



**ALCOM GROUP BERHAD (201701047083(1261259-V))
(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 December 2019**

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Comprehensive Income for the 4th quarter and year-to-date ended 31 December 2019 (Unaudited)

	Quarter ended 31 December 2019	Quarter ended 31 December 2018	12 months ended 31 December 2019	12 months ended 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	100,279	100,761	372,653	385,703
Expenses excluding tax	(99,474)	(96,484)	(370,229)	(378,509)
Other operating income	559	258	1,237	778
Profit before tax	1,364	4,535	3,661	7,972
Taxation	(1,317)	(1,109)	(3,313)	(4,535)
Net (loss)/profit for the period	47	3,426	348	3,437
Other comprehensive income, net of tax : <u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial gains on gratuity scheme	(690)	-	(690)	-
Taxation relating to component of other comprehensive income	166	-	166	-
Other comprehensive income for the period, net of tax	(524)	-	(524)	-
Total comprehensive (loss) / income for the period	(477)	3,426	(176)	3,437
Attributable to: - Shareholders of the Company	(477)	3,426	(176)	3,437
	(477)	3,426	(176)	3,437
Basic earnings per ordinary share (sen)	0.03	2.55	0.26	2.56

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes to this interim financial statements.)

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Financial Position as at 31 December 2019 (Unaudited)

	UNAUDITED	AUDITED
	As At 31 December 2019	As At 31 December 2018
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	76,751	67,090
Intangible assets	1,147	1,248
Right-of-use assets	2,189	-
Goodwill	2,293	-
Deferred tax assets	812	810
Trade receivables	-	461
	<u>83,192</u>	<u>69,609</u>
CURRENT ASSETS		
Inventories	73,668	68,976
Trade receivables	23,343	41,150
Other receivables and prepayments	4,312	6,599
Amount due from related companies	21	-
Tax recoverable	1,774	335
Derivative financial instruments	334	447
Cash and bank balances	51,929	40,232
Property development costs	108,894	105,392
Contract assets	2,058	-
Contract costs	23,475	-
	<u>289,808</u>	<u>263,131</u>
TOTAL ASSETS	<u><u>373,000</u></u>	<u><u>332,740</u></u>
CAPITAL AND RESERVES		
Share capital	104,778	104,778
Retained earnings	17,385	17,643
Total Equity	<u>122,163</u>	<u>122,421</u>
NON-CURRENT LIABILITIES		
Provision for gratuity scheme	4,277	4,142
Deferred tax liabilities	3,049	3,488
Loans and borrowings	107,787	139,932
Lease liabilities	1,196	-
	<u>116,309</u>	<u>147,562</u>
CURRENT LIABILITIES		
Trade payables	41,325	39,019
Other payables and accruals	25,572	15,255
Provision for taxation	713	1,551
Derivative financial instruments	-	4
Loans and borrowings	43,265	6,928
Lease liabilities	1,069	-
Contract liabilities	22,584	-
	<u>134,528</u>	<u>62,757</u>
TOTAL LIABILITIES	<u>250,837</u>	<u>210,319</u>
TOTAL EQUITY AND LIABILITIES	<u><u>373,000</u></u>	<u><u>332,740</u></u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes to this interim financial statements.)

ALCOM GROUP BERHAD (201701047083 (1261259-V))
Condensed Consolidated Statement of Changes In Equity for the 4 quarters ended
31 December 2019 (Unaudited)

	<u>Non-distributable</u>		<u>Distributable</u>	Total RM'000
	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
Balance as at 1 January 2019 - as previously reported	104,778	-	17,643	122,421
Impact of change in accounting policy - MFRS16	-	-	(82)	(82)
Adjusted balances at 1 January 2019	104,778	-	17,561	122,339
<u>Total comprehensive income:</u>				
Profit for the year	-	-	348	348
Actuarial gains on gratuity scheme, net of tax	-	-	(524)	(524)
Total comprehensive loss for the year	-	-	(176)	(176)
Balance as at 31 December 2019	104,778	-	17,385	122,163
Balance as at 1 January 2018	100,123	(1,091)	19,238	118,270
<u>Total comprehensive income:</u>				
Profit for the year	-	-	3,437	3,437
Total comprehensive income for the year	-	-	3,437	3,437
<u>Transactions with owners:</u>				
Disposal of treasury shares	-	1,091	(377)	714
Internal reorganisation	4,655	-	(4,655)	-
Total transactions with owners for the year	4,655	1,091	(5,032)	714
Balance as at 31 December 2018	104,778	-	17,643	122,421

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes to this interim financial statements.)

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Cash Flows for the 4 quarters ended 31 December 2019

(Unaudited)

	12 months ended 31 December 2019	12 months ended 31 December 2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,661	7,972
Adjustment for:-		
Net fair value loss on currency forwards	109	373
Property, plant and equipment		
- depreciation	8,662	7,793
- gain on disposal	(33)	(135)
- written off	18	8
- reversal of impairment loss	(7)	-
Intangible assets		
- amortisation	893	473
Right-of-use assets		
- depreciation	1,091	-
Provision for gratuity scheme	(389)	456
Allowance for inventory writedown	70	302
Unrealised foreign exchange gain	(11)	(232)
Interest income	(956)	(312)
Interest expense	6,099	3,537
Interest expense on lease liabilities	145	-
Bad debts written off	21	-
(Write back) / allowance for doubtful debts	(3)	156
	19,370	20,391
Changes in Working Capital:-		
Inventories	(4,762)	(1,404)
Receivables	20,081	14,219
Payables	13,368	11,555
Property development cost	(588)	(102,925)
Contract assets	(2,058)	-
Contract costs	(23,475)	-
Contract liabilities	22,584	-
Balances with related companies	(21)	-
Cash generated from / (used in) operations	44,499	(58,164)
Tax paid	(5,868)	(6,849)
Gratuity paid	(837)	(777)
Net cash generated from / (used in) operating activities	37,794	(65,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- purchases	(18,405)	(10,598)
- proceeds from disposal	98	144
Intangible assets		
- purchases	(3,095)	(35)
Interest income received	941	305
Net cash used in investing activities	(20,461)	(10,184)
CASH FLOWS FROM FINANCING ACTIVITY		
Changes in deposit pledged	(44)	(1,104)
Proceed from borrowings	4,191	75,814
Payment of lease liabilities	(1,230)	-
Proceed from disposal of treasury shares	-	714
Interest paid	(9,021)	(5,671)
Net cash (used in) / generated from financing activities	(6,104)	69,753
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	11,229	(6,221)
Foreign exchange differences	424	(534)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	39,128	45,883
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	50,781	39,128

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes to this interim financial statements.)

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 (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group's financial statements for financial year ended 31 December 2018. 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 December 2018.

A2. Accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2018 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- 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

The application of the standards and amendments to the standards above do not have a material impact to the financial statements of the Group and the Company except the following:-

(i) MFRS 16, Leases

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 applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings on 1 January 2019.

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A2. Accounting policies (continued)

The application of the standards and amendments to the standards above do not have a material impact to the financial statements of the Group and the Company except the following (continued):-

(i) MFRS 16, Leases (continued)

On 1 January 2019, the Group recognised lease liabilities approximately of RM2,177,000 with a corresponding additional right-of-use assets of RM2,095,000, recognising the difference in retained earnings.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issue Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group and the Company:-

(i) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020

- Amendment to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

(ii) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendment to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

A3. 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.

A4. Comments about Seasonal or Cyclical Factors

One of the products’ category that the 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.

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A5. Unusual items affecting assets, liabilities, equity, net income, or cash flow

During the quarter and financial year under review, there were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group.

A6. Material changes in estimates

There were no significant changes in estimates that have had a material effect on the results of the financial year under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter and financial year under review.

A8. Dividends paid

No dividend has been paid during the quarter and financial year under review.

A9. Segmental information

The Group which operates in Malaysia was involved in 4 segments, principally:-

- 1) Investment holding
- 2) Manufacturing of aluminium products
- 3) Property development
- 4) Construction works

Segment revenue and results for the financial year ended 31 December 2019 were as follows:-

	Manufacturing	Property Development	Construction	Investment Holding	Elimination	Group
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
REVENUE						
-External revenue	344,120	24,891	3,642	-	-	372,653
-Inter-segment revenue	-	-	-	-	-	-
Total revenue	<u>344,120</u>	<u>24,891</u>	<u>3,642</u>	<u>-</u>	<u>-</u>	<u>372,653</u>
RESULTS						
PBIT*	<u>9,536</u>	<u>670</u>	<u>181</u>	<u>1,623</u>	<u>(3,060)</u>	<u>8,949</u>

*Profit/(Loss) Before Interest and Tax

A10. Valuation of Property, Plant and Equipment

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

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A11. Capital Commitments

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

	Group 31 December 2019 RM'000
- Contracted	1,578
- Not Contracted	1,109
Total Capital Commitment	<u>2,687</u>

A12. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the financial year under review up to the date of this announcement that have not been disclosed in this quarterly financial statements.

A13. Changes in the composition of the Group

On 6 September 2019, the Company incorporated a wholly-owned subsidiary, known as AGB Builders Sdn Bhd (“AGB Builders”) with an issued share capital of RM1,000 comprising 1,000 ordinary shares. On 22 November 2019, AGB Builders increased its issued shares from 1,000 ordinary shares to 750,000 ordinary shares. The principal activity of AGB Builders is construction of buildings.

On 9 October 2019, a wholly-owned subsidiary of the Company, Aluminium Company of Malaysia Berhad (“ALCOM”) acquired 1 ordinary share representing the entire issued and paid-up share capital of Highspace Sdn Bhd (“HSB”) at a total consideration of RM3 million pursuant to the First Share Sale Agreement dated 20 August 2019 entered into between ALCOM and Dach&Wand Sdn Bhd. On 25 October 2019, HSB increased its issued shares from 1 ordinary share to 750,000 ordinary shares. HSB is engaged in the business of supply and installation of roof and cladding systems, and steel structure construction. The acquisition complements the business growth in the roofing product category of ALCOM. On 15 October 2019, HSB changed its name to Alcom Dach&Wand Sdn Bhd.

Other than the above, there were no changes in the composition of the Group at the date of this report.

A14. Changes in contingent liabilities or contingent assets

The contingent liabilities as at 31 December 2019 were as follows:

<u>Unsecured contingent liabilities</u>	Company 31 December 2019 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to a subsidiary	233,000

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A15. Related party disclosures

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

	Group	
	Quarter ended 31 December 2019	Year-to-date 31 December 2019
	RM'000	RM'000
Sales of Finished Goods	383	2,879

These transactions have been entered into in the normal course of business and at arm's length basis and on terms not more favorable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

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

B1. Review of Group Performance

	Individual Quarter (4 th Quarter)		Change %	Cumulative Quarters		Change %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Financial Year	Preceding Financial Year	
	31 December 2019	31 December 2018		31 December 2019	31 December 2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	100,279	100,761	-1	372,653	385,703	-3
Profit Before Interest and Tax	2,306	4,986	-54	8,949	11,197	-20
Profit Before Tax	1,364	4,535	-70	3,661	7,972	-54

Financial review of the fourth quarter ended 31 December 2019 (“Q4 FY2019”) compared with the corresponding quarter in Financial Year 2018 (“Q4 FY2018”)

The Group recorded a revenue of RM100.28 million in Q4 FY2019, out of which RM87.16 million was generated from the manufacturing segment and the remaining RM13.12 million was from the property development and construction segments. There was no revenue recorded for the investment holding segment.

The manufacturing segment’s revenue in Q4 FY2019 decreased by 14% as compared to the corresponding quarter in FY2018. This decline was largely attributable to a lower base metal cost and a change in the sales product mix. Base metal cost which is denominated in USD comprising of aluminium prices quoted on the London Metal Exchange and transport premiums, was 15% lower in Q4 FY2019 compared to Q4 FY2018. In addition, a change in product mix also impacted the revenue despite shipment volume being almost identical for both these quarters. The sales volume of Coated Fin product which has the highest selling price per metric ton was lower in Q4 FY2019 compared to Q4 FY2018, with a corresponding increase in sales volumes for other product categories.

The property development and construction segments registered revenues in Q4 FY2019 of RM9.47 million and RM3.65 million respectively. For the property development segment, this revenue was from its maiden EmHub project which began recognizing revenue from the second quarter of FY2019 whereas the construction segment began generating revenue in the fourth quarter of FY2019.

The Group registered a profit before tax of RM1.37 million in Q4 FY2019 as compared to Q4 FY2018’s profit before tax of RM4.54 million; the segmental breakdown were as follows:-

	Q4 FY2019	Q4 FY2018	Change %
Breakdown - Profit/(Loss) Before Tax	RM'000	RM'000	
Manufacturing Segment	2,226	7,032	-68
Property Development Segment	(229)	(2,063)	+89
Construction Segment	(248)	N/A	N/A
Investment Holding Segment	(385)	(434)	+11
Group Total	1,364	4,535	-70

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B1. Review of Group Performance (continued)

Financial review of the fourth quarter ended 31 December 2019 (“Q4 FY2019”) compared with the corresponding quarter in Financial Year 2018 (“Q4 FY2018”)(continued)

The manufacturing segment’s profit before tax declined in Q4 FY2019 versus Q4 FY2018 by RM4.81 million. With the shipment volume being flat, a change in the product mix was largely the contributor for this profit decline. This shipment for the highest contribution generating product i.e. Coated Fin was 13% lower in Q4 FY2019 compared to the corresponding quarter in FY2018. In addition, there was a lower metal price lag* gain in the quarter under review as compared to a substantially larger gain that was attained in Q4 FY2018. There was also higher usage of external rerolls to supplement in-house production coupled with increased costs for repairs and maintenance for machineries. These were partially offset by lower provisions for customer complaints and staff bonus.

The property development segment’s improved result by RM1.83 million was in line with the revenue recognition of its maiden EmHub project since the second quarter of FY2019. On the other hand, the construction segment whose operations within the Group began in Q4 FY2019, recorded a loss before tax of RM0.25 million. This result was net of amortization of intangible assets totaling RM0.40 million in relation to the acquisition of a company within the construction segment in Q4 FY2019 as detailed in the explanatory note A13 of this report. The investment holding segment registered a marginally lower loss before tax. It incurred costs mainly for salaries, directors’ fees, provision for annual general meeting expenses and professional fees.

**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*

Financial review of Financial Year ended 31 December 2019 (“YTD FY2019) versus Financial Year ended 31 December 2018 (“YTD FY2018”)

The revenue attainment by the Group for YTD FY2019 of RM372.65 million declined by approximately 3% compared to YTD FY2018’s revenue of RM385.70 million. The manufacturing segment of the Group recorded a revenue of RM344.12 million for YTD FY2019 with the remaining revenue of RM28.53 million arising from the segments of property development and construction. The YTD FY2018 revenue was entirely contributed by the manufacturing segment. No revenues were recorded in both periods for the investment holding segment.

For the manufacturing segment, there was a RM41.58 million decline in revenue for YTD FY2019 when compared to YTD FY2018’s revenue of RM385.70 million. This 11% reduction was attributable to a lower shipment volume of approximately 3% and a change in the sales product mix, coupled with lower average base metal costs of approximately 15%. The decline in shipment volume was mainly the result of reduced demand in the Thailand market which was partially offset by higher shipments to United States. The overall export portion of the total sales revenue was approximately 77%. The sales volume of Coated Fin product which has the highest selling price per metric ton, was lower in YTD FY2019 compared to YTD FY2018, with a corresponding increase in sales volumes for other product categories. The revenue result was net of a weaker ringgit vis-à-vis the USD currency in YTD FY2019 versus YTD FY2018; the ringgit was on average approximately 3% weaker.

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B1. Review of Group Performance (continued)

Financial review of Financial Year ended 31 December 2019 (“YTD FY2019”) versus Financial Year ended 31 December 2018 (“YTD FY2018”) (continued)

The property development and construction segments registered revenues for YTD FY2019 of RM24.89 million and RM3.64 million respectively. For the property development segment, this revenue was generated from its maiden EmHub project which began recognizing revenue from the second quarter of FY2019 whilst the construction segment began generating revenue in the fourth quarter of FY2019.

The Group registered a profit before tax of RM3.61 million for YTD FY2019 as compared to YTD FY2018’s profit before tax of RM7.97 million; the segmental breakdown were as follows:-

	YTD FY2019	YTD FY2018	Change %
Breakdown - Profit/(Loss) Before Tax	RM’000	RM’000	
Manufacturing Segment	8,135	15,214	-47
Property Development Segment	(3,162)	(6,481)	+51
Construction Segment	(248)	N/A	N/A
Investment Holding Segment	(1,064)	(761)	-40
Group Total	3,661	7,972	-54

For YTD FY2019, the manufacturing segment’s profit before tax reduced by 47% as a result of a lower shipment volume coupled with a change in the product mix, namely from lower shipment of its highest contribution generating product viz Coated Fin. The profit before tax was also impacted negatively by a metal price lag loss for YTD FY2019 compared to a metal price lag gain attained for YTD FY2018. These, together with higher freight costs and higher usage of external rerolls to supplement in-house production had impacted the contribution generated for YTD FY2019. In addition, there were higher repairs & maintenance costs and depreciation charges. These were partially offset by lower legal & professional fees, provisions for customer complaints and staff bonus.

The property development segment’s improved result was attributable to the commencement of profit recognition for the EmHub Project in the second quarter of FY2019 net of higher financing costs whilst the construction segment, whose operations within the Group began in the fourth quarter of FY2019, recorded a loss before tax of RM0.25 million. This result was net of amortization of intangible assets totaling RM0.40 million in relation to the acquisition of a company within the construction segment in the fourth quarter of FY2019 as detailed in the explanatory note A13 of this report.

B2. Financial review of the fourth quarter ended 31 December 2019 (“Q4 FY2019”) compared with the immediate preceding quarter ended 30 September 2019 (“Q3 FY2019”)

	Current Year Quarter Ended 31 December 2019	Immediate Preceding Quarter Ended 30 September 2019	Change %
	RM’000	RM’000	
Revenue	100,279	89,571	+12
Profit Before Interest and Tax	2,306	3,094	-25
Profit Before Tax	1,364	1,515	-10

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B2. Financial review of the fourth quarter ended 31 December 2019 (“Q4 FY2019”) compared with the immediate preceding quarter ended 30 September 2019 (“Q3 FY2019”) (continued)

There was a 12% increase in the Group’s revenue in Q4 FY2019 compared to Q3 FY2019. The revenue breakdown in Q4 FY2019 versus Q3 FY2019 for the manufacturing segment was RM87.16 million versus RM83.24 million respectively, whilst for the property development segment it was RM9.41 million versus RM6.33 million respectively. The construction segment which began generating revenue in Q4 FY2019 recorded a revenue of RM3.64 million. No revenue was recorded in the investment holding segment.

An approximate 7% higher shipment volume mainly contributed to the increased revenue for the manufacturing segment. The property development segment attained the increased revenue in Q4 FY2019 over Q3 FY2019 from revenue recognition of new sales partially offset by lower progress billings.

The profit before tax for the segments within the Group for Q4 FY2019 versus Q3 FY2019 were as follows:-

Breakdown - Profit/(Loss) Before Tax	Q4 FY2019	Q3 FY2019	Change %
	RM'000	RM'000	
Manufacturing Segment	2,226	2,404	-7
Property Development Segment	(229)	(682)	+62
Construction Segment	(248)	N/A	N/A
Investment Holding Segment	(385)	(207)	-86
Group Total	1,364	1,515	-10

There was a marginal reduction in the manufacturing segment’s pre-tax profit in Q4 FY2019 compared with Q3 FY2019. This was the result of a lower shipment volume, a lower metal price lag* gain, increased usage of external rerolls to supplement in-house production and higher repairs & maintenance costs. In addition, reversals of provisions of customer complaints in Q4 FY2019 was much lower than in Q3 FY2019. These were partially offset by lower freight costs and lower provision for staff bonus.

The property development segment's improved result was in line with the increased revenue recognized in Q4 FY2019 compared to Q3 FY2019 whilst the construction segment, whose operations within the Group began in Q4 FY2019, recorded a loss before tax of RM0.22 million. This result was net of amortization of intangible assets totaling RM0.40 million in relation to the acquisition of a company within the construction segment in the fourth quarter of FY2019 as detailed in the explanatory note A13 of this report. The investment holding segment incurred a higher loss before tax resulting from higher expenses namely for salaries and a higher provision for annual general meeting 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*

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B3. Commentary on Prospects

Market sentiment has been modestly boosted by tentative signs that manufacturing activity and global trade are bottoming out with intermittent favourable news on US-China trade negotiations and diminished fears of a no-deal Brexit. However, the COVID-19 epidemic could damage these signs of recovery and hence there is still a great deal of uncertainty. Against this uncertainty, the manufacturing segment of the Group is committed to remain resilient and improve its performance by re-examining its product mix to improve overall margins as it explores and captures new markets including the domestic market. At the same time, the continued operational focus will remain a priority.

Despite the present environment of softer purchaser sentiment, the Group's property development segment has seen encouraging pickup in the demand for its maiden EmHub project. The increase in sales can be attributed to the demand from Small & Medium Enterprises, logistic companies and e-commerce businesses. This trend is expected to continue and improve going forward as concerted efforts are being implemented to drive the sales, which amongst others are digital marketing activities and sales promotions.

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 December 2019 RM'000	Year ended 31 December 2019 RM'000
Interest income	(374)	(956)
Interest expense	1,276	6,099
Interest expense on lease liabilities	40	145
Amortisation of intangible assets	526	893
(Reversal of)/allowance for inventory writedown	(159)	70
Reversal of doubtful debts	(61)	(3)
Bad debts written off	17	21
Depreciation		
- Property, plant and equipment	2,206	8,662
- Right-of-use assets	288	1,091
Foreign exchange loss/(gain)		
- Realised	(348)	(81)
- Unrealised	705	(11)
Net fair value (gain)/loss on derivatives	(272)	109
Gain on disposal of property, plant and equipment	(23)	(33)
Property, plant and equipment written off	18	18
Reversal of impairment loss on property, plant and equipment	-	(7)

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B6. Taxation

	Quarter ended		Year ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Current Tax				
- current year	(719)	(1,834)	(3,756)	(5,769)
Deferred Taxation				
- Origination and reversal of temporary differences	(598)	725	443	1,234
	(1,317)	(1,109)	(3,313)	(4,535)

The effective tax rate of the Group for the financial year under review was higher than the statutory tax rate due to non-deductibility of certain expenses.

B7. Status of Corporate Proposals

There was no corporate exercise proposal announced but which has not been completed as at the date of this announcement.

B8. Group Borrowings

The Group's borrowings as at 31 December 2019 were as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loans	107,492	7,001	114,493
-Finance lease liabilities	295	122	417
-Revolving credit	-	35,318	35,318
<u>Unsecured</u>			
-Corporate credit card facility from a financial institution	-	824	824
	107,787	43,265	151,052

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B9. Derivative Financial Instruments

As at 31 December 2019, 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	14,676	14,683
- Receivable	34,341	34,014

B10. Changes in Material Litigation

Not applicable.

B11. Dividend Payable

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

B12. Earnings Per Share

	Quarter ended 31 December 2019	Quarter ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
Net profit attributable to shareholders (RM’000)	47	3,426	348	3,437
Weighted average number of ordinary shares in issue (000)	134,331	134,331	134,331	134,331
Basic earnings per share (sen)	0.03	2.55	0.26	2.56

B13. Authorisation of Issue

The interim financial statements were authorised for issue by the Board of Directors of AGB in accordance with a resolution of the Directors passed on 25 February 2020.

BY ORDER OF THE BOARD
25 February 2020