

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Financial Position
As at 31 July 2019

	As at 31 July 2019 RM'000	As at 30 April 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	197,381	194,759
Investment property	24,884	24,914
Investment in an associate	9,405	8,452
Other investments	1,071	1,103
Deferred tax assets	97	97
	<u>232,838</u>	<u>229,325</u>
Current assets		
Inventories	93,416	105,089
Trade receivables	107,867	106,190
Other receivables	53,329	34,707
Current tax assets	3,057	3,282
Short term fund	14,413	14,260
Deposits with licensed bank	5,000	2,000
Cash and bank balances	10,208	15,027
	<u>287,290</u>	<u>280,555</u>
TOTAL ASSETS	<u>520,128</u>	<u>509,880</u>
EQUITY AND LIABILITIES		
Equity attributable to ordinary shareholders		
Share capital	125,771	125,771
Reserves		
Exchange reserve	4,325	4,397
Retained earnings	167,821	163,235
Equity attributable to owners of the Company	<u>297,917</u>	<u>293,403</u>
Non-controlling interests	<u>500</u>	<u>502</u>
Total equity	<u>298,417</u>	<u>293,905</u>
Non-current liabilities		
Deferred tax liabilities	20,037	20,468
	<u>20,037</u>	<u>20,468</u>
Current liabilities		
Trade payables	22,866	33,068
Other payables	25,871	26,917
Bank borrowings (unsecured)	152,408	135,190
Current tax liabilities	529	332
	<u>201,674</u>	<u>195,507</u>
TOTAL LIABILITIES	<u>221,711</u>	<u>215,975</u>
TOTAL EQUITY AND LIABILITIES	<u>520,128</u>	<u>509,880</u>
	RM	RM
Net assets per share	<u>1.20</u>	<u>1.18</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income
For the financial period ended 31 July 2019

	Current quarter ended		Cumulative period ended	
	31 July 2019 RM'000	31 July 2018 RM'000	31 July 2019 RM'000	31 July 2018 RM'000
Revenue	126,810	135,654	126,810	135,654
Operating expenses	(120,377)	(131,762)	(120,377)	(131,762)
Profit from operations	6,433	3,892	6,433	3,892
Net other operating income/(expense)	(37)	692	(37)	692
Profit before interest and tax	6,396	4,584	6,396	4,584
Finance costs	(1,670)	(1,356)	(1,670)	(1,356)
Share of results of an associate	953	-	953	-
Profit before taxation	5,679	3,228	5,679	3,228
Taxation	(1,095)	(558)	(1,095)	(558)
Net profit for the period	4,584	2,670	4,584	2,670
Other comprehensive income				
- Foreign currency translations	(72)	84	(72)	84
Total comprehensive income for the period, net of tax	4,512	2,754	4,512	2,754
Net profit for the period attributable to:				
- Owners of the Company	4,586	2,670	4,586	2,670
- Non-controlling interests	(2)	-	(2)	-
Net profit for the period	4,584	2,670	4,584	2,670
Total comprehensive income attributable to:				
- Owners of the Company	4,514	2,754	4,514	2,754
- Non-controlling interests	(2)	-	(2)	-
Total comprehensive income for the period	4,512	2,754	4,512	2,754
Basic earnings per share attributable to owners of the Company (sen)				
- Basic / Diluted	1.85	1.07	1.85	1.07

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 July 2019

	Share capital RM'000	Exchange reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controllig interests RM'000	Total equity RM'000
At 1 May 2018	125,771	4,189	163,072	293,032	-	293,032
Total comprehensive income for the period	-	84	2,670	2,754	-	2,754
Balance as at 31 July 2018	<u>125,771</u>	<u>4,273</u>	<u>165,742</u>	<u>295,786</u>	<u>-</u>	<u>295,786</u>
Balance as at 1 May 2019	125,771	4,397	163,235	293,403	502	293,905
Total comprehensive income for the period	-	(72)	4,586	4,514	(2)	4,512
Balance as at 31 July 2019	<u>125,771</u>	<u>4,325</u>	<u>167,821</u>	<u>297,917</u>	<u>500</u>	<u>298,417</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2019

	Period ended 31 July 2019 RM'000	Period ended 31 July 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,679	3,228
Adjustments for		
Depreciation of property, plant and equipment	3,063	4,720
Depreciation of investment property	30	-
Fair value adjustments on:		
- Derivatives	-	66
- Other investment	32	8
Property, plant and equipment written off	2	612
Impairment losses on receivables, net	523	200
Inventories written off	11	64
Reversal of inventories written down	(29)	(13)
Interest income	(123)	(291)
Interest expense	1,670	1,356
Unrealised loss/(gain) on foreign exchange	179	(267)
Share of results of an associate, net of tax	(953)	-
	<hr/>	<hr/>
Operating profit before working capital changes	10,084	9,683
Changes in inventories	11,689	9,146
Changes in receivables	(21,011)	(2,397)
Changes in payables	(11,177)	(15,024)
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Cash (used in)/generated from operations	(10,415)	1,408
Tax refunded	14	-
Tax paid	(1,118)	(1,020)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(11,519)	388
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(5,699)	(3,590)
Withdrawal of deposits placed with licensed banks	-	1,010
Placement of short term fund	(153)	-
Interest received	123	291
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Net cash used in investing activities	(5,729)	(2,289)

LB ALUMINIUM BERHAD (138535-V)
Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2019

	Period ended 31 July 2019 RM'000	Period ended 31 July 2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of:		
- Bankers' acceptances, net	(2,980)	13,013
- Revolving credit	20,000	-
Interest paid	(1,670)	(1,356)
	<hr/>	<hr/>
Net cash generated from financing activities	15,350	11,657
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,898)	9,756
Effect of exchange rate changes on cash and cash equivalents	(119)	117
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	17,027	22,616
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CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	15,010	32,489
	<hr/> <hr/>	<hr/> <hr/>
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Deposits with licensed bank	5,000	34,370
Cash and bank balances	10,208	11,674
Bank overdrafts	(198)	(55)
	<hr/>	<hr/>
	15,010	45,989
Less: Deposits with maturity periods of more than three months	-	(13,500)
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	15,010	32,489
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(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019)

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 financial year ended 30 April 2019. 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 financial year ended 30 April 2019.

A2 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 April 2019 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 2019

MFRS 16: Leases

IC Interpretation 23: Uncertainty over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 – 2017 Cycle

Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 – 2017 Cycle

Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 – 2017 Cycle

Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 – 2017 Cycle

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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 2020

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 101: Definition of Material
Amendments to MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

(ii) Effective for the financial periods beginning on or after 1 January 2021

MFRS 17: Insurance Contracts

(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

The Group will adopt the above MFRSs (including the consequential amendments) when they become effective in the respective financial periods. The adoptions of these new accounting standards are not expected to have any material effect to the financial statements of the Group upon the initial application.

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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 2019.

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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Notes To The Financial Statements
For the financial period ended 31 July 2019

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

	Current quarter ended		Cumulative period ended	
	31 July		31 July	
	2019	2018	2019	2018
Income/(expense):	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	(3,063)	(4,720)	(3,063)	(4,720)
Depreciation of investment property	(30)	-	(30)	-
Fair value adjustments on:				
- derivatives	-	(66)	-	(66)
- other investment	(32)	(8)	(32)	(8)
Property, plant and equipment written off	(2)	(612)	(2)	(612)
Impairment losses on receivables, net	(523)	(200)	(523)	(200)
Inventories written off	(11)	(64)	(11)	(64)
Reversal of inventories written down	29	13	29	13
Interest income	123	291	123	291
Interest expense	(1,670)	(1,356)	(1,670)	(1,356)
Foreign exchange gain/(loss), net				
- realised	102	336	102	336
- unrealised	(179)	267	(179)	267

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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. The Group's newly acquired property development business is not significant to be separately reported.

ii. Geographical segments

The Group's geographical segments are based on the location of the businesses, i.e. Malaysia and Singapore.

	Malaysia	Singapore	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External customers:				
- Local	78,947	-	-	78,947
- Export	36,422	11,441	-	47,863
Inter-segment	12,112	-	(12,112)	-
Total revenue	127,481	11,441	(12,112)	126,810
Segment result	5,637	759		6,396
Finance costs				(1,670)
Share of results of an associate, net of tax				953
Taxation				(1,095)
Profit after taxation				4,584
Other information				
Segment assets	496,911	10,658		507,569
Investment in an associate				9,405
Current tax assets				3,057
Deferred tax assets				97
Consolidated total assets				520,128
Segment liabilities	200,525	620		201,145
Current tax liabilities				529
Deferred tax liabilities				20,037
Consolidated total liabilities				221,711

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

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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.

A12 Changes in composition of the Group

- (a) The Company has on 16 May 2019 acquired 1 ordinary share, representing 100% equity interest in Greentech Paramount Sdn Bhd (“GPSB”) for a cash consideration of RM1.00. Following the completion of the acquisition on 16 May 2019, GPSB became a wholly owned subsidiary of the Company.
- (b) GPSB has on 16 May 2019 subscribed for 2,005,000 new ordinary shares representing 50.06% of equity interest in Pembinaan Serta Hebat Sdn Bhd (“PSH”) for a cash consideration of RM2,005,000 only. Following the completion of the subscription on 16 May 2019, PSH became a 50.06%-owned subsidiary of GPSB.

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.

	Company	
	31 July 2019	30 April 2019
	RM'000	RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries - unsecured		
-Limit of guarantee	14,100	14,100
-Amount utilized	4,710	3,520
Corporate guarantees given to third parties for suppliers of goods and services to a subsidiary - unsecured		
-Limit of guarantee	2,000	2,000
-Amount utilized	-	81

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A14 Capital commitments

	Group	
	31 July 2019	30 April 2019
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	8,171	12,835
Authorised but not contracted for	17,821	11,652

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	Current quarter ended 30 July		Cumulative period ended 30 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Formosa Shyen Horng Metal Sdn Bhd				
- Purchase and tolling services of aluminium billets	19,702	30,128	19,702	30,128
- Sales of aluminium extrusions billets	1,660	-	1,660	-
Ritecorp Sdn Bhd				
- Rental of premises	15	15	15	15
	21,377	30,143	21,377	30,143

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

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B Additional information required by the Bursa Securities' Listing Requirements

B1 Review of performance

	Current quarter ended 31 July		+ / (-)	Cumulative period ended 31 July		+ / (-)
	2019	2018		2019	2018	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Malaysia	78,947	86,152	(8.4)	78,947	86,152	(8.4)
- Overseas	47,863	49,502	(3.3)	47,863	49,502	(3.3)
Total Revenue	126,810	135,654	(6.5)	126,810	135,654	(6.5)
Profit From Operations	6,433	3,892	65.3	6,433	3,892	65.3
Net Other Operating Income/(Expenses)	(37)	692	N/A	(37)	692	N/A
Finance Costs	(1,670)	(1,356)	23.2	(1,670)	(1,356)	23.2
Share of Results of an Associate	953	-	N/A	953	-	N/A
Profit Before Taxation	5,679	3,228	75.9	5,679	3,228	75.9
Taxation	(1,095)	(558)	96.2	(1,095)	(558)	96.2
Profit After Taxation	4,584	2,670	71.7	4,584	2,670	71.7

The Group's revenue for the current quarter ended 31 July 2019 decreased by 6.5% to RM126.81 million from RM135.65 million in the preceding year corresponding quarter, due to lower sales volume and average selling prices.

Despite lower revenue, the Group's profit from operations increased by 65.3% from RM3.89 million to RM6.43 million due mainly to better margins as a result of lower raw material costs.

The Group recorded net other operating expenses of RM37,000 as compared to net other operating income of RM692,000 in the preceding year corresponding quarter. The variance was due mainly to lower foreign exchange gain as well as higher impairment loss on receivables in the current quarter under review.

Coupled with the share of results of an associate, the Group's profit before taxation and profit after taxation for the current quarter improved substantially compared to the preceding year corresponding quarter.

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Notes To The Financial Statements
For the financial period ended 31 July 2019

B2 Variance of results against preceding quarter

	Current quarter	Preceding quarter	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	78,947	79,491	(544)	(0.7)
- Overseas	47,863	33,543	14,320	42.7
Total Revenue	126,810	113,034	13,776	12.2
Profit From Operations	6,433	2,839	3,594	126.6
Net Other Operating Income/(Expenses)	(37)	235	(272)	N/A
Finance Costs	(1,670)	(1,559)	(111)	7.1
Share of Results of an Associate	953	1,801	(848)	(47.1)
Profit Before Taxation	5,679	3,316	2,363	71.3
Taxation	(1,095)	(644)	(451)	70.0
Profit After Taxation	4,584	2,672	1,912	71.6

The Group recorded revenue of RM126.81 million in the current quarter, higher by 12.2% or RM13.78 million compared to RM113.03 million for the preceding quarter. The increase in revenue was due mainly to higher sales volume.

Profit from operations increased by 126.6% or RM3.59 million from RM2.84 million to RM6.43 million in line with the increase in revenue.

The Group recorded net other operating expenses of RM37,000 as compared to net other operating income of RM235,000 in the preceding quarter. The variance was due mainly to higher impairment loss on receivables in the current quarter under review.

Meanwhile, share of results from an associate decreased from RM1.80 million to RM0.95 million.

The Group's profit before taxation and profit after taxation for the current quarter increased by 71.3% and 71.6% respectively as compared to the preceding quarter.

B3 Current year prospects

The world economy continued to grow in the second quarter of 2019 albeit at a more moderate pace compared to the first quarter of the year. The slower pace in economic expansion has also affected some Asian countries including China, Philippines, Indonesia and Singapore. Going forward, the global economy is expected to continue its moderate expansion subject to downside risks arising from the potential escalation of US-China trade tensions, Brexit uncertainties as well as geopolitical unease.

On the home front, the Malaysian economy registered a stronger growth of 4.9% in the second quarter of 2019 supported by higher private consumption and investment. Looking forward, the Malaysian economy is expected to expand at a stable pace with private sector activities continuing as the key growth driver.

The Group has benefited from the stable aluminium prices which has resulted in higher margins for the Group. At the same time, the weaker Ringgit Malaysia has also helped the Group in generating higher export proceeds. Meanwhile, we are continuously looking into our processes to improve efficiency and further reduce operational costs to ensure our margins are reasonably protected.

The Group's property development business has contributed positively to the Group's profit since the commencement of its development project and is expected to continue its performance in the coming quarter.

Barring unforeseen circumstances, the Board is optimistic that the Group will remain profitable for the forthcoming quarter.

B4 Profit forecast

Not applicable as no profit forecast was published.

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B5 Taxation

	Current quarter ended 31 July		Cumulative period ended 31 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	1,527	1,422	1,527	1,422
Deferred tax expenses	(432)	(864)	(432)	(864)
	1,095	558	1,095	558

The Group's effective tax rate for the quarter under review was lower than the statutory tax rate due mainly to lower tax rate applied to the Company's Singapore subsidiary. The Singapore subsidiary was taxable at the rate of 17%.

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 2019	30 April 2019
	RM'000	RM'000
Short term borrowings (unsecured)		
Bankers' acceptances	107,210	110,190
Revolving credit	40,000	20,000
Bank overdrafts	198	-
Term loans	5,000	5,000
Total Borrowings	152,408	135,190

All borrowings are denominated in Malaysian Ringgit.

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.

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B9 Dividend

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

B 10 Earnings per share

	Current quarter	Cumulative period
Net profit for the period attributable to ordinary shareholders (RM'000)	4,586	4,586
<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)	1.85	1.85

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: 30 September 2019