

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Financial Position
As at 31 July 2017

	As at 31 July 2017 RM'000	As at 30 April 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	225,693	226,020
Other investments	1,650	1,620
Deferred tax assets	105	114
	<u>227,448</u>	<u>227,754</u>
Current assets		
Inventories	93,291	96,047
Trade and other receivables	115,488	119,461
Derivative financial asset	1	-
Current tax assets	86	204
Short term deposits	33,176	38,332
Cash and bank balances	20,680	6,583
	<u>262,722</u>	<u>260,627</u>
TOTAL ASSETS	<u>490,170</u>	<u>488,381</u>
EQUITY AND LIABILITIES		
Equity attributable to ordinary shareholders		
Share capital	125,771	125,771
Reserves		
Exchange reserve	4,871	4,710
Retained earnings	167,673	164,076
Total equity	<u>298,315</u>	<u>294,557</u>
Non-current liabilities		
Bank borrowings (unsecured)	10,000	10,000
Deferred tax liabilities	21,298	21,702
	<u>31,298</u>	<u>31,702</u>
Current liabilities		
Trade and other payables	55,708	73,120
Derivative financial liabilities	-	179
Bank borrowings (unsecured)	102,375	86,643
Current tax liabilities	2,474	2,180
	<u>160,557</u>	<u>162,122</u>
TOTAL LIABILITIES	<u>191,855</u>	<u>193,824</u>
TOTAL EQUITY AND LIABILITIES	<u>490,170</u>	<u>488,381</u>
	RM	RM
Net assets per share	<u>1.20</u>	<u>1.19</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 April 2017)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income
For the financial period ended 31 July 2017

	Current quarter ended		Cumulative period ended	
	31 July 2017	31 July 2016	31 July 2017	31 July 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	124,425	109,689	124,425	109,689
Operating expenses	(120,085)	(106,517)	(120,085)	(106,517)
Profit from operations	4,340	3,172	4,340	3,172
Other operating income	851	4,307	851	4,307
Profit before interest and tax	5,191	7,479	5,191	7,479
Finance costs	(1,130)	(1,014)	(1,130)	(1,014)
Profit before taxation	4,061	6,465	4,061	6,465
Taxation	(464)	(1,348)	(464)	(1,348)
Net profit for the year	3,597	5,117	3,597	5,117
Other comprehensive income				
- Foreign currency translations	161	506	161	506
Total comprehensive income for the period, net of tax, attributable to owners of parent	3,758	5,623	3,758	5,623
Basic earnings per share attributable to owners of the parent (sen)				
- Basic / Diluted	1.45	2.06	1.45	2.06

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 April 2017)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 July 2017

	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 May 2016	124,243	1,528	3,692	151,093	280,556
Total comprehensive income for the period	-	-	506	5,117	5,623
Balance as at 31 July 2016	<u>124,243</u>	<u>1,528</u>	<u>4,198</u>	<u>156,210</u>	<u>286,179</u>
Balance as at 1 May 2017	125,771	-	4,710	164,076	294,557
Total comprehensive income for the period	-	-	161	3,597	3,758
Balance as at 31 July 2017	<u>125,771</u>	<u>-</u>	<u>4,871</u>	<u>167,673</u>	<u>298,315</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 April 2017)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2017

	Period ended 31 July 2017 RM'000	Period ended 31 July 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,061	6,465
Adjustments for		
Depreciation of property, plant and equipment	4,542	4,442
Bad debts recovery	-	(2)
Fair value adjustments on:		
- Derivatives	(179)	(1,245)
- Other investment	(30)	(240)
Gain on disposal of property, plant and equipment	(1)	(6)
Property, plant and equipment written off	2,105	668
Impairment losses on:		
- Property, plant and equipment	-	3
- Receivables	4	936
Reversal of impairment losses on:		
- Property, plant and equipment	(1,508)	(54)
- Receivables	(208)	(2,191)
Inventories written off	42	48
Write back of inventories	(71)	-
Interest income	(337)	(277)
Interest expense	1,130	1,014
Unrealised loss/(gain) on foreign exchange	197	(297)
Operating profit before working capital changes	9,747	9,264
Decrease in inventories	2,787	418
Decrease/(Increase) in receivables	4,362	(5,564)
(Decrease)/Increase in payables	(17,648)	12,450
Cash (used in)/generated from operations	(752)	16,568
Tax paid	(450)	(986)
Net cash (used in)/generated from operating activities	(1,202)	15,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1	-
Purchases of property, plant and equipment	(4,790)	(2,350)
Withdrawal/(placement) of deposits with licensed banks	8,000	(20,010)
Interest received	337	277
Net cash generated from/(used in) investing activities	3,548	(22,083)

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Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2017

	Period ended 31 July 2017 RM'000	Period ended 31 July 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bankers' acceptances, net	16,800	170
Interest paid	<u>(1,130)</u>	<u>(1,014)</u>
Net cash generated from/(used in) financing activities	<u>15,670</u>	<u>(844)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,016	(7,345)
Effect of exchange rate changes on cash and cash equivalents	(7)	470
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,212	40,545
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>32,221</u>	<u>33,670</u>
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Deposits with licensed banks	33,176	40,202
Cash and bank balances	20,680	13,488
Bank overdrafts	<u>(125)</u>	<u>(10)</u>
	53,731	53,680
Less: Deposits with maturity periods of more than three months	<u>(21,510)</u>	<u>(20,010)</u>
	<u>32,221</u>	<u>33,670</u>

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 2017. 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 2017.

A2 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 April 2017 except for the adoption of the following new accounting standards (including the consequential amendments, if any):

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

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

(i) Effective for the financial periods beginning on or after 1 January 2017

Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 – 2016 Cycles

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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 2018

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

MFRS 15: Revenue from Contracts with Customers

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts Customers'

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 140: Transfer of Investment Property

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

(ii) Effective for the financial periods beginning on or after 1 January 2019

MFRS 16: Leases

(iii) Amendments to MFRSs issued but effective date not yet announced

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

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A3 Qualification of financial statements

There was no qualification in the audited financial statements for the financial year ended 30 April 2017.

A4 Seasonal or cyclical factors

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

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.

A6 Change in estimates

There were no significant changes in estimates that have a material effect for the current quarter under review.

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.

A8 Dividend paid

No dividend has been paid during the current quarter under review.

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

	Quarter ended		Year-to-date ended	
	31 July		31 July	
	2017	2016	2017	2016
Income/(expense):	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	(4,542)	(4,442)	(4,542)	(4,442)
Bad debts recovery	-	2	-	2
Fair value adjustments on:				
- derivatives	179	1,245	179	1,245
- other investment	30	240	30	240
Gain on disposal of property, plant and equipment	1	6	1	6
Property, plant and equipment written off	(2,105)	(668)	(2,105)	(668)
Impairment losses on:				
- property, plant and equipment	-	(3)	-	(3)
- receivables	(4)	(936)	(4)	(936)
Reversal of impairment losses on:				
- property, plant and equipment	1,508	54	1,508	54
- receivables	208	2,191	208	2,191
Inventories written off	(42)	(48)	(42)	(48)
Write back of inventories	71	-	71	-
Interest income	337	277	337	277
Interest expense	(1,130)	(1,014)	(1,130)	(1,014)
Foreign exchange gain/(loss), net				
- realised	(51)	(682)	(51)	(682)
- unrealised	(197)	297	(197)	297

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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	86,586	11,511	26,328	-	124,425
Inter-segment	3,646	8,751	-	(12,397)	-
Total revenue	90,232	20,262	26,328	(12,397)	124,425
Segment result	4,807	384			5,191
Finance costs					(1,130)
Taxation					(464)
Profit after taxation					3,597
Other information					
Segment assets	478,097	11,882			489,979
Current tax assets					86
Deferred tax assets					105
Consolidated total assets					490,170
Segment liabilities	166,278	1,805			168,083
Current tax liabilities	2,202	272			2,474
Deferred tax liabilities	21,224	74			21,298
Consolidated total liabilities					191,855

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.

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A12 Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

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 2017	30 April 2017
	RM'000	RM'000
Corporate guarantees in respect of banking facilities utilised by a subsidiary	2,850	3,050

The Company has provided corporate guarantees for banking facilities granted to four of its wholly-owned subsidiaries totaling RM14.1 million (30.4.2017: 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 (30.4.2017: RM2.0 million).

A14 Capital commitments

	Group	
	31 July 2017	30 April 2017
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	1,054	1,104
Authorised but not contracted for	22,042	27,003

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A15 Significant Related Party Transactions

The Group has a number of significant related party transactions with companies in which a Director is deemed to have an interest by virtue of his direct and indirect shareholdings. The significant related party transactions during the current quarter under review are as follows:

Transaction parties and transaction details	Quarter ended 31 July		Year-to-date ended 31 July	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Formosa Shyen Horng Metal Sdn Bhd - Purchase and tolling services of aluminium billets	23,596	22,171	23,596	22,171
HongLee Group (M) Sdn Bhd*				
- Sales of aluminium extrusions profile	-	754	-	754
- Purchase of accessories	-	15	-	15
Ritecorp Sdn Bhd - Rental of premises	15	15	15	15
	23,611	22,955	23,611	22,955

The related party transactions had been entered into in the ordinary course of business on normal commercial terms.

*HongLee Group (M) Sdn Bhd ceased to be related party on 2 February 2017.

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B Additional information required by the Bursa Securities' Listing Requirements

B1 Review of performance

	Quarter ended 31 July		Increase/(Decrease)	
	2017	2016		
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	86,586	83,432	3,154	3.8
- Singapore	11,511	11,569	(58)	(0.5)
- Other countries	26,328	14,688	11,640	79.2
Total Revenue	124,425	109,689	14,736	13.4
Profit From Operations	4,340	3,172	1,168	36.8
Other Operating Income	851	4,307	(3,456)	(80.2)
Finances Costs	(1,130)	(1,014)	(116)	11.4
Profit Before Taxation	4,061	6,465	(2,404)	(37.2)
Taxation	(464)	(1,348)	884	(65.6)
Profit After Taxation	3,597	5,117	(1,520)	(29.7)

The Group's revenue for the current quarter ended 31 July 2017 increased by 13.4% to RM124.43 million compared to RM109.69 million for the preceding year corresponding quarter mainly due to higher business volume as well as higher average selling prices. The revenue from export business increased significantly by 79.2% to RM26.33 million mainly contributed by better performances in Australia, Canada and the United States.

Profit from operations increased by 36.8% from RM3.17 million to RM4.34 million mainly due to the increase in revenue coupled with lower foreign exchange loss and decrease in loss on impairment of receivables.

Other operating income for the current quarter decreased by RM3.46 million from RM4.31 million to RM0.85 million mainly due to a lower fair value gain on of financial derivatives as well as a lower amount of reversal of impairment loss on receivables for the current quarter.

Consequently, the Group's profit before taxation and profit after taxation for the current quarter decreased by 37.2% and 29.7% respectively compared to the preceding year corresponding quarter in line with the above.

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B2 Variance of results against preceding quarter

	Current Quarter	Preceding Quarter	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	86,586	93,325	(6,739)	(7.2)
- Singapore	11,511	12,998	(1,487)	(11.4)
- Other countries	26,328	18,214	8,114	44.5
Total Revenue	124,425	124,537	(112)	(0.1)
Profit From Operations	4,340	6,027	(1,687)	(28.0)
Other Operating Income	851	835	16	1.9
Finances Costs	(1,130)	(1,023)	(107)	10.4
Profit Before Taxation	4,061	5,839	(1,778)	(30.4)
Taxation	(464)	(4,457)	3,993	(89.6)
Profit After Taxation	3,597	1,382	2,215	160.3

The Group's revenue for the current quarter ended 31 July 2017 remained relatively unchanged at RM124.43 million compared to the preceding quarter. The business volume of the current quarter was lower but the effect was offset by higher average selling prices.

However, profit from operations decreased by 28.0% from RM6.03 million to RM4.34 million mainly due to lower operating expenses in the preceding quarter.

Other operating income for the current quarter remained relatively unchanged at RM0.85 million compared to the preceding quarter.

Profit before taxation also decreased by 30.4% from RM5.84 million to RM4.06 million in line with the above.

However, profit after taxation was higher by 160.3% from RM1.38 million to RM3.60 million attributed to underprovision of deferred taxation in the previous quarter.

B3 Current year prospects

Global recovery continued its pace in the second quarter of 2017 with more synchronised growth across the advanced and emerging economies. Economic activities improved in most of the advanced economies, lead by the United States (“US”) and the Eurozone, on the back of healthy private consumption. Meanwhile, the emerging economies were supported by strong domestic demand in China as well as the economic recovery in Russia. Going forward, the global economy is expected to continue expanding for the remaining of the year notwithstanding the downside risks arising from political uncertainties in Europe and geopolitical tensions in Asia.

The Malaysian economy remained robust in the second quarter of 2017 with a stronger quarterly growth of 5.8% as compared to 5.6% in the previous quarter. The better performance was mainly attributed to domestic demand, driven by continued expansion in both private sector spending and public sector expenditure. Going forward, the Malaysian economy is expected to grow above 4.8% year-on-year in 2017 underpinned by domestic demand and export growth.

The Malaysian Ringgit has appreciated the most in the region during the quarter vis-a-vis the US Dollar which augurs well for us as our primary raw material, aluminium, is imported and priced in US Dollar. However, the effects of the strengthening Malaysian Ringgit were outweighed by the sudden surge in aluminium prices resulted from aluminium production cuts in China. In view of the volatility in aluminium prices, we will continue to closely monitor the movement in prices and fine-tune our pricing policy in order to ensure that our margins are reasonably protected as well as our selling prices remain competitive.

Barring unforeseen circumstances, the Board is optimistic that the Group will remain profitable in the remaining of the financial year.

B4 Profit forecast

Not applicable as no profit forecast was published.

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B5 Taxation

	Quarter ended 31 July		Year-to-date ended 31 July	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	859	1,093	859	1,093
Deferred tax expenses	(395)	255	(395)	255
	464	1,348	464	1,348

The Group's effective tax rate for the current quarter to date was lower than the statutory tax rate mainly due to the utilisation of reinvestment allowances arising from qualifying capital expenditures.

B6 Status of corporate proposals announced

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

B7 Borrowings and debt securities

	31 July 2017	30 April 2017
	RM'000	RM'000
Short term borrowings (unsecured)		
Bankers' acceptances	87,250	70,450
Revolving credit	10,000	10,000
Bank overdrafts	125	1,193
Term loans	5,000	5,000
	102,375	86,643
Long term borrowings (unsecured)		
Term loans	10,000	10,000
Total Borrowings	112,375	96,643

The total borrowings increased by RM15.73 million in the current quarter mainly due to higher working capital requirement.

All borrowings are denominated in Malaysian Ringgit.

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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.

B9 Dividend

The Directors do not recommend the payment of any interim dividend in respect of the current quarter under review.

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 and the directive of Bursa Malaysia Securities Berhad.

	31 July 2017	30 April 2017
	RM'000	RM'000
Total retained profits of the Group:		
- Realised	189,850	184,359
- Unrealised	(21,286)	(19,062)
	168,564	165,297
Less: Consolidation adjustments	(891)	(1,221)
Total Group retained earnings	167,673	164,076

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B 11 Earnings per share

	Quarter ended 31 July 2017	Year-to-date ended 31 July 2017
	RM'000	RM'000
Net profit for the period attributable to ordinary shareholders	3,597	3,597
<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)	1.45	1.45

There are no potential dilution effects on ordinary shares of the Company for the current quarter under review.

By Order of the Board

Yap Sit Lee
Company Secretary
Date: 29 September 2017