

A Explanatory Notes

A1 Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”)’s Listing Requirements.

The condensed financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 April 2015. The explanatory notes to these 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 30 April 2015.

A2 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 April 2015 except for the adoption of the following new accounting standards (including the consequential amendments, if any):

(a) Adoption of MFRSs (Including The Consequential Amendments)

(i) Effective for the financial periods beginning on or after 1 July 2014

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards has no significant financial impact on the financial statements of the Group.

A2 Significant accounting policies (continued)

(b) MFRSs (Including The Consequential Amendments) issued but not yet effective

The following MFRSs (including the consequential amendments) issued by the MASB are relevant to the Group. However, they have not been early adopted in this set of financial statements.

(i) Effective for the financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

(ii) Effective for the financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

A3 Qualification of financial statements

There was no qualification in the audited financial statements for the financial year ended 30 April 2015.

A4 Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

A5 Items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter under review and financial period to date.

A6 Change in estimates

There were no significant changes in estimates that have a material effect for the current quarter under review and financial period to date.

A7 Debt and equity securities

There was no issuance or repayment of debt and equity securities nor any shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares for the current quarter under review and financial period to date.

A8 Dividend paid

No dividend has been paid during the current quarter under review and financial period to date.

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

A9 Notes to the Statements of Profit or Loss and Other Comprehensive Income

	Quarter ended 31 July		Year-to-date ended 31 July	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income/(expense):				
Depreciation of property, plant and equipment	(4,328)	(4,054)	(4,328)	(4,054)
Property, plant and equipment written off	(2)	-	(2)	-
Intangible asset written off	-	(2)	-	(2)
Bad debts recovery	-	2	-	2
Impairment losses on				
- Property, plant and equipment	(140)	-	(140)	-
- Receivables	-	(1,302)	-	(1,302)
Reversal of impairment loss on				
- Receivables	1,374	151	1,374	151
Inventories written off	(60)	(43)	(60)	(43)
Interest income	77	194	77	194
Interest expense	(1,169)	(736)	(1,169)	(736)
Fair value adjustment on:				
- Derivatives	(103)	52	(103)	52
- Other investment	(75)	60	(75)	60
Foreign exchange gain/(loss), net				
- Realised	(814)	(47)	(814)	(47)
- Unrealised	311	21	311	21

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

A10 Segmental information

i. Business segments

No business segment information has been provided as the Group is principally engaged in the business of manufacturing, marketing and trading of aluminium products.

ii. Geographical segments

The Group operates mainly in Malaysia. The revenue disclosed in geographical segments is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Malaysia	Singapore	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	76,320	10,949	20,044	-	107,313
Inter-segment	3,841	9,244	-	(13,085)	-
Total revenue	80,161	20,193	20,044	(13,085)	107,313
Profit from operations					3,173
Finance costs					(1,169)
Share of profit in an associate					(3)
Profit before taxation					2,001
Other information					
Segment assets	479,369	22,317	-	(55,983)	445,703

Inter-segment pricing is determined on an arm's length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

A11 Material events subsequent to the end of the current quarter

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter under review and financial period to date.

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

A12 Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter under review and financial period to date.

A13 Changes in contingent liabilities and contingent assets

Save as set out below, there were no changes in contingent liabilities and contingent assets since the last date of statement of financial position.

Outstanding as at :	Company	
	31 July 2015	30 April 2015
	RM'000	RM'000
Corporate guarantee in respect of banking facilities utilised by a subsidiary	2,400	1,700

The Company has provided corporate guarantees for banking facilities granted to four of its wholly-owned subsidiaries totaling RM14.1 million (30.4.2015: RM14.1 million).

The Company has also provided corporate guarantee to a creditor of a wholly-owned subsidiary for supply of goods of up to RM2.0 million (30.4.2015: RM2.0 million).

A14 Capital commitments

	Group	
	31 July 2015	30 April 2015
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	7	493
Authorised but not contracted for	3,757	17,215

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

B Additional information required by the Bursa Securities' Listing Requirements

B 1 Review of performance

	Quarter ended 31 July		Increase/(Decrease)	
	2015	2014		
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	76,320	80,023	(3,703)	(4.6)
- Singapore	10,949	15,942	(4,993)	(31.3)
- Other countries	20,044	14,064	5,980	42.5
Total Revenue	107,313	110,029	(2,716)	(2.5)
Profit Before Tax	2,001	6,031	(4,030)	(66.8)
Profit After Tax	1,802	5,273	(3,471)	(65.8)

The Group's revenue for the quarter ended 31 July 2015 decreased by 2.5% to RM107.3 million compared to RM110.0 million for the preceding year corresponding quarter due mainly to lower business volume amid higher average selling prices.

Profit before taxation and profit after taxation have also decreased by 66.8% and 65.8% to RM2.0 million and RM1.8 million from RM6.0 million and RM5.3 million respectively due to lower business volume compounded by reduced profit margins attributed to higher imported raw material costs as a result of the weak Malaysian Ringgit.

B2 Variance of results against preceding quarter

	Current Quarter	Preceding Quarter	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	76,320	85,515	(9,195)	(10.8)
- Singapore	10,949	9,611	1,338	13.9
- Other countries	20,044	21,644	(1,600)	(7.4)
Total Revenue	107,313	116,770	(9,457)	(8.1)
Profit Before Tax	2,001	2,785	(784)	(28.2)
Profit After Tax	1,802	2,624	(822)	(31.3)

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

B2 Variance of results against preceding quarter (continued)

The Group's revenue decreased by 8.1% from RM116.8 million to RM107.3 million compared to the preceding quarter due mainly to lower business volume recorded as a result of a slowdown in the domestic economy following the introduction of Goods and Services Tax.

Consequently, profit before taxation and profit after taxation also decreased by 28.2% and 31.3% from RM2.8 million and RM2.6 million to RM2.0 million and RM1.8 million respectively in line with the above.

B3 Current year prospects

Global economic activity expanded at a moderate pace across economies in the second quarter of 2015. The US and UK economies continued to improve while growth in the Europe and Japan were modest. In Asia, growths were mostly moderate sustained by domestic demand amid weak export performance. Going forward, the global economy is expected to remain on a moderate growth path with diverging growth momentum across major economies.

The Malaysian economy registered a growth of 4.9% in the second quarter of 2015, driven mainly by private sector demand. Growth in the construction sector was lower following slower expansion across all sub-sectors. Going forward, the Malaysian economy is expected to remain on a steady growth path with domestic demand continuing to be the key driver for growth. Private consumption is expected to be moderate as households continue to adjust to the introduction of Goods and Services Tax.

Benefits from declining aluminium prices are being off-set by the weaker Malaysian Ringgit which continue to exert pressure on the Group's profit margins. The Group will continue to monitor and adjust its selling price to remain competitive and profitable. As for the export market, the weaker Malaysian Ringgit is favorable as it will make us more competitive globally. The Group's continuous focus is to improve efficiency and productivity to mitigate these downside risks. Barring unforeseen circumstances, the Board remains optimistic that the Group would remain profitable in the coming quarter.

B4 Profit forecast

Not applicable as no profit forecast was published.

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

B5 Taxation

	Quarter ended 31 July		Year-to-date ended 31 July	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current income tax	722	891	722	891
Deferred tax	(523)	(133)	(523)	(133)
	199	758	199	758

The Group's effective tax rate for the quarter under review and period to date are lower than the statutory tax rate due principally to the availability of non-taxable income and overprovision in deferred tax in the previous financial year.

B6 Status of corporate proposals announced

There is no corporate proposal announced but not completed as at the date of this report.

B7 Borrowings and debt securities

	31 July 2015	30 April 2015
	RM'000	RM'000
Short term borrowings (unsecured)		
Bankers acceptances	72,018	77,600
Bank overdrafts	-	12
Term loans	15,000	15,000
	87,018	92,612
Long term borrowings (unsecured)		
Term loans	17,500	17,500

All borrowings are denominated in Ringgit Malaysia.

B8 Changes in material litigation

There is no material litigation involving the Group, which is not in the ordinary course of business as at the date of this report.

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

B9 Dividend

The Directors do not recommend the payment of any interim dividend in respect of the current quarter under review and financial period to date.

B10 Realised and unrealised profits or losses

The following analysis 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 (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad.

	31 July 2015	30 April 2015
	RM'000	RM'000
Total retained profits of the Group:		
- Realised	164,591	163,223
- Unrealised	(21,957)	(22,248)
	142,634	140,975
Total share of retained earnings from an associate:		
- Realised	224	227
- Unrealised	-	-
	224	227
Less: Consolidation adjustments	(714)	(860)
Total Group retained earnings	142,144	140,342

LB ALUMINIUM BERHAD (138535-V)
Notes To The Financial Statements
For the period ended 31 July 2015

B 11 Earnings per share

	Current quarter	Year-to-date
	RM'000	RM'000
Net profit for the period attributable to ordinary shareholders	1,802	1,802
<i>Basic earnings per share</i>		
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares at beginning of the period ('000)	248,486	248,486
Effect of shares issued ('000)	-	-
Weighted average number of ordinary shares ('000)	248,486	248,486
Basic earnings per share (sen)	0.73	0.73

There are no potential dilution effects on ordinary shares for the Company for the current quarter under review and financial period to date.

By Order of the Board

Ng Bee Lian
Company Secretary
Date: 29 September 2015