. Earnings Per Share

	Quarter ended 31 Mar 2017	Quarter ended 31 Mar 2016	Year-To-Date 31 Mar 2017	Year-To-Date 31 Mar 2016
Net Profit/(Loss) attributable to shareholders (RM'000)	4,967	(93)	11,610	1,811
Weighted average number of ordinary shares in issue (000)	132,252	132,252	132,252	132,252
Basic earnings/(loss) per share (sen)	3.76	(0.07)	8.78	1.37

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 BMSB Listing Requirements, as issued by the Malaysian Institute of Accountants and at the directive of BMSB:

	As at 31 Mar 2017	
	Group RM'000	**Company RM'000**
Total retained profits before consolidated adjustments		
- Realised	55,548	19,855
- Unrealised	(4,618)	(4,238)
Total Retained Profits as per consolidated accounts	50,930	15,617
Less: Consolidation adjustments	(14,793)	-
Total Retained Profits as per Financial Statements:	36,137	15,617

B14. Authorization of Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors passed on 9 May 2017.

BY ORDER OF THE BOARD
9 May 2017