



**ALCOM GROUP BERHAD (1261259-V)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2018**

*The financial information of this report is in relation to Aluminium Company of Malaysia Berhad ("Alcom" or "the Company") for the quarter and year-to-date ended 30 June 2018. Alcom became a wholly-owned subsidiary of Alcom Group Berhad on 15 August 2018 pursuant to the Internal Reorganisation as described in Note B7 of this report.*

ALCOM GROUP BERHAD (1261259-V)  
 Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2018  
 (Unaudited)

	Quarter ended 30 June 2018 RM'000	Quarter ended 30 June 2017 RM'000	6 months ended 30 June 2018 RM'000	6 months ended 30 June 2017 RM'000
Revenue	100,852	N/A	201,892	N/A
Expenses excluding tax	(99,227)	N/A	(199,630)	N/A
Other operating income	115	N/A	202	N/A
Profit before tax	1,740	N/A	2,464	N/A
Taxation	(1,384)	N/A	(1,920)	N/A
Net profit for the period	356	N/A	544	N/A
Other comprehensive income :				
<u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial gains on gratuity scheme	-	N/A	-	N/A
Taxation relating to component of other comprehensive income	-	N/A	-	N/A
Other comprehensive income for the period, net of tax	-	N/A	-	N/A
Total comprehensive profit for the period	356	N/A	544	N/A
Attributable to:				
- Shareholders of the Company	356	N/A	544	N/A
	356	N/A	544	N/A
Basic earnings per ordinary share (sen)	0.27	N/A	0.41	N/A
Diluted earnings per ordinary share (sen)	0.27	N/A	0.41	N/A

\*\* In the previous financial period, Alcom's Group of Companies ("Alcom Group" or "the Group") changed its financial year end from 31 March to 31 December. As a result, there are no comparative figures presented for the current quarter and year-to-date ended 30 June 2018.

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Alcom Group for the 9-month period ended 31 December 2017)

ALCOM GROUP BERHAD (1261259-V)  
Condensed Consolidated Statement of Financial Position as at 30 June 2018 (Unaudited)

	UNAUDITED As At 30 June 2018 RM'000	AUDITED As At 31 December 2017 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	63,762	63,684
Intangible assets	1,480	2,159
	<u>65,242</u>	<u>65,843</u>
<b>CURRENT ASSETS</b>		
Inventories	65,714	67,874
Trade receivables	50,978	45,000
Other receivables and prepayments	17,295	16,871
Derivative financial instruments	-	816
Deposits, cash and bank balances	30,087	45,885
Property development expenditure	3,850	-
	<u>167,924</u>	<u>176,446</u>
<b>TOTAL ASSETS</b>	<u>233,166</u>	<u>242,289</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	100,123	100,123
Other reserves	(1,091)	(1,091)
Revenue reserve	19,782	19,238
Total Equity	<u>118,814</u>	<u>118,270</u>
<b>LIABILITIES</b>		
Provision for gratuity scheme	4,668	4,436
Deferred taxation	4,028	3,912
Borrowings	69,904	69,432
	<u>78,600</u>	<u>77,780</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	21,382	27,131
Other payables and accruals	11,712	15,814
Provision for taxation	998	2,296
Derivative financial instruments	740	-
Loans and borrowings	920	998
	<u>35,752</u>	<u>46,239</u>
<b>TOTAL LIABILITIES</b>	<u>114,352</u>	<u>124,019</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>233,166</u>	<u>242,289</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of Alcom Group for the 9-month period ended 31 December 2017)

ALCOM GROUP BERHAD (1261259-V)  
 Condensed Consolidated Statement of Changes In Equity for the quarter ended 30 June 2018  
 (Unaudited)

	Share capital RM'000	<u>Non- distributable</u> Other reserves RM'000	<u>Distributable</u> Revenue reserve RM'000	Total RM'000
Balance as at 1 January 2018	100,123	(1,091)	19,238	118,270
<u>Total comprehensive income:</u>				
Profit for the period	-	-	544	544
Actuarial gains on gratuity scheme, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	544	544
Balance as at 30 June 2018	100,123	(1,091)	19,782	118,814
Balance as at 1 January 2017	N/A	N/A	N/A	N/A
<u>Total comprehensive income:</u>				
Profit for the period	N/A	N/A	N/A	N/A
Actuarial gains on gratuity scheme, net of tax	N/A	N/A	N/A	N/A
Total comprehensive income for the period	N/A	N/A	N/A	N/A
Balance as at 30 June 2017	N/A	N/A	N/A	N/A

\*\* In the previous financial period, Alcom Group changed its financial year end from 31 March to 31 December. As a result, there are no comparative figures presented for the current quarter.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of Alcom Group for the 9-month period ended 31 December 2017)

ALCOM GROUP BERHAD (1261259-V)  
Condensed Consolidated Statement of Cash Flows for the quarter ended 30 June 2018  
(Unaudited)

6 months ended 30 June	6 months ended 30 June
2018	2017
RM'000	RM'000

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before tax	2,464	N/A
Adjustment for:-		
Net fair value loss on currency forwards	1,556	N/A
Property, plant and equipment		N/A
- depreciation	3,851	N/A
- gain on disposal	(35)	N/A
- Property, plant and equipment written off	8	N/A
Intangible assets		N/A
- amortisation	233	N/A
Provision for gratuity scheme	231	N/A
Allowance for inventory writedown	375	N/A
Unrealised foreign exchange gain	(1,244)	N/A
Interest Income	(133)	N/A
Interest Expense	1,984	N/A
	<u>9,290</u>	<u>N/A</u>

Changes in Working Capital:-

Inventories	1,784	N/A
Receivables	(4,745)	N/A
Payables	(9,936)	N/A
Property development cost	(3,850)	N/A
Cash used in operations	<u>(7,457)</u>	<u>N/A</u>
Tax paid	(3,099)	N/A
Gratuity paid	(486)	N/A
Net cash used in operating activities	<u>(11,042)</u>	<u>N/A</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Property, plant and equipment		
- purchases	(3,501)	N/A
- proceeds from disposal	44	N/A
Interest income received	133	N/A
Net cash used in investing activities	<u>(3,324)</u>	<u>N/A</u>

**CASH FLOWS FROM FINANCING ACTIVITY**

Drawdown of borrowings	393	N/A
Interest paid	(1,647)	N/A
Net cash used in financing activities	<u>(1,254)</u>	<u>N/A</u>

**NET MOVEMENT IN CASH AND CASH EQUIVALENTS**

Foreign exchange differences	(178)	N/A
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	45,883	N/A
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>30,085</u>	<u>N/A</u>

\*\* In the previous financial period, Alcom Group changed its financial year end from 31 March to 31 December. As a result, there are no comparative figures presented for the current quarter.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of Alcom Group for the 9-month period ended 31 December 2017)

## ALCOM GROUP BERHAD (“AGB”) (Co. No. 1261259-V)

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A1. Basis of preparation

- (a) 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 (“Bursa Securities”).

The interim financial statements should be read in conjunction with Alcom Group's financial statements for the 9-month period ended 31 December 2017. 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 period ended 31 December 2017.

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 Alcom Group for the financial period ended 31 December 2017 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The application of the standards and amendments to the standards do not have a material impact to the financial statements of Alcom Group except as follow:

#### (i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to customer, moving from the transfer of risks and rewards.

Alcom Group has concluded that the initial application of MFRS 15 does not have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

**A1. Basis of preparation (continued)**

**(ii) MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

On the date of initial application, MFRS 9 did not affect the classification and measurement of financial assets and financial liabilities.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investments in equity instruments. With the assessment, there is no adjustment on the allowance for impairment on financial assets.

Alcom Group concluded that there is no material impact upon the initial application to the financial statements of current period and prior period.

**(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 year:

**(i) Financial year beginning on/after 1 January 2019**

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement

**(ii) Financial year beginning on/after 1 January 2020**

- Amendments to References to the Conceptual Framework in MFRS Standards
  - a) Amendment to MFRS 3, Business Combinations
  - b) Amendments to MFRS 101, Presentation of Financial Statements
  - c) Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
  - d) Amendments to MFRS 134, Interim Financial Reporting
  - e) Amendment to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
  - f) Amendment to MFRS 138, Intangible Assets
  - g) Amendment to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

## ALCOM GROUP BERHAD (“AGB”) (Co. No. 1261259-V)

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

### A1. Basis of preparation (continued)

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

##### (ii) Financial year beginning on/after 1 January 2020 (continued)

- Amendments to References to the Conceptual Framework in MFRS Standards (continued)
  - h) Amendment to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
  - i) Amendments to IC Interpretation 132, Intangible Assets—Web Site Costs

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

##### (i) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

### A2. Audit Report of the preceding annual Financial Statements

The audit report of Alcom Group’s preceding annual Financial Statements was not subject to any qualification.

### A3. Comments about Seasonal or Cyclical Factors

One of the products’ category that Alcom Group manufactures and sells is finstock (both bare fin and coated fin). These products are supplied to air conditioning manufacturers, in which the sector demand is subject to seasonal fluctuations.

### 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 Alcom Group.



## ALCOM GROUP BERHAD ("AGB") (Co. No. 1261259-V)

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

### 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

On 9 July 2018 and 10 July 2018, Alcom resold a total of 1,000,000 treasury shares in the open market. The average resale price of the treasury shares was RM0.71 per share. With the disposal, there is no outstanding balance of treasury shares in Alcom.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

### A7. Dividends paid

No dividend has been paid during the quarter under review.

### A8. Segmental information

Alcom Group which operates in Malaysia was involved in 2 segments, principally:-

- 1) manufacturing of aluminium products
- 2) property holding, development and construction

The following revenues for the manufacturing segment and are based on the regions in which the customers are located :-

	Revenue	
	Quarter Ended 30 June 2018 RM'000	Year-To-Date 30 June 2018 RM'000
Malaysia	21,921	49,214
Thailand	24,746	50,186
India	24,924	49,190
Asia (excluding Malaysia, Thailand and India)	4,781	8,114
Europe	15,131	24,940
Middle East	7,802	17,821
Others	1,547	2,427
Total	<u>100,852</u>	<u>201,892</u>

Included in the revenue line of the Malaysia location above is sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas which amounted to RM1.4 million for the current quarter and RM6.7 million for year-to-date ended 30 June 2018.

There were no revenues for the property segment as it was still in its developmental phase.

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 Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

**A9. Valuation of Property, Plant and Equipment**

There were no changes in the valuation of property, plant and equipment for the current quarter under review.

**A10. Capital Commitments**

Authorised capital expenditure for property, plant and equipment not provided for in the financial statements were as follows:

	Alcom Group 30 June 2018 RM'000
- Contracted	98,205
- Not Contracted	13,036
Total Capital Commitment	111,241

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

Except for those disclosed 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**

The changes in composition of the Group is described in the Status of Corporate Proposals in Note B7 of this report.

**A13. Changes in contingent liabilities or contingent assets**

The contingent liabilities as at 30 June 2018 are as follows:

	Alcom Group	
	Quarter ended 30 June 2018	Year-to-date 30 June 2018
	RM'000	RM'000
<u>Unsecured contingent liabilities</u>		
Corporate guarantee provided to secure banking facility granted to wholly-owned subsidiaries	208,000	208,328



**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE  
 LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Alcom Group’s Performance**

	Individual Quarter (2 <sup>nd</sup> Quarter)		Change %*	Cumulative Quarters		Change %*
	Current Year Quarter	Preceding Year Corresponding Quarter*		Current Year-To-Date	Preceding Year Corresponding Period*	
	30 June 2018	30 June 2017		30 June 2018	30 June 2017	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	100,852	N/A	N/A	201,892	N/A	N/A
Profit Before Interest and Tax	2,738	N/A	N/A	4,448	N/A	N/A
Profit Before Tax	1,740	N/A	N/A	2,464	N/A	N/A

*\*Due to the change in financial year end from 31 March to 31 December, there is no commentary on the comparative figures to be included in the financial review as no comparative figures are available.*

**Financial review of second quarter ended 30 June 2018 (“Q2 FY2018”)**

The Group continued to maintain its momentum in Q2 FY2018, registering a revenue of RM100.85 million from its manufacturing segment with a 78% constituting of export sales which was mainly denominated in the US dollar (“USD”) currency. The sustained revenue was largely attributable to the strategy of maintaining selling prices despite the stiff competitive landscape, aided by its strong brand presence. The coated fin product category was the largest contributor, accounting for 56% of the total shipment volume with the other product categories accounted for the remaining 44%.

This revenue was achieved despite the *base metal costs* component dropping during the quarter under review by approximately 2%. Base metal costs comprise of aluminium prices quoted on the London Metal Exchange and transport premiums.

No revenue was recorded for the property segment as it was still in the developmental phase of its project.

The Group registered a profit before tax of RM 1.74 million for Q2 FY2018. This was primarily the result of a healthy contribution which was driven largely by high productivity. This was evident from a lower than average usage of external rerolls to supplement in-house production capacity. However, this was partially offset by an adverse metal price lag\*. In addition, the profit before tax was net of the property segment expenses totaling RM1.85 million which was mainly related to stamp duty for a loan agreement and other pre-development expenses.

*\*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.*

## ALCOM GROUP BERHAD ("AGB") (Co. No. 1261259-V)

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

### B1. Review of Alcom Group's Performance (continued)

#### Financial review of Year-To-Date ended 30 June 2018 ("YTD FY2018")

The Group recorded a revenue of RM201.89 million in YTD FY2018, achieving a commendable shipment performance with export sales representing approximately 76% of the total revenue which was mainly denominated in USD currency. This revenue was earned in its entirety from the manufacturing segment as the property segment was still in its developmental phase.

For the first half of the financial year, the Group continued with its strategy of maintaining selling prices focusing on the coated fin product category as it was the largest contributor; accounting for 56% of the total shipment volume with the other product categories representing the remaining 44%.

This revenue was achieved despite the *base metal costs* component sliding marginally in the first half of the financial year by approximately 3%. Base metal costs comprise of aluminium prices quoted on the London Metal Exchange and transport premiums.

No revenue was recorded for the property segment as it was still in the developmental phase of its project.

For YTD FY2018, the Group registered a profit before tax of RM 2.46 million which was net of the property segment expenses totaling RM2.63 million. Property segment expenses were incurred mainly for stamp duty for a loan agreement and other pre-development expenses. As for the manufacturing segment, it was impacted mainly by an adverse metal price lag\*.

### B2. Financial review of the second quarter ended 30 June 2018 ("Q2 FY2018") compared with the immediate preceding quarter ended 31 March 2018 ("Q1 FY2018")

	Current Year Quarter 30 June 2018	Immediate Preceding Quarter 31 March 2018	Change (%)
	RM' 000	RM' 000	
Revenue	100,852	101,040	-0.2
Profit Before Interest and Tax	2,738	1,710	60
Profit Before Tax	1,740	724	140

The Group's revenue declined by RM0.19 million in Q2 FY2018 as compared to Q1 FY2018 resulting from a marginal 1.3% reduction in shipment volume with a 6% increase for exports. The strengthening of the ringgit vis-à-vis the USD currency by approximately 0.8% marginally impacted the revenue from the increased export shipments.

No revenues were recorded in both Q1 FY 2018 and Q2 FY 2018 for the property segment as it was still in the developmental phase of its project.

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

**B2. Financial review of the second quarter ended 30 June 2018 (“Q2 FY2018”) compared with the immediate preceding quarter ended 31 March 2018 (“Q1 FY2018”) (continued)**

For Q2 FY2018, the Group recorded a profit before tax of RM1.74 million, representing a growth of RM1.02 million compared to its immediate preceding quarter's attainment of RM0.72 million. This increase was derived mainly from the manufacturing segment which registered an increase in profit before tax by RM2.09 million; offset partially by the higher expenses incurred in the property segment by RM1.08 million.

The manufacturing segment's profit increase in Q2 FY2018 was due largely to an improvement in the overall productivity of the plant operations as evidenced by lower requirement of external coils to supplement in house capacity. Additionally, there was a lower metal price lag impact in Q2 FY2018. These were marginally offset by higher repairs & maintenance costs and increased provisions for customer complaints.

The property segment incurred expenses totaling RM1.85 million in Q2 FY2018 compared to RM0.77 million in Q1 FY2018. The main increase in Q2 FY2018 was costs relating to stamp duty for a loan agreement.

**B3. Commentary on Prospects**

The global economy has been fairly resilient despite the escalating trade tensions between the United States (“US”) and its trading partners. However, protectionism, a volatile US dollar and increasing risks of a hard Brexit are factors of concern on the global economy which may impact the Group as it continues to increase its presence in selective export markets. Against this backdrop of challenging uncertainty, the Group is expected to remain committed in improving discipline and operational focus in its operations, making it leaner, more efficient and effective so that costs are kept within manageable limits to remain competitive.

**B4. Variance of actual profit from forecast profit**

Not applicable.

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 Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

**B5. Profit for the Period**

Profit for the period is arrived at after charging/(crediting):

	Quarter ended 30 June 2018 RM'000	Year-To-Date 30 June 2018 RM'000
Interest income	(89)	(133)
Interest expense	998	1,984
Depreciation and amortization	2,019	4,084
Allowance for inventory writedown	213	375
Foreign exchange (gain)/loss		
- Realised	(560)	(449)
- Unrealised	(994)	(1,244)
Net fair value loss on derivatives	1,483	1,556
Gain on disposal of property, plant and equipment	(17)	(35)
Property, plant and equipment written off	8	8

**B6. Taxation**

	Quarter ended		Year-To-Date	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
<b>Current Tax</b>				
- current year	(1,343)	N/A	(1,804)	N/A
<b>Deferred Taxation</b>				
- Origination and reversal of temporary differences	(41)	N/A	(116)	N/A
	(1,384)	N/A	(1,920)	N/A

The effective tax rate of Alcom Group for the period was higher than the statutory tax rate due to non-deductibility of certain expenses.

## ALCOM GROUP BERHAD (“AGB”) (Co. No. 1261259-V)

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

### B7. Status of Corporate Proposals

On 2 January 2018, Alcom had announced the following proposals:

- (i) proposed acquisition by EM Hub Sdn. Bhd., a wholly-owned indirect subsidiary of Alcom, of a parcel of vacant leasehold industrial land held under the land titles HSD 242971 PT10568 and HSD 242972 PT10570, both in Pekan Baru Sungai Buloh, District of Petaling, State of Selangor from Seleksi Megah Sdn. Bhd., a wholly-owned subsidiary of Paramount Corporation Berhad, at a total cash consideration of RM92,129,400 (“Acquisition”);
- (ii) proposed diversification of the principal activities of Alcom and its subsidiaries to include property development activities (“Diversification”); and
- (iii) proposed internal reorganisation by way of a members’ scheme of arrangement under Section 366 of the Companies Act 2016 (“Act”) comprising the following:
  - (a) proposed share exchange of up to 134,330,848 ordinary shares in Alcom (“Alcom Share(s)”), representing the entire issued share capital of the Company with up to 134,330,848 new ordinary shares in AGB (“AGB Share(s)”) on the basis of 1 AGB Share for every 1 existing Alcom Share held on an entitlement date to be determined (“Share Exchange”); and
  - (b) proposed assumption of the listing status of Alcom by AGB, the admission of AGB to, and withdrawal of Alcom from the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) with the listing of and quotation for all the AGB Shares on the Main Market of Bursa Securities (“Transfer of Listing Status”).

The Share Exchange and Transfer of Listing Status are collectively referred to as the “Internal Reorganisation”.

((i), (ii) and (iii) are collectively referred to as the “Proposals”)

The Proposals were approved by shareholders on 7 June 2018. The Diversification was completed on 7 June 2018 and the Acquisition was completed on 5 July 2018.

The High Court of Malaya approved the scheme of arrangement in relation to the Internal Reorganisation pursuant to Section 366 of the Act on 28 June 2018 (“Court Order”).

The Internal Reorganisation took effect on 3 August 2018 following the lodgement of the office copy of the sealed Court Order with the Companies Commission of Malaysia.

The Share Exchange was completed on 15 August 2018 and the Transfer of Listing Status was completed on 16 August 2018 following the delisting of Alcom Shares and the listing of and quotation for AGB Shares on the Main Market of Bursa Securities. As a result thereof, the Internal Reorganisation was deemed completed on 16 August 2018.



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**B8. Group Borrowings**

Alcom Group's borrowings as at 30 June 2018 were as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
Term Loan	69,432	-	69,432
<u>Unsecured</u>			
Finance lease liabilities	472	114	586
Corporate credit card facility from a financial institution	-	806	806
	69,904	920	70,824

**B9. Derivative Financial Instruments**

As at 30 June 2018, total contract value and fair value of Alcom 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	10,272	10,282
- Receivable	54,681	55,431

**B10. Changes in Material Litigation**

Not applicable.

**B11. Dividend Payable**

No dividend in respect of the financial period under review has been declared.

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**B12. Earnings Per Share**

	Quarter ended 30 June 2018	Quarter ended 30 June 2017	Year-To-Date 30 June 2018	Year-To-Date 30 June 2017
Net Profit attributable to shareholders (RM'000)	356	N/A	544	N/A
Weighted average number of ordinary shares in issue (000)	133,331	N/A	133,331	N/A
Basic earnings per share (sen)	0.27	N/A	0.41	N/A

**B13. Authorization of Issue**

The interim financial statements were authorized for issue by the Board of Directors of AGB in accordance with a resolution of the Directors passed on 28 August 2018.

**BY ORDER OF THE BOARD**  
 28 August 2018