



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

ALCOM GROUP BERHAD (201701047083 (1261259-V))**Condensed Consolidated Statement of Comprehensive Income for the 3rd quarter and year-to-date ended 30 September 2019 (Unaudited)**

	Quarter ended 30 September 2019	Quarter ended 30 September 2018	9 months ended 30 September 2019	9 months ended 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	89,571	83,050	272,374	284,942
Expenses excluding tax	(88,555)	(82,395)	(270,755)	(282,025)
Other operating income	499	318	678	520
Profit before tax	1,515	973	2,297	3,437
Taxation	(1,080)	(1,506)	(1,996)	(3,426)
Net profit / (loss) for the period	435	(533)	301	11
Other comprehensive income, net of tax : <u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial gains on gratuity scheme	-	-	-	-
Taxation relating to component of other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income / (expense) for the period	435	(533)	301	11
Attributable to: - Shareholders of the Company	435	(533)	301	11
	435	(533)	301	11
Basic earnings / (loss) per ordinary share (sen)	0.32	(0.40)	0.22	0.01

(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 30 September 2019 (Unaudited)

	UNAUDITED	AUDITED
	As At 30 September 2019	As At 31 December 2018
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	72,761	67,090
Intangible assets	944	1,248
Right-of-use assets	1,576	-
Deferred tax assets	1,293	810
Trade receivables	-	461
	<u>76,574</u>	<u>69,609</u>
CURRENT ASSETS		
Inventories	67,387	68,976
Trade receivables	29,851	41,150
Other receivables and prepayments	6,415	6,599
Tax recoverable	2,070	335
Derivative financial instruments	62	443
Cash and bank balances	90,065	40,232
Property development costs	108,644	105,392
Contract costs	17,028	-
	<u>321,522</u>	<u>263,127</u>
TOTAL ASSETS	<u><u>398,096</u></u>	<u><u>332,736</u></u>
CAPITAL AND RESERVES		
Share capital	104,778	104,778
Retained earnings	17,858	17,643
Total Equity	<u>122,636</u>	<u>122,421</u>
NON-CURRENT LIABILITIES		
Provision for gratuity scheme	4,471	4,142
Deferred tax liabilities	2,931	3,488
Loans and borrowings	130,150	139,932
Lease liabilities	650	-
	<u>138,202</u>	<u>147,562</u>
CURRENT LIABILITIES		
Trade payables	34,156	39,019
Other payables and accruals	11,265	15,255
Amount due to related companies	37	-
Provision for taxation	1,053	1,551
Loans and borrowings	80,768	6,928
Lease liabilities	1,006	-
Contract liabilities	8,973	-
	<u>137,258</u>	<u>62,753</u>
TOTAL LIABILITIES	<u>275,460</u>	<u>210,315</u>
TOTAL EQUITY AND LIABILITIES	<u><u>398,096</u></u>	<u><u>332,736</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 3 quarters ended 30 September 2019
(Unaudited)

	<u>Non-distributable</u>		<u>Distributable</u>	
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019 - as previously reported	104,778	-	17,643	122,421
Impact of change in accounting policy - MFRS16	-	-	(86)	(86)
Adjusted balances at 1 January 2019	104,778	-	17,557	122,335
<u>Total comprehensive income:</u>				
Profit for the period	-	-	301	301
Total comprehensive income for the period	-	-	301	301
Balance as at 30 September 2019	104,778	-	17,858	122,636
Balance as at 1 January 2018	100,123	(1,091)	19,238	118,270
<u>Total comprehensive income:</u>				
Profit for the period	-	-	11	11
Total comprehensive income for the period	-	-	11	11
<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 period	4,655	1,091	(5,032)	714
Balance as at 30 September 2018	104,778	-	14,217	118,995

(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 3 quarters ended 30 September 2019
(Unaudited)

	9 months ended 30 September 2019	9 months ended 30 September 2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,297	3,437
Adjustment for:-		
Net fair value loss on currency forwards	381	968
Property, plant and equipment		
- depreciation	6,456	5,749
- gain on disposal	(10)	(135)
- written off	-	8
- reversal of impairment loss	(7)	-
Intangible assets		
- amortisation	367	352
Right-of-use assets		
- depreciation	803	-
Provision for gratuity scheme	329	346
Allowance for inventory writedown	229	928
Unrealised foreign exchange gain	(716)	(852)
Interest income	(582)	(212)
Interest expense	4,823	2,986
Interest expense on lease liabilities	105	-
Bad debts written off	4	-
Allowance for doubtful debts	58	-
Taxation	-	-
	14,537	13,575
Changes in Working Capital:-		
Inventories	1,360	(8,083)
Receivables	12,648	7,717
Payables	(8,867)	9,474
Property development cost	(1,096)	(102,422)
Contract costs	(17,028)	-
Contract liabilities	8,973	-
Balances with related companies	37	-
Cash generated from / (used in) operations	10,564	(79,739)
Tax paid	(5,270)	(4,973)
Gratuity paid	(334)	(578)
Net cash from / (used in) operating activities	4,960	(85,290)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- purchases	(12,183)	(4,226)
- proceeds from disposal	74	144
Intangible assets		
- purchases	(63)	-
Interest income received	370	212
Changes in deposit pledged	(44)	-
Net cash used in investing activities	(11,846)	(3,870)
CASH FLOWS FROM FINANCING ACTIVITY		
Drawdown of borrowings	64,057	89,844
Payment of lease liabilities	(914)	-
Proceed from disposal of treasury shares	-	714
Interest paid	(6,824)	(2,675)
Net cash from financing activities	56,319	87,883
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		
Foreign exchange differences	356	(178)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	39,128	45,883
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	88,917	44,428

(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 RM2,205,000 with a corresponding additional right-of-use assets of RM2,119,000, 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 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 financial year-to-date results.

A7. Debt and Equity Securities

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

A8. Dividends paid

No dividend has been paid during the quarter under review.

A9. Segmental information

The Group which operates in Malaysia was involved in 3 segments, principally:-

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

Segment revenue and results for the 9-month period ended 30 September 2019 are as follows:-

	Manufacturing	Property Development	Investment Holding	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
-External revenue	256,956	15,418	-	-	272,374
-Inter-segment revenue	-	-	-	-	-
Total revenue	256,956	15,418	-	-	272,374
RESULTS					
-Segment Results	7,319	3	(679)	-	6,643
-Interest income	2,103	47	-	(1,568)	582
-Interest expense	(3,432)	(2,959)	-	1,568	(4,823)
-Interest expense on lease liabilities	(81)	(24)	-	-	(105)
Profit/(loss) before tax	5,909	(2,933)	(679)	-	2,297

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A10. Valuation of Property, Plant and Equipment

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

A11. Capital Commitments

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

	Group 30 September 2019 RM'000
- Contracted	3,884
- Not Contracted	1,829
Total Capital Commitment	5,713

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

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.

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. 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. HSB is engaged in the business of supply and installation of roof and cladding systems, and steel structure construction. The acquisition will complement the business growth in the roofing product category of ALCOM. On 15 October 2019, HSB name was changed to Alcom Dach&Wand Sdn Bhd (“Alcom D&W”).

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 30 September 2019 are as follows:

	Company 30 September 2019 RM'000
<u>Unsecured contingent liabilities</u>	
Corporate guarantee given to financial institutions in respect of banking facilities granted to a subsidiary	233,000

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

B1. Review of Group Performance

	Individual Quarter (3 rd Quarter)		Change %	Cumulative Quarters		Change %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year-To-Date	Preceding Year Corresponding Period	
	30 September 2019	30 September 2018		30 September 2019	30 September 2018	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	89,571	83,050	+8	272,374	284,942	-4
Profit Before Interest and Tax	3,094	1,896	+6 3	6,643	6,211	+7
Profit Before Tax	1,515	973	+5 6	2,297	3,437	-33

Financial review of the third quarter ended 30 September 2019 (“Q3 FY2019”) compared with the corresponding quarter in Financial Year 2018 (“Q3 FY2018”)

For Q3 FY2019, the Group recorded a revenue of RM89.57 million of which RM83.24 million was generated from its manufacturing segment and the remaining RM6.33 million was from its property segment. No revenue was recorded in the investment holding segment.

The manufacturing segment's revenue in Q3 FY2019 increased by RM0.19 million as compared to its Q3 FY2018's revenue of RM83.05 million. Despite a 14% increase in shipment volumes mainly in the fin and specialty product categories and a weaker ringgit vis-à-vis the USD currency by 2%, the revenue increase was only marginal as it was impacted by lower base metal costs of approximately 20%. Base metal costs which are denominated in USD comprise of aluminium prices quoted on the London Metal Exchange and transport premiums.

The property segment began to recognize revenue for its EmHub Project since the second quarter of FY2019.

The Group registered a profit before tax of RM1.52 million in Q3 FY2019 as compared to Q3 FY2018's profit before tax of RM0.97 million; the segmental breakdown were as follows:-

Breakdown - Profit/(Loss) Before Tax	Q3 FY2019	Q3 FY2018	Change (%)
	RM' 000	RM' 000	
Manufacturing Segment	2,404	3,092	-22
Property Segment	(682)	(1,792)	+62
Investment Holding Segment	(207)	(327)	+37
Group Total	1,515	973	+56

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B1. Review of Group Performance (continued)

Financial review of the third quarter ended 30 September 2019 (“Q3 FY2019”) compared with the corresponding quarter in Financial Year 2018 (“Q3 FY2018”) (continued)

The manufacturing segment’s profit before tax declined in Q3 FY2019 versus Q3 FY2018 by RM0.69 million despite the increase in shipment volume. This was largely the result of a lower metal price lag* gain in the quarter under review as compared to the larger gain that was attained in Q3 FY2018. In addition, there was an increase in direct costs and higher usage of external rerolls to supplement in-house production. Freight costs were also higher as a result of the increased shipment volumes to the United States. These were partially offset by lower provisions made for customer complaints and slow moving inventories.

The property segment’s lower loss before tax was in line with the revenue recognition for its EmHub project since the second quarter of FY2019.

The investment holding segment incurred costs mainly for salaries, directors’ fees and provision for annual general meeting (“AGM”) expenses. The reduction in these costs in Q3 FY2019 compared to Q3 FY2018 was due mainly to lower provision for AGM expenses for Q3 FY2019 and inclusion of the year-to-date September 2018 costs which were incorporated into Q3 FY2018.

**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 Year-To-Date ended 30 September 2019 (“YTD FY2019”) versus Year-To-Date ended 30 September 2018 (“YTD FY2018”)

The revenue attainment by the Group for YTD FY2019 declined by approximately 4% compared to the corresponding nine months of the preceding financial year’s achievement of RM284.94 million. The manufacturing segment of the Group recorded a revenue of RM256.95 million for YTD FY2019 with the remaining revenue of RM15.42 million arising from the property segment. The YTD FY2018 revenue was entirely contributed by the manufacturing segment. No revenue was recorded in the investment holding segment.

For the manufacturing segment, there was a RM27.99 million decrease compared to its YTD FY2018’s revenue of RM284.94 million. This 10% reduction was attributable to a lower shipment volume of approximately 4% coupled with lower average base metal costs of approximately 15% for YTD FY2019 versus YTD FY2018. The decline in shipment volume was mainly the result of reduced demand in the Thailand market, offset partially by higher shipments to Europe and United States. The revenue’s result was net of a weaker ringgit vis-à-vis the USD currency in YTD FY2019 versus YTD FY2018; the ringgit was approximately 4% weaker. The export portion of the total sales revenue was maintained at approximately 77%.

The property segment began to recognize revenue for its EmHub Project since the second quarter of FY2019.

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B1. Review of Group Performance (continued)**Financial review of Year-To-Date ended 30 September 2019 (“YTD FY2019”) versus Year-To-Date ended 30 September 2018 (“YTD FY2018”) (continued)**

The Group registered a profit before tax of RM2.30 million for YTD FY2019 as compared to YTD FY2018’s profit before tax of RM3.44 million; the segmental breakdown were as follows:-

Breakdown - Profit/(Loss) Before Tax	YTD FY2019	YTD FY2018	Change (%)
	RM' 000	RM' 000	
Manufacturing Segment	5,909	8,182	-28
Property Segment	(2,933)	(4,418)	+34
Investment Holding Segment	(679)	(327)	-108
Group Total	2,297	3,437	-33

For YTD FY2019, the manufacturing segment’s profit before tax reduced to RM5.91 million compared to YTD FY2018 of RM8.18 million. This decrease was the result of a higher metal price lag* loss for YTD 2019 coupled with a lower shipment volume attained. These, together with higher freight costs had impacted the contribution generated for YTD FY2019. In addition, there were higher repairs & maintenance costs, increased depreciation charges and a higher provision for bonus. These were partially offset by lower legal & professional fees and lower provisions for customer complaints and for slow moving inventories.

The property segment’s reduced pre-tax loss was mainly the result of the commencement of profit recognition for EmHub Project in the second quarter of FY2019 net of higher financing costs.

The investment holding segment incurred costs mainly for salaries, directors’ fees and provision for AGM expenses. The increase in the YTD FY2019 costs was namely due to higher salaries and higher directors’ 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*

B2. Financial review of the third quarter ended 30 September 2019 (“Q3 FY2019”) compared with the immediate preceding quarter ended 30 June 2019 (“Q2 FY2019”)

	Current Year Quarter Ended 30 September 2019	Immediate Preceding Quarter Ended 30 June 2019	Change (%)
	RM' 000	RM' 000	
Revenue	89,571	90,313	-1
Profit Before Interest and Tax	3,094	2,949	+5
Profit Before Tax	1,515	1,524	-1

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B2. Financial review of the third quarter ended 30 September 2019 (“Q3 FY2019”) compared with the immediate preceding quarter ended 30 June 2019 (“Q2 FY2019”) (continued)

There was a marginal reduction in the Group’s revenue in Q3 FY2019 compared to Q2 FY2019. The revenue breakdown in Q3 FY2019 versus Q2 FY2019 for the manufacturing segment was RM83.24 million versus RM81.23 million respectively, whilst for the property segment it was RM6.34 million versus RM9.08 million respectively. No revenue was recorded in the investment holding segment.

Lower base metal costs of approximately 4% in Q3 FY2019 versus Q2 FY2019 impacted revenue for the manufacturing segment. Despite an approximate 7% increase in shipment volumes mainly in the bare fin and specialty product categories, the revenue increase was approximately only 3%. Base metal costs which are denominated in USD comprise aluminium prices quoted on the London Metal Exchange and transport premiums.

The property segment’s revenue in Q3 FY2019 was lower as compared to Q2 FY2019 due to lower progress billing in Q3 FY2019 but offset partially by revenue recognition from new sales.

The profit before tax for the segments within the Group for Q3 FY2019 versus Q2 FY2019 were as follows:-

Breakdown - Profit/(Loss) Before Tax	Q3 FY2019	Q2 FY2019	Change (%)
	RM' 000	RM' 000	
Manufacturing Segment	2,404	1,724	+39
Property Segment	(682)	48	-1,521
Investment Holding Segment	(207)	(248)	+17
Group Total	1,515	1,524	-1

There was an improvement in the manufacturing segment’s pre-tax profit by RM0.68 million in Q3 FY2019 compared with Q2 FY2019 that was contributed mainly from an increased shipment volume and a metal price lag gain in Q3 FY2019 compared to a metal price lag* loss in Q2 FY2019. In addition, there were lower provision requirements in Q3 FY2019 for customer complaints, slow moving inventories and bonus. These were partially offset by the increased usage of external rerolls to supplement in-house production as well as higher freight costs and higher direct costs.

The property segment’s performance decline was due mainly to a lower revenue recognition in Q3 FY2019 as compared to Q2 FY2019.

The investment holding segment incurred lower costs due to a lower provision in Q3 FY2019 for AGM 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

Global economic growth is expected to slow down even further for the remainder of 2019 sliding to its lowest level since the financial crisis of 2008. Tariffs and geopolitical tensions are taking a toll on business confidence, investment and global trade. Going forward, unless there are clear policies decisively aimed at defusing trade tensions and reinvigorating multilateral cooperation, global activity is expected to be at a subdued pace.

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. At the same time, the continued operational focus will remain a priority.

The performance of the Group's property segment for its maiden EmHub project has been within expectations. However, challenges are envisaged in the current environment of softer purchaser sentiment. Intensified marketing efforts, with special focus on digital marketing activities are being stepped up to drive up the sales.

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 30 September 2019 RM'000	Year-To-Date 30 September 2019 RM'000
Interest income	(440)	(582)
Interest expense	1,986	4,823
Interest expense on lease liabilities	33	105
Amortisation of intangible assets	122	367
(Reversal of)/allowance for inventory writedown	(641)	229
Allowance for doubtful debts	-	58
Bad debts written off	-	4
Depreciation		
- Property, plant and equipment	2,134	6,456
- Right-of-use assets	268	803
Foreign exchange loss/(gain)		
- Realised	120	267
- Unrealised	(360)	(716)
Net fair value loss on derivatives	27	381
Loss/(gain) on disposal of property, plant and equipment	2	(10)
Reversal of impairment loss on property, plant and equipment	-	(7)

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B6. Taxation

	Quarter ended		Year-To-Date	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Current Tax - current year	(1,593)	(2,131)	(3,037)	(3,935)
Deferred Taxation - Origination and reversal of temporary differences	513	625	1,041	509
	(1,080)	(1,506)	(1,996)	(3,426)

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

B7. Status of Corporate Proposals

There was no corporate exercise as at the date of this announcement.

B8. Group Borrowings

The Group's borrowings as at 30 September 2019 were as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loan	129,824	7,001	136,825
-Finance lease liabilities	326	121	447
-Revolving credit	-	29,490	29,490
<u>Unsecured</u>			
-Revolving credit	-	36,000	36,000
-Invoice financing	-	7,154	7,154
-Corporate credit card facility from a financial institution	-	1,002	1,002
	130,150	80,768	210,918

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B9. Derivative Financial Instruments

As at 30 September 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	18,034	18,038
- Receivable	42,774	42,716

B10. Changes in Material Litigation

Not applicable.

B11. Dividend Payable

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

B12. Earnings/(Loss) Per Share

	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Year-To-Date 30 September 2019	Year-To-Date 30 September 2018
Net profit/(loss) attributable to shareholders (RM’000)	435	(533)	301	11
Weighted average number of ordinary shares in issue (000)	134,331	134,331	134,331	134,331
Basic earnings/(loss) per share (sen)	0.32	(0.40)	0.22	0.01

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 27 November 2019.

BY ORDER OF THE BOARD
27 November 2019