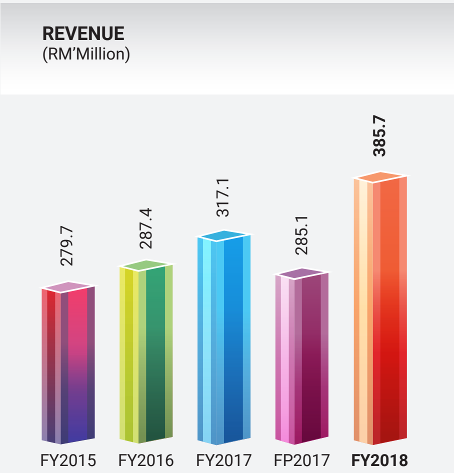
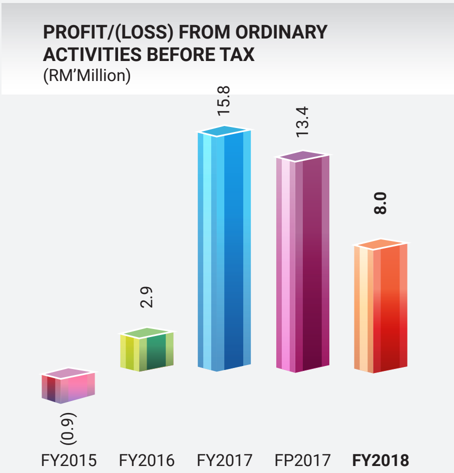
ALCOM GROUP BERHAD (1261259-V)

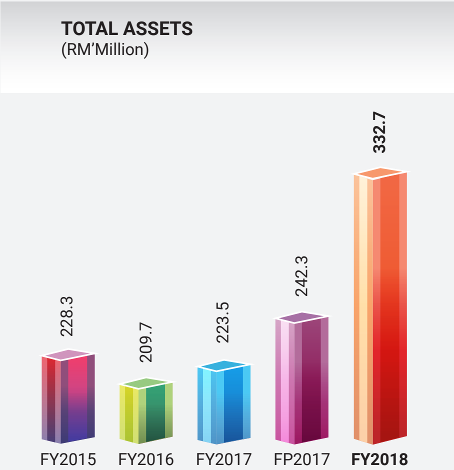
ANNUAL REPORT 2018

FIVE-YEAR
GROUP FINANCIAL HIGHLIGHTS

	← Aluminium Company of Malaysia Berhad →				Alcom Group Berhad
	Financial Year Ended ("FY") 31 March			9-month Financial Period Ended ("FP") 31 December	Financial Year Ended ("FY") 31 December
	2015	2016	2017	2017	2018
Revenue (RM'Million)	279.7	287.4	317.1	285.1	**385.7**
Profit/(Loss) from Ordinary Activities Before Tax (RM'Million)	(0.9)	2.9	15.8	13.4	**8.0**
Net Profit/(Loss) Attributable to Shareholders (RM'Million)	(1.6)	1.8	11.6	9.7	**3.4**
Earnings Before Interest, Taxes, Depreciation and Amortisation (RM'Million)	9.7	17.6	24.9	20.5	**19.5**
Shareholders' Equity (RM'Million)	168.6	164.6	176.3	118.3	**122.4**
Total Assets (RM'Million)	228.3	209.7	223.5	242.3	**332.7**
Earnings/(Loss) Per Share (Sen)	(1.15)	1.37	8.78	7.24	**2.56**
Net Asset Per Share (RM)	1.27	1.24	1.33	0.89	**0.91**







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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dato' Seri Subahan Bin Kamal
Chairman/Independent Non-Executive Director

Heon Chee Shyong
President cum Chief Executive Officer

Yeoh Jin Hoe
Executive Director

Dato' Eng Kim Liong
Executive Director

Ang Loo Leong
Executive Director

Wong Choon Shein
Independent Non-Executive Director

Lam Voon Kean
Independent Non-Executive Director

Marc Francis Yeoh Min Chang
Alternate Director to Yeoh Jin Hoe

AUDIT & RISK MANAGEMENT COMMITTEE

Lam Voon Kean *(Chairperson)*
Dato' Seri Subahan Bin Kamal
Wong Choon Shein

NOMINATION COMMITTEE

Wong Choon Shein *(Chairperson)*
Dato' Seri Subahan Bin Kamal
Lam Voon Kean

REMUNERATION COMMITTEE

Lam Voon Kean *(Chairperson)*
Dato' Seri Subahan Bin Kamal
Wong Choon Shein

COMPANY SECRETARIES

Tan Bee Keng *(MAICSA 0856474)*
Teh Yi Ting *(MAICSA 7068250)*

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-7721 3388
Fax : 603-7721 3399
Email : info@kpmg.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222
E-mail : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

Tricor Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

REGISTERED OFFICE

No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan, Malaysia
Tel : 603-3346 6262
Fax : 603-3341 2793

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad (127776-V)
HSBC Amanah Malaysia Berhad (807705-X)
OCBC Bank (Malaysia) Berhad (295400-W)
AmBank (M) Berhad (8515-D)
Affin Bank Berhad (25046-T)
Malayan Banking Berhad (3813-K)
Citibank Berhad (297089-M)

SOLICITORS

SKRINE
Lee Hishammuddin Allen & Gledhill
Wong Beh & Toh

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : ALCOM
Stock Code : 2674
Sector : Industrial Products & Services
Sub-Sector : Metals

WEBSITE

www.alcom.com.my

GROUP **INFORMATION**

ALCOM GROUP BERHAD
(Company No. 1261259-V)

100%
Aluminium Company of Malaysia Berhad
(Company No. 3859-U)

100%
Alcom Nikkei Specialty Coatings Sdn Bhd
(Company No. 203469-H)

100%
SCLand Development Sdn Bhd
(Company No. 1254837-T)

100%
EM Hub Sdn. Bhd.
(Company No. 1255738-A)

MANUFACTURING PLANTS & CORPORATE OFFICE

Aluminium Company of Malaysia Berhad (3859-U)
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
P.O. Box 233
41720 Klang
Selangor Darul Ehsan, Malaysia
Tel : 603-3346 6262
Fax : 603-3341 2793

Alcom Nikkei Specialty Coatings Sdn Bhd (203469-H)
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
P.O. Box 79
41720 Klang
Selangor Darul Ehsan, Malaysia
Tel : 603-3342 2234
Fax : 603-3342 2203

PRODUCTS MANUFACTURED

Aluminium Specialty Products
Tread Plate, Flat Sheet, Coils,
Stucco Embossed Sheets/Coils,
Painted Sheet/Coils,
Cladding Sheet & Capacitor Coil

Aluminium Roofing Products
Corrugated Sheet ‘PAYUNG’ – 7C/11C,
Roofing Coils & Industrial Profile
Roofing Sheets ‘7P’/‘Alrib’/‘Comspan’
in Plain/Painted/Stucco-Embossed

Aluminium Foil Products
Bare Finstock, Coated Finstock, Cable Foil,
Plain Foil & Diaphragm (Lacquered) Foil

SALES GALLERY

EM Hub Sdn Bhd (1255738-A)
R18, Wisma SCland
Emporis Kota Damansara
Persiaran Surian
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-6419 9888
Fax : 603-6419 9666

CORPORATE OFFICE

SCLand Development Sdn Bhd (1254837-T)
EM Hub Sdn Bhd (1255738-A)
R18, Wisma SCland
Emporis Kota Damansara
Persiaran Surian
47810 Petaling Jaya
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SALES ENQUIRIES/ CONTACT

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PROFILE OF **DIRECTORS**

DATO' SERI SUBAHAN BIN KAMAL
Chairman/Independent Non-Executive Director
Malaysian, Male, Aged 53

Dato' Seri Subahan bin Kamal was appointed to the Board of Directors ("Board") of Alcom Group Berhad ("AGB") as Independent Non-Executive Chairman on 9 August 2018. He is a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of AGB.

He holds a Bachelor of Science (Hons) Degree in Finance and Minor in Economics from Southern Illinois University at Carbondale, Illinois, United States of America. He is a member of the Malaysian Insurance Institute.

He started his employment career with Bank Rakyat Corporate Planning Department in 1989 and left to join the civil service sector in 1992. He served as Private Secretary to the Parliamentary Secretary, Ministry of Finance (1994 to 1995), Senior Private Secretary to the Deputy Minister of Finance (1995 to 1998) and Senior Private Secretary to the Deputy Minister of Human Resource (1999). In 1999, he left the civil sector to start his business in construction. He has several businesses involved in constructions, training and education, property development, project management and logistics. He also has very strong relationships with the Government agencies and authorities.

He is the President of the Malaysian Hockey Confederation; Deputy President of Football Association of Malaysia; a member of Curriculum Advisory Board, Universiti Teknologi MARA, Malaysia; and Chairman of Wawasan Qi Group; and Member of Advisory Board, Quest International University Perak. He was the President of Football Association of Selangor from 2016 to 2018 and the Manager of Malaysian National Football Team from 2009 to 2013. Currently, he is the Manager of the Malaysian U23 National Football Team and also the President of Petaling Jaya City Football Club.

He is the Senior Independent Non-Executive Chairman of Can-One Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and an Independent Non-Executive Director of The New Straits Times Press (Malaysia) Berhad, a subsidiary of Media Prima Berhad which is listed on the Main Market of Bursa Securities. He is also an Executive Director of Gagasan Nadi Cergas Berhad, which is listed on the ACE Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of AGB.

HEON CHEE SHYONG
President cum Chief Executive Officer
Malaysian, Male, Aged 51

Heon Chee Shyong was appointed to the Board of AGB as President cum Chief Executive Officer on 9 August 2018. He graduated with the Bachelor of Civil Engineering (Hons) and Bachelor of Commerce – Management from the University of Wollongong, Australia. He also completed General Manager Program from Australian Graduate School of Management (AGSM) at University of New South Wales.

He started his career with NS BlueScope Lysaght (Malaysia) Sdn. Bhd. (formerly known as BHP Steel Building Products Sdn. Bhd.) in 1991. Since then, he had accumulated 22 years of working experience within the NS BlueScope Steel group holding numerous key leadership roles. He has extensive experience in Sales and Marketing.

In 1999, he was made Vice President – Supply Chain: where he played a major role in heading 5 key departments – Procurement, Inventory Management, Production Planning, Logistics and Customer Service. In 2003, he was seconded as President, to an associate company within the NS BlueScope Steel group: NS BlueScope Lysaght (Sarawak) Sdn. Bhd.. During this time, he helped to put in place proper system and structure which successfully turned around the company. Later in 2007, he was posted back to NS BlueScope Lysaght (Malaysia) Sdn. Bhd. as President/Director overseeing the entire Malaysian operation. He also served as President/Director of NS BlueScope Lysaght Malaysia, Singapore and Brunei operations overseeing 7 businesses across the region taking leadership roles on strategic business development and building functional leadership team across the various business units.

He is the Immediate Past Chairman of Aluminium Manufacturers Group of Malaysia (FMM – AMGM) after serving for 4 years. He is currently serving as the Deputy Chairman of AMGM.

He does not have any family relationship with any Director and/or major shareholder of AGB. He has no directorship in other public companies and listed issuers.

PROFILE OF **DIRECTORS**

YEOH JIN HOE
Executive Director
Malaysian, Male, Aged 72

Yeoh Jin Hoe was appointed to the Board of AGB on 9 August 2018.

He has extensive experience in the manufacturing and trading industries. He founded several companies involved in the manufacturing sector. These companies are principally involved in the manufacture and sale of branded mattresses and other sleep related products; food products such as instant noodles and food seasonings; and distribution of sanitary wares, ironmongery and builders' hardware.

He was the former Managing Director of Can-One Berhad ("Can-One"), a company listed on the Main Market of Bursa Securities, and a major shareholder of Can-One. He relinquished his aforesaid position in Can-One in 2012 when he became a major shareholder of Kian Joo Can Factory Berhad ("Kian Joo"), a company listed on the Main Market of Bursa Securities, and was appointed Group Managing Director of Kian Joo. He remained on the Board of Can-One as a Non-Independent Non-Executive Director. He is also the Group Managing Director of Kian Joo's subsidiary company, Box-Pak (Malaysia) Bhd. ("Box-Pak"), which is listed on the Main Market of Bursa Securities.

He is a major shareholder of AGB. He is the father of Alternate Director, Marc Francis Yeoh Min Chang.

DATO' ENG KIM LIONG
Executive Director
Malaysian, Male, Aged 54

Dato' Eng Kim Liong was appointed to the Board of AGB as Executive Director on 9 August 2018.

He has over 30 years experience in property investment and mechanical and electrical trades. He is the co-founder of SCland Sdn. Bhd., a property investment and development company with projects in Klang Valley, Selangor, Pahang and Sabah.

Prior to SCland Sdn. Bhd., he specialised in the provision of mechanical and electrical works to property developers with customers in East and West Malaysia.

He is a major shareholder of AGB. He does not have any family relationship with any Director and/or major shareholder of AGB. He has no directorship in other public companies and listed issuers.

ANG LOO LEONG
Executive Director
Malaysian, Male, Aged 54

Ang Loo Leong was appointed to the Board of AGB as Executive Director on 9 August 2018. He holds a Diploma in Building.

He has over 30 years experience in the construction industry, having served in several reputable construction companies involved in large scale construction projects in Klang Valley and Kota Kinabalu, Sabah.

He is a major shareholder of AGB. He does not have any family relationship with any Director and/or major shareholder of AGB. He has no directorship in other public companies and listed issuers.

PROFILE OF **DIRECTORS**

WONG CHOON SHEIN
Independent Non-Executive Director
Malaysian, Male, Aged 68

Wong Choon Shein was appointed to the Board of AGB on 9 August 2018. He is the Chairperson of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee of AGB.

He has over 40 years of experience and knowledge in international trade and wide networking with major global players in the building and construction industry. He was the founder and Managing Director of Buildtrend Group, a major building materials and architectural products distributor of global brands (like ROCA, TOTO, Villeroy and Boch) and contractor. In July 1994, after divesting Buildtrend Group to Hong Leong Malaysia, he assumed the position of Group Managing Director, Building Materials Division of Hong Leong Industries Berhad until 1996. Home Expo, the first one-stop home renovation and decoration centre in Malaysia, was launched by him in 1999.

He has several business ventures in the building and construction industry in Malaysia, Singapore and Australia. He is also the ASEAN Business Development Director for BSC Group Hong Kong, a building materials and interior contracting group with business activities in Hong Kong, China and Macau.

He is the Non-Independent Non-Executive Director of OCB Berhad which is listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of AGB.

LAM VOON KEAN
Independent Non-Executive Director
Malaysian, Female, Aged 66

Lam Voon Kean was appointed to the Board of AGB on 9 August 2018. She is the Chairperson of the Audit and Risk Management Committee, and Remuneration Committee, and a member of the Nomination Committee of AGB. She is a member of the Malaysian Institute of Accountants (“MIA”) and Malaysian Institute of Certified Public Accountants (“MICPA”).

She joined KPMG Penang in 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was 1 of the senior audit managers of KPMG Penang and acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections.

In 1994, she left KPMG Penang and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services (KL) Sdn. Bhd.) and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies, and branches of multi-national companies.

She was the Managing Director of Boardroom Corporate Services (Penang) Sdn. Bhd. (“Boardroom”) until her retirement in 2011. Upon retirement, she accepted a 1-year contract to act as consultant to Boardroom effective from 1 January 2012.

She is the Independent Non-Executive Director of Asia File Corporation Bhd., Globetronics Technology Berhad, RGB International Bhd. and Tambun Indah Land Berhad, which are all listed on the Main Market of Bursa Securities.

She does not have any family relationship with any Director and/or major shareholder of AGB.

PROFILE OF **DIRECTORS**

MARC FRANCIS YEOH MIN CHANG
Alternate Director to Yeoh Jin Hoe
Malaysian, Male, Aged 34

Marc Francis Yeoh Min Chang was appointed as Alternate Director to Yeoh Jin Hoe on 9 August 2018. He holds a Bachelor of Science degree in Electrical and Electronic Engineering (Magna cum Laude) from Marquette University, United States of America and a Master of Business Administration in Finance from University of Southern Queensland, Australia.

He is the Group Managing Director of Can-One Berhad, a company listed on the Main Market of Bursa Securities. Prior to this, he was Can-One Berhad's Chief Operating Officer cum Executive Director. From 2007 to 2010, he was with Axiata Group Berhad group of companies serving in various senior positions abroad.

He is the son of Yeoh Jin Hoe, the Executive Director and major shareholder of AGB.

Additional Information:

1. *None of the Directors has personal interest in any business arrangement involving AGB.*
2. *None of the Directors:*
   - *(i) has been convicted of any offence within the past 5 years; or*
   - *(ii) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2018, except for Yeoh Jin Hoe and Marc Francis Yeoh Min Chang. On 10 December 2018, both of them, amongst others (collectively, "Parties Acting in Concert"), were reprimanded by Securities Commission Malaysia ("SC") and imposed with the following sanctions:*
     - *(a) a penalty of RM480,000 for breach of Section 218(3) of the Capital Markets and Services Act 2007 ("CMSA") and Paragraph 9(1)(b) of the Malaysian Code on Take-overs and Mergers 2010 ("Take-Over Code").*
     - *(b) a penalty of RM455,000 for breach of Section 218(2) of the CMSA and Paragraph 9(1)(a) of the Take-Over Code, together with a restriction on the aggregate number of voting rights that may be exercised by the Parties Acting in Concert in Kian Joo to not more than 33%. In addition, if the proposed corporate exercise for which consultation with the SC was held on 21 December 2017 is not carried out within 6 months from 10 December 2018, the Parties Acting in Concert are required to reduce their collective holdings in Kian Joo to 33% and below.*
3. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 39 of this Annual Report.*

PROFILE OF
KEY SENIOR MANAGEMENT

DATO' LIM CHEE KHOON

Managing Director of wholly-owned subsidiary, SCLand Development Sdn Bhd ("SDSB")
Malaysian, Male, Aged 52

Dato' Lim Chee Khoon was appointed as Managing Director of SDSB on 1 January 2018. He holds a Bachelor of Science (Hons) degree from Universiti Sains Malaysia. He began his career with the Lion Group in 1990 where he managed numerous large development projects in Malacca. He has accumulated 29 years of experience in property development and project management and was the founder of SCland Sdn. Bhd., a property investment and development company where he managed all its projects in Klang Valley, Selangor, Pahang and Sabah. Prior to SCland Sdn. Bhd., he was the Chief Executive Officer of C P Land Sdn. Bhd., a property development company.

He is a major shareholder of AGB.

BERNARD WILLIAM A/L WILLIAM G. GOMEZ

Director, Finance of wholly-owned subsidiary, Aluminium Company of Malaysia Berhad ("ALCOM")
Malaysian, Male, Aged 56

Bernard joined ALCOM in December 2010 as Chief Financial Officer and was later re-designated to Director, Finance. He completed his professional qualification in England as a Chartered Management Accountant in 1991 and is a member of the Malaysian Institute of Accountants ("MIA"). Prior to ALCOM, he had accumulated over 20 years of finance-related experience in various entities including multi-national companies and a public listed entity, holding senior finance positions.

TORU ISHII

Director, Research & Development of wholly-owned subsidiary, Alcom Nikkei Speciality Coatings Sdn Bhd ("ANSC")
Japanese, Male, Aged 73

Toru Ishii joined ANSC in April 2002 as Technical Director and was later re-designated to Director, Research & Development.

He began his career in 1969 with Nippon Light Metal Co. Ltd (established with Alcan Inc. Canada) as their Research & Development Engineer. During his employment, he was seconded to Alcan's Kingston Laboratories in Canada for 2 years. He has working experience in the surface science field in both Japan and Malaysia. Since joining ANSC, he has contributed extensively in numerous new product developments and has established the entire paint system for coated fin.

CHONG KHAI MAN

Director, Sales & Marketing of wholly-owned subsidiary, ALCOM
Malaysian, Male, Aged 52

Chong Khai Man joined ALCOM in July 1995 as a Sales Executive. He completed the Chartered Institute of Marketing Program and holds a Masters of Business Administration (Marketing) from St. George University International in 2002. He was elected as Member of the Chartered Institute of Marketing (UK) in 2002 and achieved the status of Chartered Marketer in 2003.

He has accumulated over 23 years of sales and marketing experience with ALCOM, mainly in respect of the export markets. His experience also includes seven (7) years of exposure to building materials with a large listed group of companies in Malaysia, prior to joining ALCOM. He had previously undergone a 1-month full-time training experience in Japan under the Association for Overseas Technical Scholarship ("AOTS") of Japan. Following the experience, he has a good grasp of the Japanese business culture.

PROFILE OF
KEY SENIOR MANAGEMENT

TAE IL SEO
Director, Plant of wholly-owned subsidiary, ALCOM
Korean, Male, Aged 68

Tae-Il Seo joined ALCOM as Director, Plant in May 2017. He graduated from the University of Ulsan, Korea with a Bachelor in Materials Engineering, majoring in Metallurgical Engineering. He began his career as a Metallurgical Engineer in 1976 with Aluminium Company of Korea Ltd (within the Hyundai Group, Korea) during which time, he was selected for technical training at Nippon Light Metal, Japan and Kaiser Chemical Corporation in the United States of America. He has over 40 years of aluminium related experience and has held key senior positions as Plant Manager of Novelis, Korea as well as Works Manager of ALCOM from 2004 to 2008.

He has also attended senior level courses at Ulsan CEO Academy, organised by Chambers of Commerce of Ulsan, the Samsung CEO Academy organised by Samsung and has also participated in CEO Forum organised by the University of Ulsan and Business Culture School organised by Kyungsang (Media) Newspaper. In addition, Tae-Il Seo has held teaching positions as a Professor in the School of Material Science and Engineering at the University of Ulsan as well as a Specialist in the Korean Institute of Industrial Technology.

Additional Information:

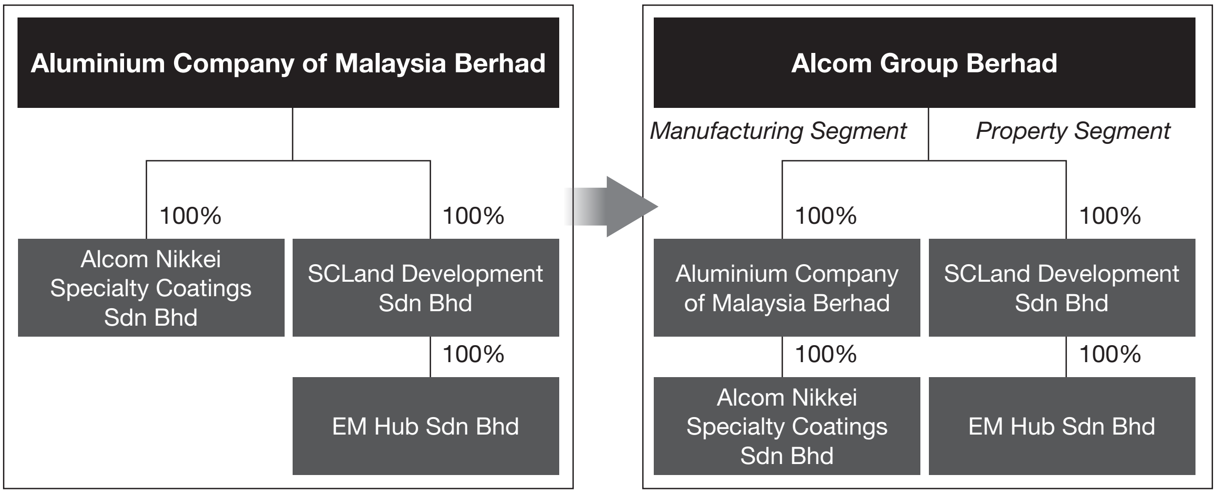
1. *None of the Key Senior Management personnel has family relationship with any Director and/or major shareholder of AGB.*
2. *None of the Key Senior Management personnel has personal interest in any business arrangement involving AGB.*
3. *None of the Key Senior Management personnel holds directorship in public companies and listed issuers.*
4. *None of the Key Senior Management personnel:*
   (i) *has been convicted of any offence within the past 5 years; or*
   (ii) *was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2018.*

MANAGEMENT DISCUSSION
AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

In financial year 2018 ("FY2018") there was an internal reorganisation to separate the investment holding function from the existing businesses i.e. manufacturing and property. This reorganisation which was completed on 16 August 2018 resulted in Alcom Group Berhad ("AGB") becoming the investment holding vehicle and assuming the listing status of Aluminium Company of Malaysia Berhad ("ALCOM"). The withdrawal of ALCOM from the Official List of Bursa Malaysia Securities Berhad occurred on the same day and ALCOM became a wholly-owned subsidiary of AGB.

The reorganisation is illustrated in the diagram below:-



This streamlining of AGB group of companies ("the Group") into separate identifiable businesses, better reflects the 2 distinct operations of the Group without any change in the economic substance of the Group.

Within the manufacturing segment of the Group, ALCOM is a well-established aluminium manufacturer in Malaysia having been in operation for 59 years in the manufacturing of aluminium sheets and coils. ALCOM supplies rolled aluminium products within Malaysia as well as to Asia and Europe. The key product categories manufactured are fin stock, building products, heavy gauge foil and specialties. In addition, Alcom Nikkei Specialty Coatings Sdn Bhd ("ANSC") which is a wholly-owned subsidiary of ALCOM produces the coated fin product. Approximately 25% of the total shipment volume of ALCOM and ANSC is supplied to the domestic market while the remaining 75% is exported.

Under the property segment of the Group, SCLand Development Sdn Bhd ("SDSB") focuses on property development. EM Hub Sdn Bhd ("EM Hub") was established as SDSB's wholly-owned subsidiary to develop its maiden property project and will be Malaysia's first 6-Storey Ramp-up Commerce Hub located at Kota Damansara, Selangor.

There is no direct comparison for FY2018 with the prior year due to the Group's financial year end change from March to December in 2017. Therefore, this discussion and analysis for FY2018 will make comparisons with the corresponding 12 months prior i.e. the accumulation of (i) the 4th quarter results for financial year 2017 comprising the 3 months from January 2017 to March 2017 and (ii) the results for the 9-month financial period ended 31 December 2017, comprising April 2017 to December 2017. This 12-month period will be termed Calendar Year 2017 ("CY2017").

MANAGEMENT DISCUSSION
AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (continued)

Consolidated Results by Segments	Manufacturing	Property	Investment Holding	Elimination	Group Of Companies - Alcom Group Berhad	Manufacturing	Property	Elimination	Group Of Companies - Aluminium Company of Malaysia Berhad
- Statement of Profit or Loss	Financial Year 2018					Calendar Year 2017			
	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
Revenue	**385.70**	**–**	**–**	**–**	**385.70**	369.38	–	–	369.38
Profit/(Loss) Before Tax	**15.21**	**(6.48)**	**(0.76)**	**–**	**7.97**	18.62	(0.01)	–	18.61
Tax Expense/(Credit)	**5.11**	**(0.58)**	**–**	**–**	**4.53**	3.99	–	–	3.99
Profit/(Loss) After Tax	**10.10**	**(5.90)**	**(0.76)**	**–**	**3.44**	14.63	(0.01)	–	14.62
EBITDA	**25.43**	**(5.21)**	**(0.76)**	**–**	**19.46**	27.34	(0.01)	–	27.33
- Statement of Financial Position	As At 31.12.2018					As At 31.12.2017			
	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
Total Assets	**256.73**	**111.33**	**102.17**	**(137.49)**	**332.74**	242.29	20.00	(20.00)	242.29
Total Liabilities	**127.64**	**117.24**	**0.77**	**(35.33)**	**210.32**	124.01	20.01	(20.00)	124.02
Equity	**129.09**	**(5.91)**	**101.40**	**(102.16)**	**122.42**	118.28	(0.01)	(0.00)	118.27

As per the table above, for the financial year under review, the overall Group's profit before tax was RM7.97 million compared to RM18.61 million in CY2017. The result in CY2017 was attributable entirely to the manufacturing segment, as the property segment had remained largely dormant during that CY2017 whilst the investment holding was active only from mid-August 2018 onwards with the inception of AGB.

The manufacturing segment's attainment of a lower profit before tax for FY2018 of RM15.21 million compared to CY2017 of RM18.62 million was largely due to higher interest costs of RM1.71 million and a lower metal price lag* gain of RM4.18 million. These were partially offset by the overall good management of the other expenditure items.

*(*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)*

The details of the main expenditure categories of the Group are as follows:-

Staff Costs – FY2018 of RM36.39 million vs RM32.56 million in CY2017

The manufacturing segment with a controlled headcount incurred RM33.64 million in FY2018 which was a 3.3% increase compared to RM32.56 million incurred in CY2017. The property segment and investment holding segment incurred RM2.30 million and RM0.45 million respectively in FY2018.

Utilities and Fuel – FY2018 of RM21.89 million vs RM20.50 million in CY2017

These costs, which were entirely attributable to the manufacturing segment, were well-controlled, registering a mere 6.8% increase on the back of a flat shipment volume in FY2018 over CY2017. This was achieved despite the increase in natural gas prices by 22.9%, which had an impact in FY2018 of approximately RM1.82 million. In addition, effective July 2018, there was an increase in electricity charges as a previously provided rebate by Tenaga Nasional Berhad ("TNB") was withdrawn and replaced with a factor surcharge. This change resulted in an impact of RM0.48 million for the 2nd half of FY2018 compared to the corresponding period in CY2017. To counter the escalation of these costs, the unit managers in the manufacturing plants made continued conscious efforts to further control energy consumption without compromising on productivity.

MANAGEMENT DISCUSSION **AND ANALYSIS**

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (continued)

Depreciation of Property, Plant & Equipment – FY2018 of RM7.79 million vs RM7.83 million in CY2017

In FY2018, the manufacturing segment's depreciation charge was at a reduced amount of RM7.65 million compared to CY2017 of RM7.83 million due to the higher number of fully depreciated assets in FY2018. The property segment accounted for the remaining RM0.14 million in FY2018.

Upkeep, Repairs and Maintenance of Assets – FY2018 of RM8.29 million vs RM10.91 million in CY2017

The manufacturing segment, which accounted mainly for these costs ensured that the set cost targets were monitored with heightened attention by the engineering team resulting in a significant reduction in this cost category. In addition, their proactive actions have resulted in improved machinery up-time which in turn also contributed to better recovery rates in FY2018 compared to CY2017.

Other Operating Expenses – FY2018 of RM18.27 million vs RM12.42 million in CY2017

In CY2017, RM12.42 million was entirely incurred by the manufacturing segment compared to RM15.63 million incurred in FY2018. The remainder of RM2.64 million in FY2018 million was incurred by the property segment and investment holding segment.

The increase in the manufacturing segment's expense of RM3.21 million was mainly due to higher interest charges, higher professional fees for the internal reorganisation and compensation for material replacement for 1 customer due to quality issues. The property segment's expenses were incurred mainly for interest charges, stamp duty on loan agreement and marketing related expenses while the investment-holding segment incurred expenses for Directors' fees and provision for annual general meeting costs.

Capital Expenditure

RM10.63 million of capital expenditure was incurred in the year under review of which RM8.29 million was incurred by the manufacturing segment whilst the remaining RM2.34 million was incurred by the property segment. The capital expenditure incurred in the manufacturing segment was mainly for the purchase of machinery, machine system upgrade and investment in the third coating line whilst the property segment incurred capital expenditure mainly for the renovation of its sales gallery & corporate office at Kota Damansara.

Total Assets

The total assets for the Group increased by RM90.45 million i.e. from RM242.29 million as at 31 December 2017 to RM332.74 million as at 31 December 2018 due mainly to property development costs which is classified under current assets that was incurred during the financial year. This was partially offset by a reduction in the Group's trade receivables and bank balances. The property development expenses included the land cost at Kota Damansara which was purchased at RM92.13 million. The land size is 9.4 acres.

Total Liabilities

The total liabilities for the Group rose from RM124.02 million as at 31 December 2017 to RM210.32 million as at 31 December 2018. This increase of RM86.3 million was largely attributable to increased borrowings by the property segment totaling RM76.48 million and higher trade payables largely from the manufacturing segment.

MANAGEMENT DISCUSSION **AND ANALYSIS**

REVIEW OF OPERATIONS - MANUFACTURING SEGMENT

Overview

The year 2018 saw the escalation of trade tensions between the United States ("US") and China and this resulted in an erratic year with much uncertainty in many areas. Most economies around the globe faced a slowdown but nobody could predict how challenging it would be.

During the year, the Malaysian Ringgit saw a mixed performance; despite entering the year with a strong performance that sustained until the 1st half of the year, it weakened in the remainder of the year due to a sharp change of sentiment, influenced by external drivers.

The commodity price of aluminium also went through a roller coaster ride. The volatility in currency and metal prices posed great challenges to ALCOM and ANSC.

As a large portion of ALCOM and ANSC's shipments were derived from exports, we took advantage of growing markets such as India and Europe to expand our market share which resulted in a 5% growth in the export volume relative to the total volume in FY2018 over CY2017. Meanwhile, the domestic market grew slower than expected.

We are proud to report that we had another year in which we were injury free and we had zero recordable incidents at our operational sites. In addition, we made progress in our sustainability initiatives.

Operationally, we had another record year of production at our ANSC plant that produces coated fin. Overall shipment volume of ALCOM and ANSC for FY2018 was marginally higher by 1.8% compared to CY2017. However, Conversion Premium was lower by 0.7% due to the very competitive environment. Despite the escalating cost of utilities and supplies, we managed to keep our operating costs in check. We recorded an Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM25.43 million for the year under review.

Commercial

ALCOM and ANSC posted a combined revenue of RM385.70 million in FY2018 which represented an increase of 4.4% over CY2017's attainment of RM369.38 million. An improved product mix and higher contracted metal costs attributed to this increased revenue achievement. The contracted metal costs were passed through to our customers.

All of our product categories except for high gauge foil saw a higher shipment compared to the previous year. We still managed a marginal increase in shipment volume despite a tremendously challenging year. As for the high gauge foil product category, we decided to scale down our supply as the price offered by customers to compete was not attractive.

Markets around the world were turbulent as a result of trade tariffs imposed by the US Government on Chinese imports into the US and also due to sanctions imposed on Rusal Aluminium. This resulted in much lower prices (Conversion Premium) because of excess Chinese materials that were diverted into Southeast Asia. Our competition was especially stiff in Thailand and we lost some market share in the coated fin segment due to pricing.

Sanctions on Rusal Aluminium by the US in April 2018 resulted in the London Metal Exchange ("LME") price surging as the market reacted to the temporary shortage of aluminium supply. This price increase however softened subsequently over the remaining months of 2018. This had contributed to the higher contracted metal cost as indicated earlier. Even though the cost of metal was mostly passed through to our customers, we experienced big swings in metal lag due to the volatility of LME prices. Despite all of these challenges, we still managed to end the year with a positive metal price lag albeit a much smaller gain compared to the previous corresponding year.

MANAGEMENT DISCUSSION **AND ANALYSIS**

REVIEW OF OPERATIONS - MANUFACTURING SEGMENT (continued)

Commercial (continued)

The lesser volume sold into the Southeast Asia region especially Thailand was well compensated by our market share expansion in both India and Europe during this period. Brexit and the financial turmoil in Turkey have been disruptive to our European market and we will be cautiously monitoring the development as we move forward. Our customers for fin stock in India continue to be very bullish with the market as India's gross domestic product is expected to expand 7.5% in 2019. The current penetration rate of air-conditioners in India is only approximately 4% hence it presents a good opportunity for our fin stock market expansion with all reputable air-conditioner manufacturers.

The Building and Construction market in Malaysia was very slow and that had affected our optimistic sales target for the year under review. Several Government projects secured earlier were postponed indefinitely after the 14th General Election. Nevertheless, we still managed to ship marginally more in FY2018 compared to CY2017 despite the slowdown that we experienced. We will continue with our branding and promotion on the usage of aluminium as the preferred material for roofing both in Malaysia as well as in Singapore.

Customers

ALCOM and ANSC are major players in the fin stock product category and supply to most of the leading manufacturers in the air-conditioner markets across Asia and Europe. Some of our other customers are from building and construction, packaging, cables and other industries.

Our recent venture into the US has been very encouraging. We began our maiden supply to the US market in the beginning of the 4th quarter of FY2018. We have since enlisted a few customers in the US and several more are currently testing our products for potential supply. This has been a great opportunity for us to establish ourselves with some of these customers in the US.

Costs

Direct Costs – necessary adjustments were made in compliance with the minimum wage guidelines introduced by the Malaysian Government.

Gas Malaysia increased their unit cost by 22.9% in 2018, whilst TNB during the year under review withdrew the electricity rebate that was granted previously. These 2 energy components constitute approximately 42% of our total direct costs.

We implemented a cost mitigation exercise and managed to reduce our consumption on other gases, lubricants and packaging. The overall direct costs increased by only 2.6% in FY2018 compared to CY2017, inclusive of direct labour cost incurred.

Period Costs – was lower in FY2018 compared to CY2017 by 3.4% largely due to lower repair and maintenance (R&M) costs incurred.

Overall, the total Operating Costs were well-controlled with a marginal increase of 1.5% over the year under review despite the escalating utilities costs.

REVIEW OF OPERATIONS - MANUFACTURING SEGMENT (continued)

Manufacturing Operations

FY2018 was a good year for our manufacturing team as we continued to make some significant progress in a number of areas that aided in keeping our costs down and improved our productivity. Firstly, we improved our recovery rate from an average of 65.5% to 68.8% which was a record recovery achievement. This had directly impacted our profitability. Alongside this, the manufacturing team also improved our quality performance by lowering our customer returns from 4,730 parts per million ("ppm") to 2,860 ppm. This meant we had lowered our cost of returns from customers and improved our reliability performance as a supplier. Delivery performance improved tremendously from 74.4% to 81.7%.

These remarkable improvements earned us a couple of coveted awards from our customers. We were awarded the 'Procurement Partner Award' by 1 of our customers in Europe and the 'Top 3 Best Supplier Award' by 1 of our Middle Eastern customers. These awards are great testaments to the improvements we have made over the years to achieve our mission of exceeding our business partners' expectations.

To continue our improvement initiative, we have embarked on Total Productive Maintenance ("TPM") to optimise our productivity. We believe this initiative will translate to even better results in the years ahead.

Human Capital

We successfully negotiated and signed the Collective Agreement for 3 years (2018 – 2020) with our workers. Management continues to enjoy a good and strong relationship with our unionised employees.

We have been reviewing and benchmarking some of our key positions to ensure we are managing our talent pool and remunerating our employees appropriately.

Anticipated risks

Global economic growth is projected to soften in 2019 amidst the rising downside risk to the outlook according to The World Bank's latest statement released on 8 January 2019. Going forward, the financial stress from Turkey is expected to weigh in on Europe. This will be a risk that we will have to actively manage with our customers in Europe.

Our export revenue, which is approximately 75% of ALCOM and ANSC's total revenue, is transacted in US dollars. The strengthening of the Malaysian Ringgit will have an impact on our profitability. We will abide by the guidelines provided by forex experts for our budgeting in the years ahead. Rising cost of electricity and gas will be a challenge in the coming years in maintaining our competitive position.

As the world moves from globalisation to regionalisation, we are expecting policies to be reviewed and changed. The changing landscape of trade agreements and tariff barriers of various economies will inevitably pose both risks and opportunities. The trade tensions between US and China has been both a boon and a bane to ALCOM and ANSC. Depending how and what the final agreement would look like, we will manage the risk and the opportunity it presents.

We have 2 new competitors in Thailand that have commenced supply of coated fin into the market. They are offering very cheap pricing to fill up their new capacities. This has made it very challenging for ALCOM and ANSC to supply competitively.

As part of our risk mitigating process, we are continuously reviewing our business risks and options to minimise the risk and improve the business outcome.

MANAGEMENT DISCUSSION **AND ANALYSIS**

FORWARD LOOKING STATEMENT

Manufacturing Segment

The economies around the world are consolidating and softening in 2019 as reported by the World Bank. Recently, a senior economist of a very reputable bank summarised his assessment and observation of the world's economy as "Synchronised Deceleration". As it is, there are numerous uncertainties on economic policies, trade policies, forex and commodity prices. These will no doubt have an impact and define the way we operate going forward.

On the domestic front, we believe Malaysia will remain soft but stable in 2019. There are opportunities for us to explore and expand which we are working on with our local customers.

Southeast Asia seems to be in focus with most economies within it still expanding at a reasonable rate relative to other regions around the world. It will be a very competitive arena for all. India and Europe will also be part of this Synchronised Deceleration but we remain bullish with our presence in these markets.

Passion, Speed and Seamlessness are our Core Values, which we are confident will bind the team together despite all the uncertainties and we will emerge even stronger.

Property Segment

The industrial property sector fared well in 2018 amidst a slightly depressed property market and is likely to continue its resilience moving into 2019. With the growth in e-commerce activities, the related demand for warehousing and logistics space is expected to increase correspondingly. At present, industrial property offers a good investment yield of between 5% to 6% and is slated to be sustained throughout 2019.

EM Hub's property project that was launched in the 4th quarter of FY2018 is expected to contribute to the Group's future earnings with the anticipated growing demand for warehousing properties despite a sluggish market environment.

Construction works for the EM Hub's project had commenced at the end of February 2019 and is earmarked for completion by end of 2022.

SUSTAINABILITY **REPORT**

ABOUT THIS REPORT

This report describes how Aluminium Company of Malaysia Berhad ("ALCOM") and Alcom Nikkei Specialty Coatings Sdn Bhd ("ANSC") integrate sustainable practices into business strategy and how both entities adopt best practices to establish a holistic approach to address the needs of internal and external stakeholders. ALCOM/ANSC represents the manufacturing segment within Alcom Group Berhad's group of companies ("the Group").

REFERENCES AND GUIDELINES

This report has been prepared in accordance to the Sustainability Reporting Guide (2018) Second Edition issued by Bursa Malaysia Securities Berhad ("Bursa Securities").

COVERAGE

This report covers the Group's manufacturing segment business units i.e. ALCOM and ANSC or collectively known as ALCOM/ANSC. These business units that manufacture aluminium sheets, aluminium foils, bare finstock and coated finstocks operate from its 29.97 acres site in Bukit Raja Industrial Estate, Klang, Selangor. The Group's property segment business units have been excluded in this report as the site preparation and earthworks for the first phase of the property development commenced only in early 2019. Information from this segment will be included in the sustainability report of financial year 2019 onwards.

REPORTING PERIOD

This report covers ALCOM/ANSC's sustainability performance for 2018 i.e. the period from 1 January 2018 to 31 December 2018.

ASSURANCE

ALCOM/ANSC with its robust structure have sought and relied upon internal assurance for this reporting period.

GOVERNANCE AND SUSTAINABILITY

Sustainability has always been an integral part of ALCOM/ANSC's operations and is therefore strongly embedded within the culture of ALCOM/ANSC. The Audit and Risk Management Committee ("ARMC") provides oversight and supervision of the sustainability initiatives and makes appropriate recommendations to the Board of Directors ("Board") of Alcom Group Berhad. A Risk Management Working Group ("RMWG") chaired by the President cum Chief Executive Officer has been established to assist the ARMC. The RMWG comprises the Senior Management team and the Sustainability Officer.

GOVERNANCE AND SUSTAINABILITY (continued)

The table below illustrates ALCOM/ANSC's Sustainability Governance Structure:

STRUCTURE	ROLES AND RESPONSIBILITIES
Board of Directors	• Oversees ALCOM/ANSC's sustainability initiatives • Reviews and approves sustainability strategies and policies • Endorses the proposed sustainability initiatives • Addresses material sustainability matters
Risk Management Working Group	• Develops sustainability policies and the implementation of sustainability related strategies, policies and initiatives • Reports sustainability plans and progress to the Board on a quarterly basis • Reviews and approves sustainability internal guidelines
Sustainability Officer	• Reports to the RMWG on the progress of the sustainability initiatives • Develops sustainability related guidance documents for internal use • Collects and monitors data to evaluate sustainability progress

CERTIFICATIONS

ALCOM/ANSC's management systems are certified with:-

- Quality Management System, ISO 9001:2016
- Environmental Management System, ISO 14001:2015
- Occupational Health and Safety Management System OHSAS 18001:2007

The products' certification are:-

- Aluminium and Aluminium Alloys – Sheets and Coiled Sheets – Specification, MS 2040:2007

ALCOM/ANSC's commitment towards Environmental, Occupational Health, Safety and Quality ("EHSQ") is comprehensively spelt out within its EHSQ Policy.

ENVIRONMENTAL, OCCUPATIONAL HEALTH, SAFETY AND QUALITY POLICY

ALCOM/ANSC is dedicated in adding value to stakeholders, especially customers, employees, shareholders and neighbouring communities through excellence in environmental, occupational health, safety and quality management.

In particular, ALCOM/ANSC strives for the continual improvement in its operations and business practices to:

- achieve zero occupational injuries and illnesses through prevention and risk reduction;
- minimise impact on the environment by reducing the use of natural resources, protecting the environment, preventing pollution and contributing to the well-being of neighbouring communities; and
- enhance the quality and benefits of our products and services throughout their life cycle, including increased recycling initiatives.

SUSTAINABILITY **REPORT**

ENVIRONMENTAL, OCCUPATIONAL HEALTH, SAFETY AND QUALITY POLICY (continued)

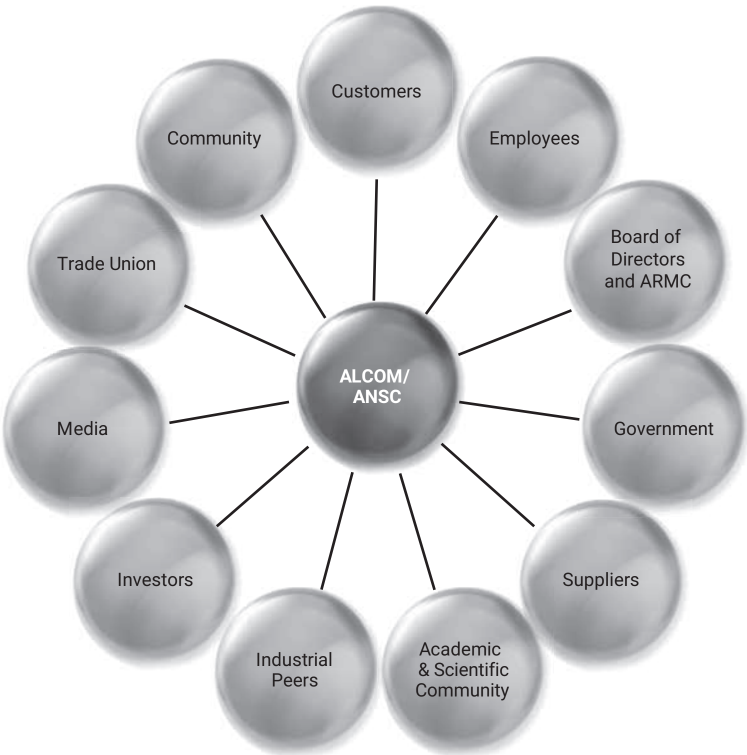
ALCOM/ANSC is passionate in adhering to its guiding principles as all employees are cognisant of their expectations which include the following:-

- comply with all EHSQ regulatory requirements, ALCOM/ANSC's own internal standards and other applicable requirements;
- create an atmosphere where all employees, contractors and visitors are to be consciously aware of their own health and safety including looking out for those around them;
- measure performance, review procedures and maintain equipment;
- to establish challenging objectives and target to continually improve the effectiveness of its management systems;
- commit to customer satisfaction; driven by understanding customer needs and exceeding their expectations;
- build collaborative relationships with key suppliers, customers and neighbouring communities;
- challenge each other to rise above the status quo, fostering continual improvements and innovations;
- pro-actively seek to increase aluminium recycling content; and
- celebrate successes and accomplishments.

This policy is based on ALCOM/ANSC's values; concerted efforts will continue to bring sustainable growth and reinforce its high performance culture.

STAKEHOLDER ENGAGEMENT

ALCOM/ANSC acknowledges that stakeholders play a vital role for the success of its business. Stakeholders are assessed based on ALCOM/ANSC's business dependency and influence in order to determine their significance to its business operations.



STAKEHOLDER ENGAGEMENT (continued)

It is imperative for ALCOM/ANSC to anticipate potential risks or issues that may arise from stakeholders. An assessment of the stakeholders' engagement process was conducted in 2018 to determine their level of interest and expectations.

The table below depict the interests and expectations of each of the stakeholder groups, the type of engagement by which we address their interests and the frequency of each of those engagement types.

No.	Stakeholder	Engagement Issues	Type of engagement	Frequency
1	Employees	Career development and ongoing communication Occupational safety and health ("OSH")	- Performance Appraisals - Town Hall Meetings - OSH Committee Meeting - Internal Training	- Annually - Quarterly - Monthly - Periodically
2	Government/ Regulatory Authorities	Legal compliance	- License Certifications	- Periodically
3	Media	Business updates	- Communications	- Ad hoc
4	Community	Community engagements	- Donations - Blood Donations - Gotong Royong	- Ad Hoc - Annually - Annually
5	Industrial peers	Industry Stewardship	- Meetings	- Periodically
6	Customers	Products/services transparency	- Visits - Meetings	- Ad Hoc - Ad Hoc
7	Investors	Business outlook, return on investment	- Web site - Bursa Securities Announcements - AGM	- Quarterly - Ongoing - Annually
8	Board of Directors and ARMC	Business outlook, compliance, return on investment	- Meetings	- Quarterly
9	Trade Union	Welfare, collective agreement, safety	- Meetings	- Periodically
10	Suppliers	Green procurement, value for money	- Supplier Assessment	- Annually
11	Academic & Scientific Community	New technology	- Ongoing	- Ongoing

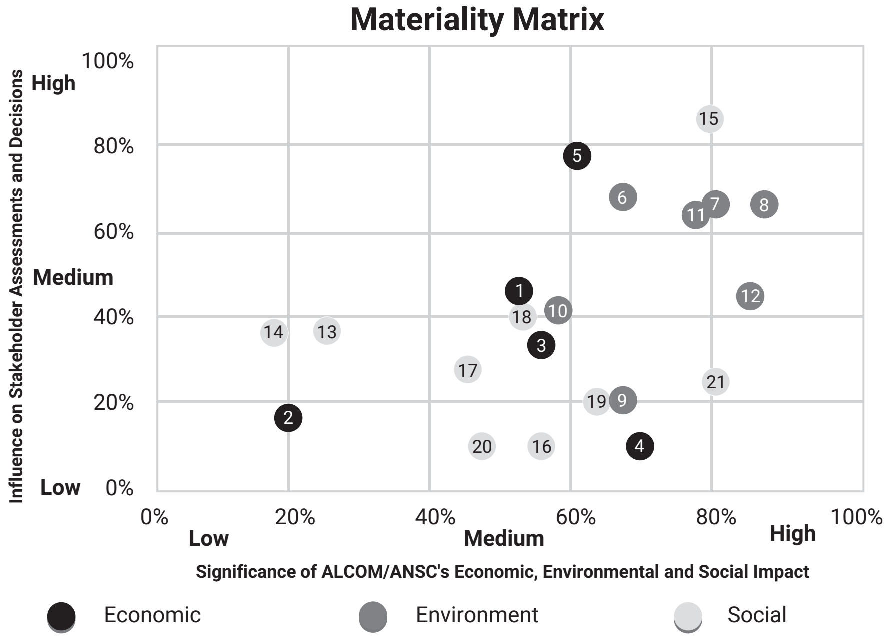
SUSTAINABILITY **REPORT**

MATERIALITY ASSESSMENT

Materiality assessment has been conducted to prioritise materially significant matters that have a high impact on the business of ALCOM/ANSC from an economic, social and environmental perspective.

Materiality assessment workshops involving senior management represented from all functions were held in 2018. A complete review of the 92 Sustainability Themes was conducted to determine their applicability to ALCOM/ ANSC. A total of 68 themes were identified as being applicable to ALCOM/ANSC's business and its stakeholders.

A summary of the final assessment is depicted in the chart and the table below:-



Materiality Matters	Sustainability Themes	
High Materiality	5	Emissions
	6	Waste and effluent
	7	Water
	8	Energy
	11	Materials
	15	Occupational Safety and Health
Low/Medium Materiality	1	Procurement practices
	3	Indirect economic impact
	4	Climate-related financial risks and opportunities
	9	Supply Chain (Environmental)
	10	Product and Services Responsibility (Environmental)
	12	Compliance (Environmental)
	16	Anti-competitive behavior
	18	Labour practices
	19	Product and Services Responsibility (Social)
	21	Compliance (Social)
Not Material	2	Community investment
	13	Diversity
	14	Human Rights
	17	Anti-corruption
	20	Supply Chain (Social)

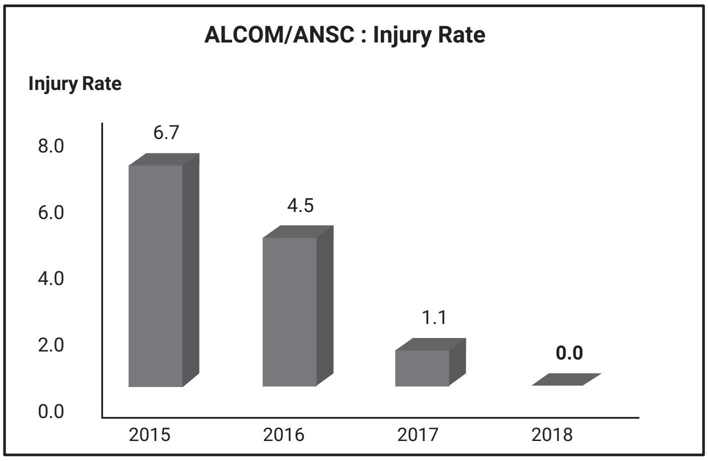
SUSTAINABILITY **REPORT**

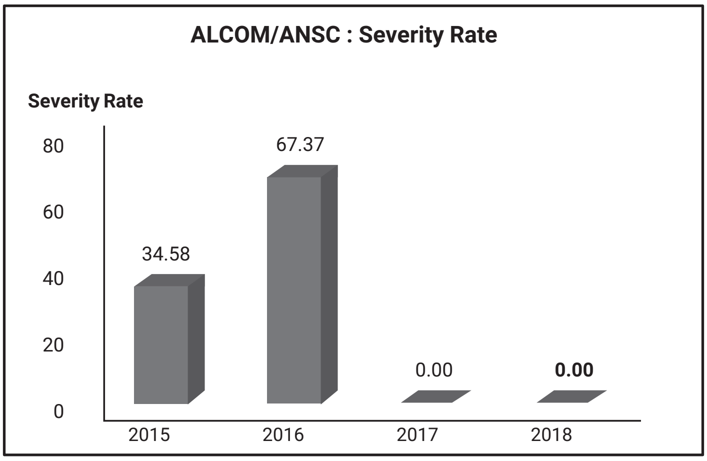
SUSTAINABILITY PROGRESS

Occupational Safety and Health

ALCOM/ANSC believes that workplace safety is essential to the sustainability of its business and is committed to protect the health, safety and welfare of its stakeholders, employees, suppliers, contractors and customers.

In 2018, ALCOM/ANSC was accident free as shown in the Injury Rate and Severity Rate charts below. The Injury Rate per 1 million man hours are used as per the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004. In ALCOM/ANSC's internal reporting, injury and day lost rate are based on 200,000 man hours.





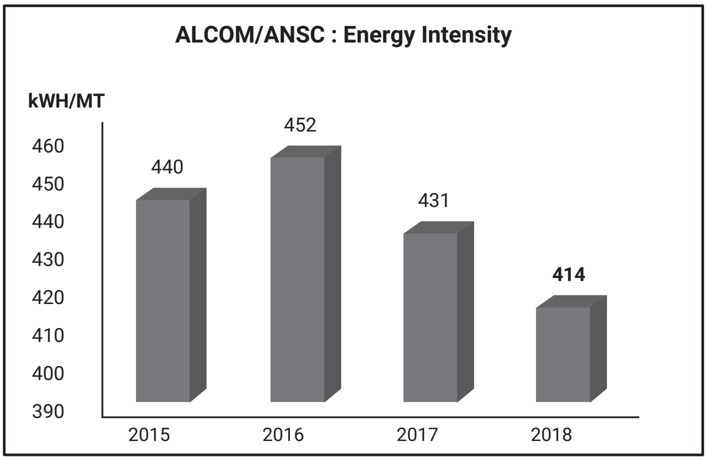
Besides the traditional Environmental, Health and Safety ("EHS") activities, ALCOM/ANSC has established a **Serious Injury & Fatality (SIF) Process**. In this process, both management and employees are involved in assessing daily routine processes and to identify any potential risk of injury. The risks are analysed and evaluated and all high risk items are identified for improvements. All improvement items are managed daily. Improvements initiatives are validated through actual implementation on site. The process also involves departmental reviews with the EHS team.

ALCOM/ANSC continually tracks the **Behavioral Accident Prevention Process ® ("BAPP")** using a **Behavioral Based Safety Process ("BBS")**. Observations on co-workers are conducted during their routine daily activities to identify safe and at risk behavior that may lead to injury. Observers will convey their appreciation to the observee for 'Safe' behaviors displayed and will correct them for any 'At Risk' behavior observed. 'Safe' and 'At Risk' behavioral data are collected and analysed to determine focus areas to reduce 'At Risk' behaviors.

SUSTAINABILITY **REPORT**

Energy

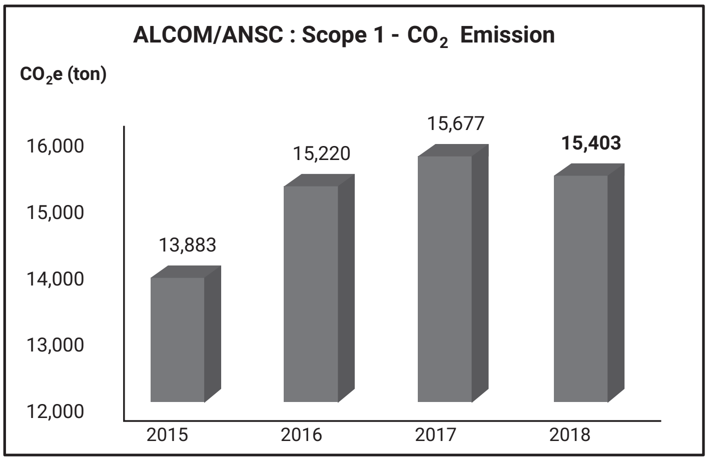
Electricity consumption has always been a major challenge in ALCOM/ANSC's operations. As shown in the graph below, there was a 4% reduction in 2018 as compared to 2017, and was 6% lower as compared to the baseline in 2015. Energy intensity reported reductions in all work areas except for Coating Line 1 due to its aged machinery.



Emissions

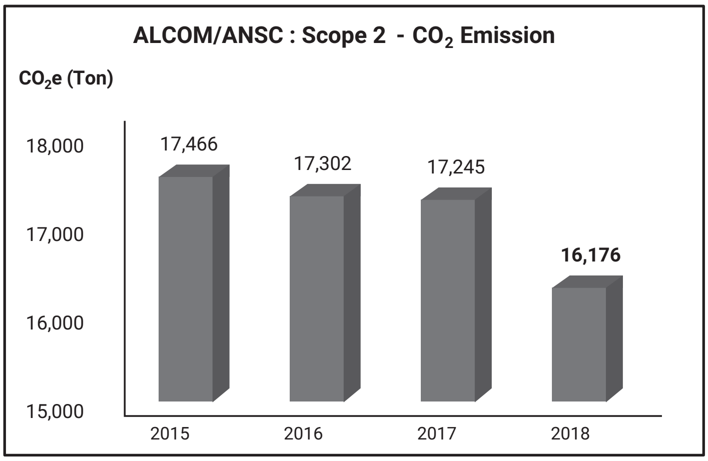
ALCOM/ANSC has been monitoring Greenhouse Gas ("GHG") emissions over many years. Based on experience with its former holding company, Novelis Inc (the leading producer of rolled aluminium in the world), calculations are made based on *Intergovernmental Panel On Climate Change ("IPCC")* guidelines.

In 2018, Scope 1 - Carbon Dioxide ("CO_2") emissions from Direct Sources reported a 2% reduction as compared to 2017. The reduction indicated lower consumption of Natural Gas and Diesel.

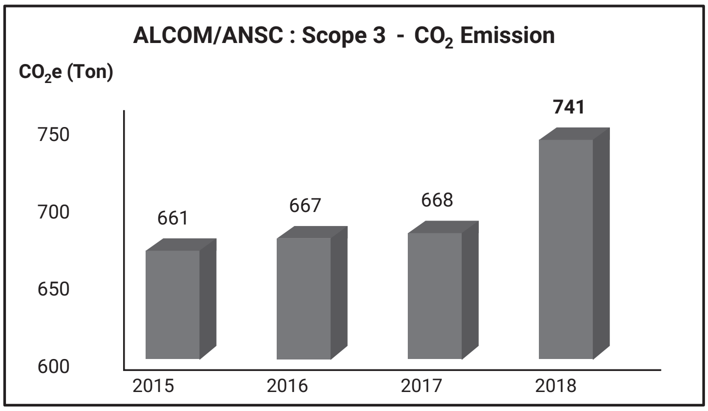


Emissions (continued)

In 2018, Scope 2 - CO_2 emissions from Indirect Sources reported a 6% reduction as compared to 2017 and was historically the highest year-on-year reduction recorded. The electricity consumption was reported as being at the lowest level in the past 3 years.



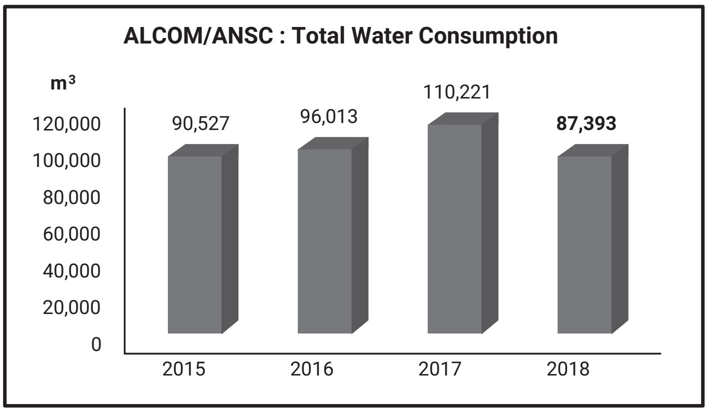
Expanding ALCOM/ANSC's customer base to export markets generally makes good business sense. However, ALCOM/ANSC's Scope 3 CO_2 Emissions for 2018 depicted highest CO_2 emissions recorded from transportation. There was a 26% increase in CO_2 emission reported from Ocean Vessels transportation as compared to 2017, corresponding with an increase of 8% in tonnage and 16% increase in the average length of distance to customers.



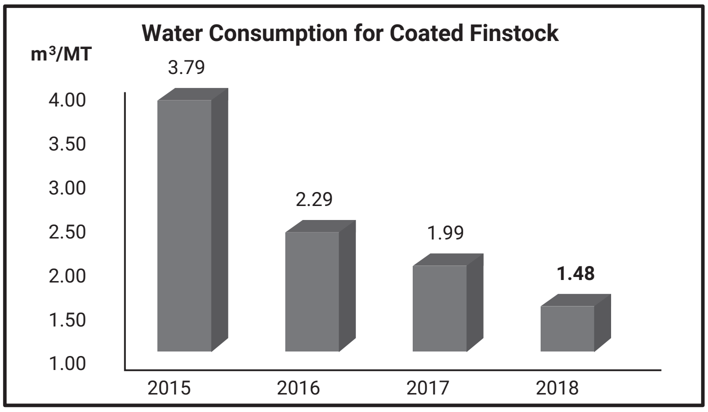
Particulate matters emissions will be reported beginning 2019. ALCOM/ANSC will install a Continuous Monitoring Equipment for particulate matters in 2019.

Water

As reported in the Group's Annual Report 2017(for the financial period ended 31 December 2017), there was a major leak due to the aged underground piping that has since been rectified. Apart from water saving initiatives, the replacement of the underground pipes aided in the reduction of total water consumption in 2018, which was lower by 21% as compared to 2017. This was the lowest registered water consumption over the 4-year period as depicted in the graph below.



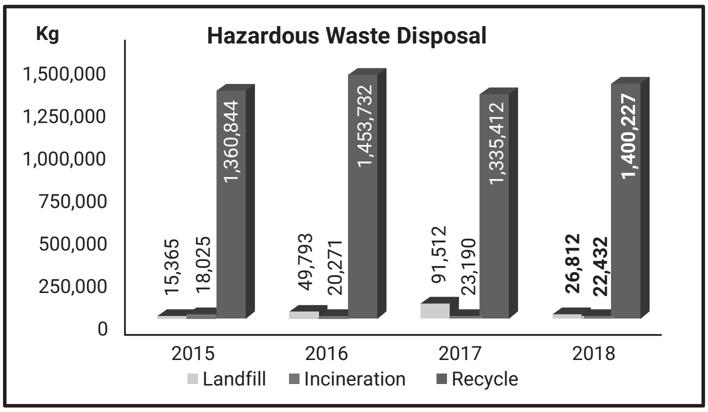
One of the main uses of water in ALCOM/ANSC is for the production process of the coated finstock product. In this process, water is used to clean and to mix component for coating materials. ALCOM/ANSC uses 100% water based coating materials where the water is thoroughly filtered; this filtration process is sensitive and requires frequent care and maintenance.

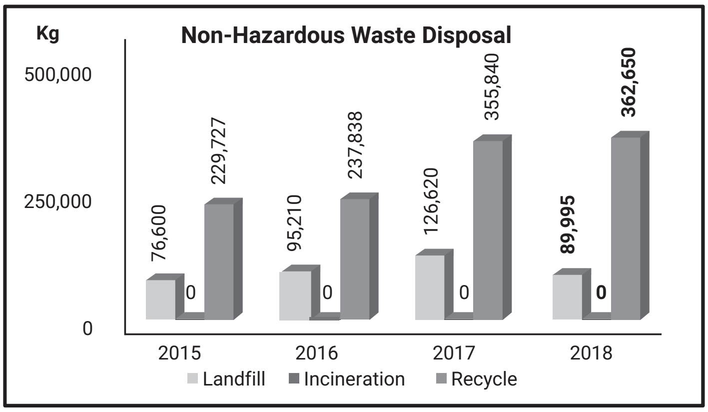


SUSTAINABILITY **REPORT**

Waste and Effluent

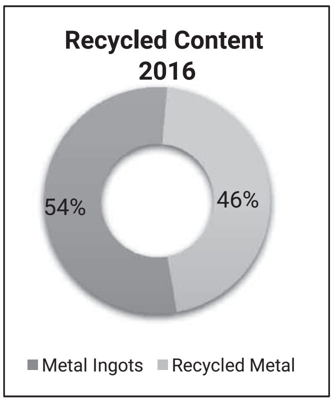
ALCOM/ANSC reduced carbon footprint by improving the recycling percentage of waste. In 2018, out of 1,449 metric tons of hazardous waste that were generated, 96.6% was recycled, 1.85% was landfilled while 1.55% was incinerated. Meanwhile 80% out of 452 tons of non-hazardous waste was recycled and 20% was landfilled.

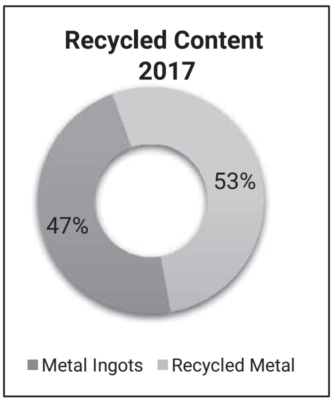


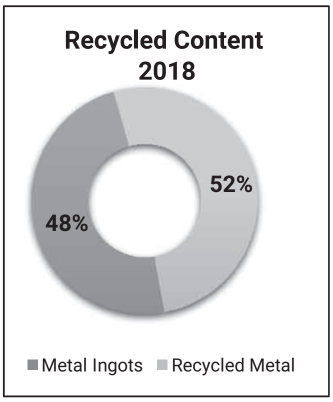


Materials

ALCOM/ANSC maintains more than 50% of recycled contents in its products as part of its efforts to produce low-carbon aluminium. Initiated in 2016, finding alternatives to metal source has always been challenging in order not to compromise on the quality and credibility of our products.







SUSTAINABILITY **REPORT**

Community Service

On 6 October 2018, ALCOM/ANSC set up a Resource Centre and upgraded an open hall at Perkampungan Orang Asli, Kg Chinta Manis, Bentong, Pahang. For the resource centre, new and used books were collected through donations by ALCOM/ANSC's employees and Penerbitan Pelangi Sdn Bhd. It was the hope that this initiative will nurture the reading habit and encourage a thirst for knowledge among the Orang Asli community. During this 1 day activity, ALCOM/ANSC's employees also gained valuable insights into the Orang Asli's way of life by spending time with them.

Preparing the Resource Centre

Shelves being filled with donated books in the Resource Centre

Upgrading the open hall

Mission accomplished. ALCOM/ANSC employees together with some of the Orang Asli community.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Alcom Group Berhad's ("AGB" or "the Company") listing on 16 August 2018 was pursuant to an internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Companies Act 2016 undertaken by Aluminium Company of Malaysia Berhad ("ALCOM") culminating in the transfer of the listing status of ALCOM to AGB. Accordingly, the disclosures in this report cover the period when ALCOM was listed and up to the time its listing status was taken over by AGB from 16 August 2018 onwards.

The Board of Directors ("Board") of AGB is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance. This ensures that the best practices of corporate governance including accountability and transparency are adhered to by the Company to achieve long-term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders on the Company's application of the 3 key principles of the MCCG during the financial year 2018 ("FY2018"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Clear Roles and Responsibilities of the Board

The Board's role is to provide stewardship of the Group and direction for Management. The Board is collectively responsible and accountable to the Company's stakeholders for the long term success of the Group. The Board is guided by the Board Charter which outlines the role, composition and responsibilities of the Board with regard to matters that are specifically reserved for the Board as well as those which the Board may delegate to the relevant Board Committees.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. The responsibilities of the Board include:

(i) Ensuring that the Group's goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, are in place to achieve them;

(ii) Establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

(iii) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;

(iv) Appointing the Managing Director/Chief Executive Officer/Executive Director, including setting the relevant terms and objectives and where necessary, terminating his/her employment with the Group;

(v) Ensuring that the Group has appropriate business risk management framework and corporate governance framework, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Clear Roles and Responsibilities of the Board (continued)

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. The responsibilities of the Board include: (continued)

(vi) Appointing board committees to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees' deliberations and reports;

(vii) Ensuring that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

(viii) Ensuring that there is in place an appropriate succession plan for members of the Board and senior management;

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's Code of Conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") which deals with the respective committee e.g. Remuneration Committee's TOR in respect of its authority and duties that are disclosed in the Company's website;

(xi) Ensuring that there is in place an appropriate corporate disclosure policy and procedure which leverage on information technology for effective dissemination of information, to ensure comprehensive, accurate and timely disclosures; and

(xii) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

The Board also reviews the principal risks arising from all aspects of the Group's businesses that have significant impact on operations to ensure that there are systems in place to effectively monitor and manage these risks.

Roles of the Chairman and the President cum Chief Executive Officer

There is a clear and distinct division of responsibilities between the Chairman and President cum Chief Executive Officer ("CEO") to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.

The Chairman is responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at Board meetings reflect the consensus of the whole Board and not the views of any individual or group.

The President cum CEO is primarily responsible for the day-to-day operations of the manufacturing segment of the Group, which includes implementation of policies and strategies adopted by the Board. The President cum CEO is also responsible for communicating matters relating to the Group's manufacturing segment to the Board. His knowledge of the Group's manufacturing segment and affairs contributes significantly towards the attainment of the Group's goals and objectives.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Charter

The Board adopts a Board Charter, which outlines the composition of the Board together with the roles and responsibilities of the Board, the Chairman, the Managing Director/Chief Executive Officer, the Directors and the Company Secretaries. The contents include the Schedule of Matters Reserved for Collective Decision of the Board.

The Board Charter will be subjected to periodical review cum updates by the Board whenever deemed necessary. The Board Charter is available for reference on the Company's website at www.alcom.com.my.

Code of Conduct and Ethics

The Board is guided by both the Directors' Code of Best Practice in the Board Charter and the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour of Directors based on trustworthiness and values that can be accepted, and to uphold the spirit of responsibility and social responsibility in line with legislation, regulations and guidelines for administering the Group.

The Group has also in place the Code of Conduct which outlines the expectations for employees executing their duties in an ethical manner. In order to maintain the Group's reputation, it is important for all to be aware and understand the tenets of the Code of Conduct and adhere accordingly. To achieve this purpose, a mandatory training module that outlines what the Code of Conduct means and its expectation from the employees has been developed and conducted for new employees and interns during the induction programmes.

A whistle-blowing procedure also forms part of the Group's Code of Conduct to provide an avenue for employees/ public to report/complain of any wrongdoing by any employee of the Group, or any breach or suspected breach of any laws or standards in a safe and confidential manner.

Understanding of and adherence to the Code of Conduct will help ensure that the Group remains a highly regarded organisation that is admired by customers, employees, shareholders, suppliers and communities worldwide.

Strategies Promoting Sustainability

The Board is committed to sustainable operations. Striving to become a truly sustainable enterprise also means an unwavering focus on what the Board sees as the foundation of being a sustainable company, through the following various initiatives that deal with strategy for sustainability:

- operating ethically and responsibly to meet the expectation of our stakeholders – shareholders, customers, employees, regulators, consumers and non-governmental organisations.

- being stewards of the environment; by helping to reduce carbon footprint and energy use. Our concerns for environmental issues extend beyond our facilities to those of our stakeholders.

- protecting the health and safety of our people; our primary concern is for the health and safety of our employees. Our Group also looks into developing the people to enhance their skills and expertise.

- contribution to the communities where we operate; an essential hallmark of our Group is the commitment to give back to the community. Our Group has begun community engagement programs near our facility and has contributed positively to the communities in which we operate.

The initiatives taken in 2018 are set out in the Sustainability Report in pages 17 to 27 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Access to Information and Advice

Prior to Board meetings, all Directors receive notices of meetings together with the full set of Board papers containing information relevant to the businesses prior to the scheduled Board and Board Committee meetings. Reports include key result areas, operational profitability and performance review statements, human resource developments, environment, occupational health and safety, business plans, successions, strategies, as well as proposed announcements and releases comprising quarterly and period-end financial results to Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board papers are issued to each Director at least 5 working days before each meeting.

Management reports presented to the Board during the Board meetings in FY2018 included the following information:

- Environment, Health & Safety ("EHS") Performance Review
- Financial Review
- Plant Operations: Productivity and Quality
- Commercial Review: Market and Customers' Activities
- Operations Review
- Strategic Activities Updates
- Balanced Scorecards
- Development on human resources
- Legal and Regulatory Updates
- Information Systems Updates
- Overall Market Outlook/Challenges
- Property Division Progress Updates
- Forecasts and Annual Budget

The Board has unrestricted access to and interaction with the Senior Management on issues under their respective purview. Where necessary, Senior Management will be invited to attend Board and Board Committee meetings to report and update on areas of business within their responsibility so as to provide Board members insights to the business and to clarify issues raised by Board members in relation to the Group's operations. Board members are encouraged to share their views and insight in the course of deliberations and discussions.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business. The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries keep the Board members updated on new requirements, guidelines and rulings issued by the relevant regulatory authorities, as and when it arises.

Composition of the Board

The Board currently comprises an Independent Non-Executive Chairman, 2 Independent Non-Executive Directors, a President cum CEO, 3 Executive Directors, and an Alternate Director. The Chairman has never held any prior executive positions in the Group. The Directors bring to the Board a wide range of skills and experience in fields such as commerce, finance, audit, property development, construction and engineering as well as knowledge of the aluminium business.

Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Securities stipulates that at least 2 Directors or 1/3 of its Board members, whichever is higher, must be made up of Independent Non-Executive Directors. The Board balance is achieved with the presence of 3 Independent Non-Executive Directors. Collectively, they ensure that plans and strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of all shareholders and stakeholders of the Company including employees, customers, suppliers and the local community in which the Group conducts its businesses.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees

For the effective functioning of the Board, the Board is assisted by Board Committees, namely the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. The Board Committees operate within clearly defined terms of reference. All these Committees are wholly made up of Independent Non-Executive Directors of the Board. Management and third parties are invited to attend or are co-opted to such Committees as and when required. In addition, special committees are formed for specific purposes, as and when required. Reports of proceedings and outcome of the various Committee meetings are submitted to the Board.

A. Audit and Risk Management Committee

The composition and activities of the Audit and Risk Management Committee ("ARMC") during FY2018 are set out in the ARMC Report on pages 46 and 47 of this Annual Report.

B. Remuneration Committee

The Remuneration Committee ("RC") of AGB also composes entirely of Independent Non-Executive Directors. They are currently:

Lam Voon Kean *(Chairperson)*
Dato' Seri Subahan bin Kamal *(Member)*
Wong Choon Shein *(Member)*

The RC's primary responsibility is to review and recommend the remuneration policy and framework for the Directors of the Company, with the objective of attracting and retaining Directors. The terms of reference of the RC are available on the Company's website at www.alcom.com.my. During the RC meeting of AGB, the RC recommended the Directors' Remuneration Policy which was approved and adopted by the Board on 27 November 2018. It is also available on the Company's website at www.alcom.com.my.

The RC held 2 meetings in FY2018 and the attendances recorded were as follows:-

	ALCOM		AGB	
Name of RC Member	No. of RC meetings attended*	Percentage of attendance (%)	No. of RC meetings attended*	Percentage of attendance (%)
Lam Voon Kean	–	–	1/1	100
Dato' Seri Subahan bin Kamal	–	–	1/1	100
Wong Choon Shein	1/1	100	1/1	100
Chee Khay Leong[(a)]	1/1	100	–	–
Goh Teck Hong[(b)]	1/1	100	–	–

Notes:
* *Number of RC meetings attended / Number of RC meetings held while in office*
[(a)] *Retired on 7 June 2018*
[(b)] *Resigned on 1 March 2018*

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

B. Remuneration Committee (continued)

Remunerations paid or payable or otherwise made available to all the Directors of ALCOM (prior to the internal reorganisation) and AGB (after the internal reorganisation) who served during FY2018 were as follows:

	Executive Directors			Alternate Director	Non-Executive Directors					
	Heon Chee Shyong	Dato' Lim Chee Khoon[(4)]	Yeoh Jin Hoe	Marc Francis Yeoh Min Chang[(5)]	Dato' Seri Subahan bin Kamal[(6)]	Wong Choon Shein[(6)]	Lam Voon Kean[(6)]	Chee Khay Leong[(7)]	Goh Teck Hong[(8)]	TOTAL
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	102	83	78	42	16	321
Salaries	840	810	250	264	–	–	–	–	–	2,164
Bonuses	729	210	157	172	–	–	–	–	–	1,268
Statutory contributions[(1)]	235	164	51	64	–	–	–	–	–	514
Emoluments[(2)]	–	–	–	–	8	8	8	4	1	29
Benefits-in-kind[(3)]	28	21	–	–	–	–	–	–	–	49
Total	**1,832**	**1,205**	**458**	**500**	**110**	**91**	**86**	**46**	**17**	**4,345**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	43	38	38	–	–	119
Salaries	–	–	–	–	–	–	–	–	–	–
Bonuses	–	–	–	–	–	–	–	–	–	–
Statutory contributions[(1)]	–	–	–	–	–	–	–	–	–	–
Emoluments[(2)]	–	–	–	–	3	3	5	–	–	11
Benefits-in-kind[(3)]	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**46**	**41**	**43**	**–**	**–**	**130**

Notes:
(1) Statutory contributions comprised EPF and SOCSO.
(2) Emoluments comprised attendance allowance and other allowances.
(3) Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, insurance and phone bill.
(4) Resigned from ALCOM on 19 July 2018.
(5) Alternate Director to Executive Director, Yeoh Jin Hoe and Director of subsidiary company, Alcom Nikkei Specialty Coatings Sdn Bhd.
(6) Appointed to the Board of AGB on 9 August 2018.
(7) Retired from ALCOM on 7 June 2018
(8) Resigned from ALCOM on 1 March 2018

Executive Directors of AGB, Dato' Eng Kim Liong and Ang Loo Leong did not receive any remuneration from the Company nor the Group during FY2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

B. Remuneration Committee (continued)

The number of Directors of ALCOM and AGB who served during FY2018 whose total remuneration falls within the following bands, were as follows:

Range of Remuneration	Number of Directors
Non-Executive Directors	
RM50,000 and below	2
Between RM50,001 – RM100,000	2
Between RM100,001 – RM150,000	1
Executive Directors	
Between RM450,001 – RM500,000	1
Between RM500,001 – RM550,000	1
Between RM1,200,001 – RM1,250,000	1
Between RM1,800,001 – RM1,850,000	1

The remuneration package for the Executive Directors and Non-Executive Directors includes some or all of the following elements:-

(i) Basic Salary

The basic salary for the Executive Directors takes into account the performance of the individual as well as the prevailing market salary rate for similar jobs in a selected group of comparable companies.

(ii) Fees

Fees payable are subject to shareholders' approval at the Annual General Meeting ("AGM"). Attendance allowances for Board meetings and Board Committees meetings are paid to the Non-Executive Directors.

(iii) Bonus Scheme

The Group operates a bonus scheme for all employees including Executive Directors based on performance of the Group along with an assessment of the individual's performance.

(iv) Benefits-in-Kind

The Group's motor vehicle, petrol expenses, driver, hand-phones, club memberships and medical reimbursement are made available as benefits-in-kind to the Executive Directors, wherever appropriate.

In determining the remuneration packages of the Group's Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents. On the disclosure of the remuneration of the top 5 Senior Management personnel, the Board is of the view that it would not be in its interest to make such disclosure on a named basis because of the competitive nature of the human resource market and to support the Group's efforts to attract and retain executive talent.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

B. Remuneration Committee (continued)

The remuneration of the top 5 Senior Management personnel of the Group (comprising remuneration received and/or receivable from the Company and its subsidiaries) during FY2018 are categorised as follows:

Senior Management personnel	Group (RM'000)	Company (RM'000)
Salaries	1,934	–
Bonuses	663	–
Statutory contributions[(1)]	184	–
Benefits-in-kind[(2)]	204	–
Retirement benefit	–	–
Total	**2,985**	**–**

Notes:
(1) *Statutory contributions comprised EPF and SOCSO.*
(2) *Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, insurance and phone bill.*

The number of top 5 Senior Management personnel of the Group whose total remuneration falls within the following bands in FY2018, were as follows:

Remuneration Range	Number of Senior Management personnel
Between RM450,001 – RM500,000	2
Between RM500,001 – RM550,000	1
Between RM700,001 – RM750,000	2

C. Nomination Committee

The Nomination Committee ("NC") of AGB is entirely made up of Independent Non-Executive Directors. They are currently:

Wong Choon Shein *(Chairperson)*
Dato' Seri Subahan bin Kamal *(Member)*
Lam Voon Kean *(Member)*

The NC is charged with the responsibility of overseeing the selection and assessment of Directors. The terms of reference of the NC are available on the Company's website at www.alcom.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

C. Nomination Committee (continued)

During FY2018, the NC held 2 meetings and the attendances recorded were as follows:-

Name of NC Member	ALCOM		AGB	
	No. of NC meetings attended*	Percentage of attendance (%)	No. of NC meetings attended*	Percentage of attendance (%)
Wong Choon Shein	1/1	100	1/1	100
Dato' Seri Subahan bin Kamal	–	–	1/1	100
Lam Voon Kean	–	–	1/1	100
Chee Khay Leong[(a)]	1/1	100	–	–
Goh Teck Hong[(b)]	1/1	100	–	–

Notes:
* *Number of NC meetings attended / Number of NC meetings held while in office*
(a) *Retired on 7 June 2018*
(b) *Resigned on 1 March 2018*

A summary of the key activities undertaken by the NC in the discharge of its duties for FY2018 were as follows:

(i) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors of the Company;

(ii) Evaluated each individual Director to assess the Director's calibre and ability to understand the requirements, risk and management of the Group's business; his contribution and performance; his character, integrity and professional conduct in dealing with conflict of interest situations; his ability to critically challenge and ask the right questions; his commitment and due diligence, his confidence to stand up for a point of view; his interaction at meetings and his training records for the current year under review;

(iii) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well as their activities, communications and effectiveness for the current year under review;

(iv) Discussed the gender diversity factor recommended in the MCCG;

(v) Endorsed the re-election of all the 7 Directors who will be up for retirement pursuant to Clause 82 of the Constitution of the Company at the close of the First Annual General Meeting ("1st AGM") of the Company to be held in May 2019;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

C. Nomination Committee (continued)

The NC, after having conducted the abovementioned evaluation and assessment in November 2018, concluded that:

(i) the Independent Directors of the Company, viz Dato' Seri Subahan bin Kamal, Wong Choon Shein and Lam Voon Kean, continued to demonstrate conduct and behaviour that are essential indicators of their independence and each of them continues to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director has the requisite competence, calibre to serve on the Board and Board Committee(s) and had demonstrated his commitment to the Group in terms of time, participation and dialogue during the current year under review.

(iii) the Board and the Board Committees' composition were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is met. The Practices set out in the MCCG pertaining to the composition of the ARMC have also been adopted.

The Board members unanimously concurred with the above conclusions of the NC.

The Board members had at the Board meeting on 27 November 2018 noted the re-election of all the Directors of the Company who will be retiring at the forthcoming 1st AGM of the Company.

Assessment on Independence of Director

The Board, through the NC had on 27 November 2018, conducted an assessment on the independence of the Independent Directors of the Board, using the Self-Assessment Independence Checklist. The Board has determined, from the annual assessment carried out, that all the 3 Independent Non-Executive Directors, who had served on the Board during FY2018 had remained objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

Tenure of Independent Directors

The Company has implemented a cumulative 9 year-term limit for Independent Directors. The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval annually in the event the Board desires to retain, as an independent director, a person who has served in that capacity for cumulatively more than 9 years but no more than 12 years. After 9 years, such independent director may continue to serve on the Board subject to his re-designation as a non-independent director of the Company.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Appointments and Re-elections to the Board

The NC is empowered to identify and recommend candidates for new appointments to the Board. In this process, the NC takes cognisance, the following criteria:

(i) Size, composition, mix of skills, experience, age, cultural background, gender, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group.

(ii) The candidate's skills, knowledge, expertise and experience, character, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the MMLR of Bursa Securities to bring about independence and objectivity in judgement on issues considered and hence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.

(iii) The candidate's understanding of the Group's businesses and activities; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board.

Clause 82 of the Constitution provides that all the Directors shall retire from office at the 1st AGM of the Company and shall then be eligible for re-election. All 7 Directors of the Company viz, Dato' Seri Subahan bin Kamal, Heon Chee Shyong, Yeoh Jin Hoe, Dato' Eng Kim Liong, Ang Loo Leong, Wong Choon Shein and Lam Voon Kean will be up for retirement at the conclusion of the 1st AGM of the Company to be held on 29 May 2019 pursuant to Clause 82 of the Constitution and have offered themselves for re-election at the said AGM.

A Director seeking re-election or re-appointment shall abstain from all deliberations regarding his/her re-election or re-appointment to the Board.

Gender Diversity Policy

The Board acknowledges the importance of Board diversity, including gender diversity, for the effective functioning of the Board. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

Female representation will be considered when vacancies arise and suitable candidates identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Group's objectives.

Meetings and Time Commitment

The Board meets on scheduled basis at least 4 times a year on a quarterly basis, with additional meetings convened when necessary to consider urgent proposals or matters that require the Board's attention. The President cum CEO, Managing Director of the subsidiary and Director, Finance attend the meetings to report on the performance of their respective segments/department to enable the Board members to discharge their duties and responsibilities.

During FY2018, 4 Board meetings were held. Details of the Board meetings and the attendances of the Directors were as follows:

Date of Board meeting	Time	Venue
27 February 2018	12.00 noon	ALCOM, Bukit Raja, Klang
30 May 2018	11:00 a.m.	ALCOM, Bukit Raja, Klang
28 August 2018	11:00 a.m.	ALCOM, Bukit Raja, Klang
27 November 2018	12.00 noon	Persiaran Surian, Petaling Jaya

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

	ALCOM		AGB	
Name of Director	**No. of Board meetings attended***	**Percentage of attendance (%)**	**No. of Board meetings attended***	**Percentage of attendance (%)**
Dato' Seri Subahan bin Kamal	2/2	100	2/2	100
Heon Chee Shyong	2/2	100	2/2	100
Yeoh Jin Hoe	2/2	100	2/2	100
Dato' Eng Kim Liong	2/2	100	2/2	100
Ang Loo Leong	2/2	100	1/2	50
Wong Choon Shein	2/2	100	2/2	100
Lam Voon Kean	1/1	100	2/2	100
Dato' Lim Chee Khoon[(a)]	2/2	100	–	–
Chee Khay Leong[(b)]	2/2	100	–	–
Goh Teck Hong[(c)]	1/1	100	–	–

Notes:
- * *Number of Board meetings attended / Number of Board meetings held while in office*
- (a) *Resigned on 19 July 2018*
- (b) *Retired on 7 June 2018*
- (c) *Resigned on 1 March 2018*

To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, 1 criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold more than 5 directorships in public listed companies (as prescribed under Paragraph 15.06 of the MMLR of Bursa Securities).

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of latest developments in the marketplace. The training programs/seminars attended by the current Directors of the Company during FY2018, were as follows:

Name of Director	Topics of Programs/Seminars	Date
Dato' Seri Subahan bin Kamal	Board of Directors' Workshop	19 December 2018
Heon Chee Shyong	Selangor Synergies 2 (Emerging Technologies in Selangor)	9 February 2018
	Briefing on Bank Negara's 2017 Annual Report and the Financial Stability and Payment Systems	29 March 2018
	Federation of Malaysian Manufacturers (FMM) En-Bloc signing of Malaysian Anti-Corruption Commission Corruption Free Pledge	3 July 2018
	Advocacy programme on Corporate Governance ("CG") Assessment using the revised ASEAN CG Scorecard methodology	9 August 2018
	HSBC Conference	7 September 2018
	The Return of Sales and Service Tax ("SST")	19 September 2018
	Smart Partnership Meeting between Jabatan Kastam Diraja Malaysia and Federation of Malaysian Manufacturers	15 October 2018
	Breakfast Series: Non-Financials - Does It Matter?	5 December 2018
Yeoh Jin Hoe	SST Act Malaysia 2018 – Understanding & Implementation	21 August 2018
	The Return of SST	19 September 2018
	The 2019 Budget and Current Tax Developments	5 December 2018
Dato' Eng Kim Liong	2019 Budget Seminar: Restoring Public Finances, Sustaining Growth, Enhancing Wellbeing	13 December 2018
Ang Loo Leong	2019 Budget Seminar: Restoring Public Finances, Sustaining Growth, Enhancing Wellbeing	13 December 2018
Wong Choon Shein	Seminar "Gearing Up for Corporate Liability"	10 October 2018
Lam Voon Kean	Hong Kong IPO for Malaysian Enterprises Conference – Hong Kong Capital Markets Analysis and IPO Practices	17 May 2018
	Case Study Workshop for Independent Directors: Rethinking – Independent Directors: Board Best Practices	5 September 2018

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of latest developments in the marketplace. The training programs/seminars attended by the current Directors of the Company during FY2018, were as follows: (continued)

Name of Director	Topics of Programs/Seminars	Date
Marc Francis Yeoh Min Chang *(Alternate Director to Yeoh Jin Hoe)*	Job of General Manager 2.0 – Advancing Leadership in General Management	25 May 2018, 7 June 2018, 9 July 2018, 6 August 2018 and 7 September 2018
	SST Act Malaysia 2018 – Understanding and Implementation	21 August 2018
	Sustainability Engagement Series for Chief Financial Officers/ Chief Sustainabillity Officers	30 August 2018
	The 2019 Budget and Current Tax Developments	5 December 2018

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

The Board through the ARMC, maintains a transparent and professional relationship with the Group's External Auditors. The ARMC meets with the External Auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial statements. The ARMC has a private session with the External Auditors without the presence of the Management to discuss the audit findings and any other observations they may have during the audit process. An assurance is provided by the External Auditors via their report to the ARMC, confirming their independence through the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

The External Auditors are also invited to the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit.

Sound Risk Management Framework

The ARMC assists the Board by providing an objective review of the effectiveness and efficiency of the Group's internal control, risk management and governance framework. The Group has in place an ongoing risk management process of identifying, evaluating, monitoring and managing the principal risks that the Group faced as it seeks to meet its business objectives. This process is embedded as well as entrenched into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures over its 5 decades of operations. Senior Managers, who are heads of departments and report directly to the President cum CEO are required to conduct periodical reviews of their own Risks Register and thereafter sign-off on a quarterly basis via Certification to the President cum CEO and Director, Finance that all risks and matters under their direct purview have been reviewed and actions have been taken to address any risks gaps.

Internal Audit Function

The internal audit function are set out on page 47 of this Annual Report.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Controls as presented on pages 48 to 51 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Compliance with Applicable Financial Reporting Standards

The Board is committed to present a balanced, accurate and meaningful assessment of the Group's financial position and prospects in the public disclosure of its financial results. These results are presented through the quarterly financial results, audited financial statements and Annual Reports. The Board, assisted by the ARMC, oversees the financial reporting of the Group. The ARMC reviews the Group's annual financial statements and quarterly financial results and appropriateness of the Group's accounting policies and changes to these policies, as and when they come into force, to ensure that the Group's financial reporting complies with all applicable accounting standards and regulatory requirements.

Statement of Directors' Responsibility for Preparation of the Financial Statements

As required by the Companies Act 2016, the Directors have taken care to ensure that the financial statements give a true and fair view of the state of affairs of the Group as at the end of the accounting period and of the Group's statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended. The Directors ensure that the financial statements are prepared in accordance with the Accounting Standards approved by the Malaysian Accounting Standards Board and comply with the provisions of the Companies Act 2016 and reasonable, prudent judgements and estimates have been made. In the preparation of the financial statements for the year/period ended 31 December 2018, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates on reasonable basis;
- ensured that applicable accounting standards have been adhered to; and
- ensured that the financial statements were prepared as an ongoing concern basis

The Directors ensure that proper accounting records are kept to disclose with reasonable accuracy, at any time, the financial position of the Group. They are generally responsible to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities and the Board adheres strictly to the disclosure requirements to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information.

While the Board endeavours to keep all its shareholders as much informed as possible, the Company always complies with the legal and regulatory framework governing the release of materials and price-sensitive information.

Effective Communication and Proactive Engagement

The Company recognises the importance of communication with its shareholders. The President cum CEO and the Director, Finance when necessary would hold discussions with the press, analysts and shareholders. During such discussions, the Group's performance, strategic plans for the future and other major developments are explained.

However, any information that may be regarded as sensitive and material to the Company is only to be released publicly and communicated to all its stakeholders simultaneously, usually through a press release or regulatory filing such as the release of financial results to Bursa Securities on quarterly, annual and ad-hoc basis; after review and approval by the Board.

The Company's website at www.alcom.com.my also provides easy access to the investors and general public on up-to-date corporate announcements, quarterly financial results, annual reports and where appropriate, circulars and press releases and other information pertaining to the Company.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

Effective Communication and Proactive Engagement (continued)

Whilst the Company has 2 large corporate shareholders, the interests of minority shareholders are fairly represented by its Independent Non-Executive Directors.

Shareholders and other interested parties may communicate or direct its concerns either to the attention of Dato' Seri Subahan bin Kamal, who is the Chairman of the Board, or to the attention of Lam Voon Kean, who is the Chairperson of the ARMC and also an Independent Non-Executive Director.

Shareholders' Participation at General Meeting

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and stakeholders and encourages attendance and participation in dialogue. The Board reports on the progress and performance of the Group to shareholders at each AGM. At such meetings, shareholders have the opportunity to raise questions to the Directors present at the meeting.

Notice of the AGM and related papers thereto are sent to the shareholders at least 28 days before the meeting to facilitate easy review by the shareholders. In respect of items on special business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her/its behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried systematically and motions carried through are properly recorded.

In accordance with Paragraph 8.29A of the MMLR of Bursa Securities, poll voting will continue to be carried out at the forthcoming AGM of the Company to be held on 29 May 2019.

Leverage on Information Technology for Effective Dissemination of Information

The Company is committed in providing accurate and complete information on a timely basis. Such information is disseminated through various disclosures and announcements made to Bursa Securities through the quarterly financial results, audited financial statements and Annual Reports.

The Company's website at www.alcom.com.my which is accessible by the general public also facilitates effective dissemination of latest and up-to-date information pertaining to the Company to the investors and general public.

COMPLIANCE WITH MCCG

The Board considers that the Company has complied and applied the key principles of the MCCG throughout FY2018 except for the below where the explanations for departure are disclosed in the Corporate Governance Report:

Practice 4.1: At least half of the Board comprises independent directors.

Practice 4.5: The Board discloses its Company's policies on gender diversity, its targets and measures to meet those targets.

Practice 7.2: The Board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board has reviewed and approved this Corporate Governance Overview Statement via a resolution of the Board dated 5 April 2019. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and the MMLR of Bursa Securities throughout FY2018, save for the exceptions as disclosed above. This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is made available online at www.alcom.com.my.

ADDITIONAL COMPLIANCE **INFORMATION**

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year/period ended 31 December 2018, the amount of audit and non-audit fees paid/ payable by the Group and the Company to the External Auditors, KPMG PLT for services rendered to the Company and its subsidiaries were as follows:

Type of fees	Group RM'000	Company RM'000
Audit fees	220	40
Non-audit fees	5	5

MATERIAL CONTRACTS

Saved as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests which subsisted at the end of the financial period/year ended 31 December 2018 or, if not then subsisting, which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Fifty-Seventh Annual General Meeting ("AGM") of wholly-owned subsidiary, Aluminium Company of Malaysia Berhad ("ALCOM") held on 7 June 2018, ALCOM had obtained shareholders' mandate to allow ALCOM to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs") which were necessary for the day-to-day operations of the Group and in the ordinary course of business, with related parties.

The aforesaid mandate will lapse at the conclusion of the forthcoming Fifty-Eighth AGM of ALCOM.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, details of the RRPTs conducted during the financial period ended 31 December 2018 pursuant to the aforesaid shareholders' mandate are as follows:

<table>
<tr><th>Provider of products/services</th><th>Recipient of products/ services</th><th>Nature of Transaction</th><th>Actual value transacted from 7 June 2018 up to 31 December 2018 (RM'000)</th><th>Interested Related Party</th></tr>
<tr><td>ALCOM</td><td>Kian Joo Can Factory Berhad ("Kian Joo") and its subsidiaries ("Kian Joo Group")</td><td>Sale of aluminium sheets and aluminium foil products</td><td>1,127</td><td rowspan="2">Towerpack Sdn. Bhd.[(1)]
Yeoh Jin Hoe[(2)]
Marc Francis Yeoh Min Chang[(3)]
Keith Christopher Yeoh Min Kit[(4)]
Chee Khay Leong[(5)]</td></tr>
<tr><td>ALCOM</td><td>Can-One Berhad ("Can-One") and its subsidiaries (excluding Kian Joo Group)</td><td>Sale of aluminium sheets and aluminium foil products</td><td>469</td></tr>
</table>

ADDITIONAL COMPLIANCE **INFORMATION**

MATERIAL CONTRACTS (continued)

Recurrent Related Party Transactions (continued)

Notes:

(1) Towerpack Sdn. Bhd. is a major shareholder of AGB.

(2) Yeoh Jin Hoe, the Executive Director of AGB, has an indirect equity interest in 38,638,998 ordinary shares in AGB ("AGB Shares") representing 28.76% of the total number of issued AGB Shares held by Towerpack Sdn. Bhd. by virtue of Section 8(4) of the Act. He is the Group Managing Director of Kian Joo and is also a major shareholder of Kian Joo, having indirect equity interest over 368,464,135 ordinary shares in Kian Joo ("Kian Joo Shares") representing 82.96% of the total number of issued Kian Joo Shares held by Can-One and Can-One International Sdn Bhd, a wholly-owned subsidiary of Can-One, by virtue of Section 8(4) of the Act.

He is also a Director of Can-One and a major shareholder of Can-One, holding 7,505,700 ordinary shares in Can-One ("Can-One Shares") representing 3.91% of the total number of issued Can-One Shares and has an indirect equity interest over 45,157,281 Can-One Shares representing 23.50% of the total number of issued Can-One Shares held by Eller Axis Sdn Bhd by virtue of Section 8(4) of the Act.

(3) Marc Francis Yeoh Min Chang ("Marc Yeoh") is the son of Yeoh Jin Hoe and is his Alternate Director. Marc Yeoh is the Group Managing Director of Can-One and he holds 343,100 Can-One Shares representing 0.18% of the total number of issued Can-One Shares.

(4) Keith Christopher Yeoh Min Kit, the Director of ALCOM is the son of Yeoh Jin Hoe and the brother of Marc Yeoh.

(5) Chee Khay Leong retired as Director of ALCOM on 7 June 2018. He is the President cum Chief Executive Officer of Kian Joo. He is also the Executive Director of Can-One and holds 2,054,100 Can-One Shares representing 1.07% of the total number of issued Can-One Shares.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

Alcom Group Berhad's ("AGB" or "the Company") listing on 16 August 2018 was pursuant to an internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Companies Act 2016 undertaken by Aluminium Company of Malaysia Berhad ("ALCOM") culminating in the transfer of the listing status of ALCOM to AGB. Accordingly, the disclosures in this report cover the period when ALCOM was listed and up to the time its listing status was taken over by AGB from 16 August 2018 onwards.

The Board of Directors of AGB is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year 2018 ("FY2018"). The ARMC of AGB was established on 9 August 2018 and its terms of reference is available on the Company's website at www.alcom.com.my.

The primary objective of the ARMC is to assist and support the Board of Directors of the Company ("Board") in fulfilling its fiduciary responsibilities to ensure good corporate governance. The ARMC is responsible for assessing the risk and control environment, overseeing financial reporting and evaluating the management and audit processes as well as supervising the sustainability initiatives within Alcom Group Berhad group of companies ("the Group").

COMPOSITION AND MEETINGS

The ARMC of AGB is wholly made up of Independent Non-Executive Directors. The composition of the ARMC are currently:

Lam Voon Kean (Chairperson)
Dato' Seri Subahan bin Kamal (Member)
Wong Choon Shein (Member)

ALCOM and AGB held 2 ARMC meetings each during FY2018 and full attendances were recorded at the meetings as follows:-

	ALCOM		AGB	
Name of ARMC Member	**No. of ARMC meetings attended***	**Percentage of attendance (%)**	**No. of ARMC meetings attended***	**Percentage of attendance (%)**
Lam Voon Kean	1/1	100	2/2	100
Dato' Seri Subahan bin Kamal	2/2	100	2/2	100
Wong Choon Shein	–	–	2/2	100
Chee Khay Leong[(a)]	2/2	100	–	–
Goh Teck Hong[(b)]	1/1	100	–	–

Notes:
* *Number of ARMC meetings attended / Number of ARMC meetings held while in office*
(a) *Retired on 7 June 2018*
(b) *Resigned on 1 March 2018*

The profile of the current ARMC members can be found on pages 4 and 6 of this Annual Report.

The other members of the Board and the Director, Finance also attended all the above meetings upon invitation by the ARMC. The Group's External Auditors also attended 2 of the ARMC meetings which were held on 27 February 2018 and 27 November 2018. As in the past years, the ARMC members also had a private session with the External Auditors without the presence of the President cum Chief Executive Officer, Executive Directors and members of the Management to discuss audit findings and any other observations that they may have noted during the audit process.

The Company Secretaries who are also the Secretaries to the ARMC attended all the ARMC meetings during FY2018.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

COMPOSITION AND MEETINGS (continued)

Summary of Activities

The ARMC carried out its duties in accordance with the Summary of Terms of Reference as listed below during FY2018 with its key responsibilities listed as follows:-

- Overseeing financial reporting and practices;
- Review and approve the Internal and External Audit scope and plans;
- Receive the audit report of the Group prepared by the Internal Auditors and External Auditors and findings by the aforesaid Auditors and Management's responses thereon;
- Review the quarterly announcements on interim financial results and the audited financial statements for the 9-month financial period ended 31 December 2017 of the Group and the Company prior to submission to the Board for consideration and approval;
- Reviewing conflict of interest situations and recurrent related parties transactions entered into by the Group and the disclosure of such transactions in the Annual Report and circular to shareholders to ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;
- Discussing with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards and Companies Act 2016 applicable to the financial statements of the Group and of the Company for FY2018 and their judgment of the items that may affect the financial statements;
- Providing oversight, direction and counsel to the Group's risk management and control process;
- Evaluating the management and audit processes within the Group.

Internal Audit Function

The Company has outsourced its internal audit function to a competent third party service provider, Finfield Corporate Services Sdn Bhd, an independent consulting firm which performs the internal audit function for the Group.

Internal audit performs the role of promoting an efficient and effective control environment through independent and objective internal control reviews, education and business process consultation. The areas to be covered by the audit are selected on a rotational basis, with core risk areas being subject to more regular audit than those outside the defined core risk areas.

A risk-based approach is adopted in the planning and conduct of audits which is consistent with the Group's established risk-based framework in identifying, designing, implementing and monitoring of risks process and control systems.

The ARMC reviews the scope of the intended audit and approves the audit plan before the actual audit takes place. The findings of the internal audit work done are reported directly to the ARMC. The scope of the Internal Auditors covers the audits of all units and operations of the Group including the various computer application systems of the Group. Besides the scheduled audits, the Internal Auditors also conduct ad hoc fact based investigation audit, as and when a need arises. The final reports from the Internal Auditors were directly forwarded to the ARMC.

Key observations and opportunities for improvements identified were also presented to the ARMC for the Management to revert with responses to mitigate gaps, if any are identified.

A summary of the main activities of the internal audit function during FY2018 is presented in the Directors' Statement on Risk Management and Internal Control. The Group incurred a total fee of RM24,000 for the internal audit services rendered by the third party service provider during FY2018.

This Report was made in accordance with a resolution of the Board dated 5 April 2019.

DIRECTORS' STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

The Board of Directors of Alcom Group Berhad ("AGB" or "the Company") recognises the importance of a sound system of risk management and internal controls in AGB group of companies ("the Group") to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

This Statement stipulates the nature and key elements of the system of risk management and internal controls that the Group had in place for the financial year ended 31 December 2018 ("FY2018") and is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It is guided by the principles and best practices relating to internal controls as stipulated in the Malaysian Code on Corporate Governance 2017.

The Board is pleased to provide the following Statement that has been prepared accordingly.

ROLES AND RESPONSIBILITIES

Board of Directors

The Board is responsible and accountable for the Group's system of risk management and internal controls and ensures the reliability and integrity of the financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with all laws and regulations.

The Board has established an appropriate control environment and risk management framework for reviewing the adequacy and integrity of the system to continuously sustain and promote an effective governance structure within the Group.

The risk management and system of internal controls, no matter how well conceived and operated, can only manage rather than eliminate the risk of business failures. The system in place can provide only reasonable and not absolute assurance against material misstatements or loss.

Audit and Risk Management Committee

Board Committees such as the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are established by the Board and they are governed by clearly defined terms of reference and authority for areas within their scope.

The Audit and Risk Management Committee which comprises entirely of Independent Non-Executive Directors, assists the Board in:-

- discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries;
- establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors;
- evaluating the quality of the audits performed by the Internal Auditors and External Auditors;
- providing assurance that the financial information presented by the Management is relevant, balanced, reliable and timely;
- overseeing compliance with laws and regulations and observance of a proper code of conduct;
- determining the quality, adequacy and effectiveness of the Group's control environment;
- identifying, evaluating, monitoring and managing the Group's risk management strategy, processes and principal risks to ensure that the Group establishes and maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets; and
- oversight responsibilities in relation to the Group's sustainability policies and practices.

DIRECTORS' STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing risk management process of identifying, analysing, evaluating, monitoring and managing the principal risks that the Group faces as it seeks to meet its business objectives. This process is embedded into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures.

Manufacturing Segment

In FY2018, on a quarterly basis, all Unit/Section Leads, Managers and Departmental Heads reviewed and provided signed certifications of assurance that weaknesses in controls and risks identified during the review were adequately addressed.

For selected departments where the perceived risk is higher, all staff in those departments were involved in providing similar signed certifications of assurance. These written assurances were provided after they conducted reviews within their own areas of accountability.

In addition, the President cum Chief Executive Officer would quarterly review the risk specific to each functional area together with the respective departmental heads to mitigate and manage both internal and external risks and uncertainties that may affect the manufacturing segment. The risk profile is established during these sessions facilitated by the Risk Management Working Group. Risks identified are assessed, categorised and rated based on the criteria set out to determine the appropriate risk response actions. The business risk is managed in a rapidly changing business environment with the following objectives:-

- ensuring the continuity of supply of products to customers without disruption;
- safeguarding the assets and reputation;
- preserving the safety and health of the employees;
- protecting the interest of all stakeholders;
- ensuring compliance with internal policies and procedures as well as all applicable laws and regulations; and
- promoting an effective risk awareness culture.

For all operating and capital expenditure approved in the annual budget, spending is authorised based on predetermined levels set within the delegation of authority matrix. All requisitions and contracts are subject to prior reviews and approval before execution.

Property Segment

During FY2018, a tender committee was established for awarding major contracts on a transparent basis. In addition, a separate Risk Management Working Group has been planned to be initiated in early 2019 to identify and assess risks with planned actions such that the identified risks can be avoided, mitigated, transferred or accepted. As of the reporting date, this Working Group was established and their findings were subsequently reported to the Audit and Risk Management Committee in February 2019. Senior management will continue to design, implement and improve upon the existing internal control systems periodically.

DIRECTORS' STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent and competent third party service provider as part of its efforts to provide an adequate and effective system of internal control. The internal audit function is executed as per the annual audit plan approved by the Audit and Risk Management Committee.

The internal audit adopts a risk-based approach in developing its audit plan and addresses core auditable areas of the Group based on their risk profile.

Internal audit provides the Board, through the Audit and Risk Management Committee, with an independent opinion on the processes, risk exposures and system of internal controls of the Group. The internal audit function has a clear line of reporting to the Audit and Risk Management Committee and its performance is reviewed twice yearly. Therefore, the internal audit function is independent of the operational and management activities they audit. The Internal Auditors review the existing system of internal controls and provides the Audit and Risk Management Committee with much of the assurance it requires regarding the adequacy and the effectiveness of the risk management process in place to identify, manage and control the proper conduct of business within the Group. The Internal Auditors also provide useful advice on control assurance activities and opportunities for improvement to the existing system of internal controls in place and propose corrective actions to eliminate shortcomings or deficiencies.

The Audit and Risk Management Committee reviews and approves the scope of the internal audit. The results of the audit findings and recommendations for improvements are reported to the Audit and Risk Management Committee as well as to the Board on a timely basis. The respective Senior Management is responsible to ensure that recommended corrective actions are implemented within a reasonable time frame. Follow-up audits are conducted to ensure the shortcomings or deficiencies have been addressed accordingly.

During the financial year under review, the Internal Auditors performed reviews on the following selected areas of the manufacturing business to assess the adequacy and effectiveness of the system of internal controls and to ensure compliance with its policies and procedures:

- Purchasing Function for Non-Metal with focus on:-
  - Segregation of Duties
  - Single Supplier Risk
  - Unapproved Purchases
  - Inaccurate Deliveries
- Accounts Payable Function with focus on:-
  - Overdue Creditors
  - Overpayments
  - Prepayments
- Metal Inventory Management with focus on:-
  - Inventory Holding Cost
  - Inventory Safeguards
  - Inventory Reporting Accuracy

Based on the internal audit reviews carried out above, none of the matters highlighted for improvement that were noted by the Internal Auditors has resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report. The Board continually takes measures to strengthen the control environment.

The Internal Auditors tabled the Internal Audit Plan for both the manufacturing and property business segments for Financial Year 2019 in the November 2018 Audit and Risk Management Committee meeting. This plan was reviewed and approved by the Audit and Risk Management Committee.

DIRECTORS' STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT

The current system of internal controls and risk management of the Group includes the following key elements:-

- various Board Committees are chaired by the Independent Non-Executive Directors to oversee, monitor and review the Group's and Management's performances;
- an organisational structure with clearly defined roles and responsibilities with a hierarchical structure of reporting lines and accountability;
- setting annual plans that are in line with the Group's strategic direction;
- development of specific action plans to drive the achievement of various initiatives in line with the annual plans;
- weekly, monthly and ad hoc meetings consisting of departmental meetings, various cross functional meetings and head of departments meetings for review and resolution of issues as well as to measure and monitor performance achievements;
- annual performance appraisals which are linked to the annual agreed performance targets with both quantitative and qualitative criteria to raise individual performance;
- structured training program for employees to maintain high standards on safety, code of conduct and to upgrade the competency levels of their respective professions;
- terms of reference and delegation of responsibilities to committees of the Board and business operating units, including proper authorisation for all aspects and levels of the business within the Group;
- regular board meetings to set the Group's goals and objectives, review business operations, to approve significant transactions as well as to approve releases of quarterly and annual financial results;
- documentation and regular update of risk management and internal controls' policies and procedures as set out in the standard operating policies and procedural manuals. These manuals include credit, quality, safety, health and environment;
- quarterly certification for the manufacturing segment by various levels of employees and representation letters by the Management to the Board on assurances of risk management, internal controls and compliance; and
- a whistle-blowing procedure is in place that forms part of the Group's Code of Conduct. This provides an avenue for employees/public to report/complain of any wrongdoing by any employee of the Group, or any breach or suspected breach of any laws or standards in a safe and confidential manner.

These serve to reaffirm that the risk management and control framework is embedded into the culture, processes and structures of the Group.

CONTROL ASSURANCE OVER FINANCIAL REPORTING

The Management continues its practice of making periodical representations as well as certifications to the Board. These representations serve as a commitment of management assurance on risk management and that the systems of internal controls are in place to ensure financial reporting accuracy.

During FY2018, the Board has received these assurances from the President cum Chief Executive Officer and Director, Finance that the Group's risk management and systems of internal controls are operating adequately in all material aspects based on the framework adopted by the Group.

CONCLUSION

The Board's ongoing focus on effective risk oversight has been critical to setting the tone and culture towards effective risk management and internal controls in the Group. The Board is of the view that the system of internal controls and risk management are in place for the current financial year under review, and up to the approval of this Statement, is sufficient to safeguard the Group's assets, as well as the shareholders' investments, stakeholders' interests and the Group's assets.

This Statement was made in accordance with a resolution of the Board dated 5 April 2019.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that the financial statements present a true and fair view of the state of affairs of the Group and of the Company for the financial year ended 31 December 2018 and of the results of the business and cash flows of the Group and of the Company for the financial year ended 31 December 2018.

In preparing the financial statements for the financial year ended 31 December 2018, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with the applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the financial statements to be prepared with reasonable accuracy.

DIRECTORS' REPORT
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group for the year ended 31 December 2018 and of the Company for the financial period from 22 December 2017 (date of incorporation) to 31 December 2018.

PRINCIPAL ACTIVITIES

The Company was incorporated on 22 December 2017. The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year/period other than the diversification of the principal activities to include property development activities.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year/period attributable to:		
Owners of the Company	**3,437**	**(761)**

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year/period under review except as disclosed in the financial statements.

DIVIDEND

No dividend was paid during the financial year/period and the Directors do not recommend any dividend to be paid for the financial year/period under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of incorporation until the date of this report are:

Heon Chee Shyong (Appointed on 9 August 2018)
Yeoh Jin Hoe (Appointed on 9 August 2018)
Wong Choon Shein (Appointed on 9 August 2018)
Dato' Eng Kim Liong (Appointed on 9 August 2018)
Ang Loo Leong (Appointed on 9 August 2018)
Dato' Seri Subahan bin Kamal (Appointed on 9 August 2018)
Lam Voon Kean (Appointed on 9 August 2018)
Marc Francis Yeoh Min Chang (Alternate Director to Yeoh Jin Hoe) (Appointed on 9 August 2018)
Tan Bee Keng (First Director) (Resigned on 9 August 2018)
Teh Yi Ting (First Director) (Resigned on 9 August 2018)

DIRECTORS' REPORT
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year/period and up to the date of this report are as follows:

	Aluminium Company of Malaysia Berhad	Alcom Nikkei Specialty Coatings Sdn. Bhd.	SCLand Development Sdn. Bhd.	EM Hub Sdn. Bhd.
Heon Chee Shyong	✓	✓		
Yeoh Jin Hoe	✓		✓ (v)	✓ (v)
Dato' Seri Subahan bin Kamal	✓ (i),(xi)			
Marc Francis Yeoh Min Chang	✓ (iii)	✓		
Lam Voon Kean	✓ (iv),(xi)			
Keith Christopher Yeoh Min Kit	✓ (vi)	✓	✓	✓
Goh Teck Hong	✓ (viii)			
Chee Khay Leong	✓ (ix)			
Dato' Lim Chee Khoon	✓ (x)		✓	✓
Wong Choon Shein	✓ (xi)			
Dato' Eng Kim Liong	✓ (xi)		✓ (v)	✓ (v)
Ang Loo Leong	✓ (xi)		✓ (vii)	✓ (vii)
Shaun Patrick Yeoh Min Jin		✓ (ii)		
Bernard William A/L William G. Gomez		✓		

(i) Appointed on 10 January 2018
(ii) Appointed on 22 January 2018
(iii) Appointed on 24 January 2018 (as Alternate Director to Yeoh Jin Hoe)
(iv) Appointed on 1 March 2018
(v) Appointed on 24 July 2018
(vi) Appointed on 13 August 2018
(vii) Appointed on 27 November 2018
(viii) Resigned on 1 March 2018
(ix) Retired on 7 June 2018
(x) Resigned on 19 July 2018
(xi) Resigned on 10 August 2018

DIRECTORS' REPORT

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial period (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' shareholdings are as follows:

	Number of ordinary shares				
	Date of appointment	**Bought**	**Sold**	**Shares exchange#**	**At 31.12.2018**
Shares in the Company					
<u>Deemed interest</u>					
Yeoh Jin Hoe	–	–	–	38,638,998	38,638,998
Dato' Eng Kim Liong	–	–	–	39,675,554	39,675,554
Ang Loo Leong	–	–	–	39,675,554	39,675,554

\# Share exchange between the Company and Aluminium Company of Malaysia Berhad by way of a members' scheme of arrangement under Section 366 of the Companies Act 2016 which was completed on 15 August 2018.

By virtue of their indirect interests of more than 20% in the shares of the Company, Yeoh Jin Hoe, Dato' Eng Kim Liong and Ang Loo Leong are also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest.

None of the other Directors holding office as at 31 December 2018 had any interest in the ordinary shares of the Company and its related corporations during the financial year/period.

DIRECTORS' BENEFITS

Since the date of incorporation, no Director of the Company has received nor become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

The Company was incorporated with a paid-up capital of RM2 comprising 2 ordinary shares. During the financial period, the Company issued 134,330,848 new ordinary shares by way of share exchange for all the ordinary shares of Aluminium Company of Malaysia Berhad ("ALCOM Share(s)") on the basis of 1 new share of the Company for every 1 ALCOM Share held.

There were no other changes in the issued and paid-up capital of the Company and no debentures were issued during the financial period.

DIRECTORS' REPORT
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period.

INDEMNITY AND INSURANCE COSTS

The Directors and officers of the Group and the Company are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of D&O Insurance effected for the Directors and Officers of the Group was RM6,000,000. The insurance premium for the D&O Insurance paid during the financial year amounted to RM6,673. There was no indemnity given to or insurance effected for the auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year/period and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year/period.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year/period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year/period ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year/period and the date of this report.

DIRECTORS' REPORT
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

SIGNIFICANT EVENTS

The significant events during the financial year/period are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Yeoh Jin Hoe
Director

Heon Chee Shyong
Director

Date: 5 April 2019

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000
Assets				
Property, plant and equipment	3	**67,090**	63,684	**–**
Intangible assets	4	**1,248**	2,159	**–**
Investment in subsidiaries	5	**–**	–	**102,167**
Deferred tax assets	6	**810**	–	**–**
Trade receivables	7	**461**	–	**–**
Total non-current assets		**69,609**	65,843	**102,167**
Trade receivables	7	**41,150**	45,000	**–**
Inventories	8	**68,976**	67,874	**–**
Property development costs	9	**105,392**	–	**–**
Other receivables and prepayments	10	**6,599**	16,871	**1**
Tax recoverable		**335**	–	**–**
Derivative financial instruments	11	**447**	816	**–**
Cash and bank balances	12	**40,232**	45,885	**5**
Total current assets		**263,131**	176,446	**6**
Total assets		**332,740**	242,289	**102,173**
Equity				
Share capital		**104,778**	100,123	**104,778**
Treasury shares		**–**	(1,091)	**–**
Retained earnings/(Accumulated loss)		**17,643**	19,238	**(3,372)**
Total equity	13	**122,421**	118,270	**101,406**
Liabilities				
Provision for gratuity scheme	14	**4,142**	4,436	**–**
Loans and borrowings	15	**139,932**	69,432	**–**
Deferred tax liabilities	6	**3,488**	3,912	**–**
Total non-current liabilities		**147,562**	77,780	**–**
Trade payables	16	**39,019**	27,131	**–**
Other payables and accruals	17	**15,255**	15,814	**366**
Amounts due to subsidiary	18	**–**	–	**401**
Derivative financial instruments	11	**4**	–	**–**
Provision for taxation		**1,551**	2,296	**–**
Loans and borrowings	15	**6,928**	998	**–**
Total current liabilities		**62,757**	46,239	**767**
Total liabilities		**210,319**	124,019	**767**
Total equity and liabilities		**332,740**	242,289	**102,173**

The notes on pages 64 to 117 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

	Note	Group Year ended 31.12.2018 RM'000	Group 1.4.2017 to 31.12.2017 RM'000	Company 22.12.2017 to 31.12.2018 RM'000
Revenue	19	**385,703**	285,104	**–**
Other operating income	20	**778**	753	**–**
Changes in inventories of raw materials, work-in-progress and finished goods		**1,102**	10,795	**–**
Raw materials and consumables used		**(285,666)**	(217,263)	**–**
Staff costs	21	**(36,391)**	(25,099)	**(452)**
Utilities and fuel		**(21,893)**	(15,370)	**–**
Depreciation of property, plant and equipment		**(7,793)**	(5,902)	**–**
Amortisation of intangible assets		**(473)**	(503)	**–**
Rental of premises		**(66)**	–	**–**
Upkeep, repairs and maintenance of assets		**(8,294)**	(8,441)	**–**
Allowance of inventory writedown		**(302)**	(551)	**–**
Environmental costs		**(462)**	(400)	**–**
Other operating expenses	22	**(18,271)**	(9,720)	**(309)**
Profit/(loss) before tax	23	**7,972**	13,403	**(761)**
Tax expense	24	**(4,535)**	(3,748)	**–**
Profit/(loss) for the year/period		**3,437**	9,655	**(761)**
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains on gratuity scheme		**–**	624	**–**
Taxation relating to the actuarial gains on gratuity scheme		**–**	(150)	**–**
Other comprehensive income for the year/period, net of tax		**–**	474	**–**
Total comprehensive income/(expense) for the year/period		**3,437**	10,129	**(761)**
Profit/(loss) for the year/period attributable to owners of the Company		**3,437**	9,655	**(761)**
Total comprehensive income/(expense) for the year/period attributable to owners of the Company		**3,437**	10,129	**(761)**
Basic earnings per ordinary share (sen)	25	**2.56**	7.24	

The notes on pages 64 to 117 are an integral part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

		<-------- *Attributable to owners of the Company* -------->			
		Non-distributable		*Distributable*	
	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated loss) RM'000	Total equity RM'000
Group					
At 1 April 2017		142,444	(2,330)	36,137	176,251
Profit for the financial period		–	–	9,655	9,655
Actuarial gains on gratuity scheme, net of tax		–	–	474	474
Total comprehensive income for the financial period		–	–	10,129	10,129
Capital repayment to owners		(42,321)	–	–	(42,321)
Disposal of treasury shares		–	1,239	84	1,323
Dividend to owners	26	–	–	(27,112)	(27,112)
Total transactions with owners		(42,321)	1,239	(27,028)	(68,110)
At 31 December 2017/1 January 2018		**100,123**	**(1,091)**	**19,238**	**118,270**
Profit for the financial year		**–**	**–**	**3,437**	**3,437**
Total comprehensive income for the financial year		**–**	**–**	**3,437**	**3,437**
Disposal of treasury shares		**–**	**1,091**	**(377)**	**714**
Internal reorganisation	34	**4,655**	**–**	**(4,655)**	**–**
Total transactions with owners		**4,655**	**1,091**	**(5,032)**	**714**
At 31 December 2018		**104,778**	**–**	**17,643**	**122,421**
		Note 13.1	Note 13.2		
Company					
At 22 December 2017 (date of incorporation)		*	–	–	*
Loss/total comprehensive expense for the period		–	–	(761)	(761)
Internal reorganisation	34	**104,778**	**–**	**(2,611)**	**102,167**
Total transactions with owners of the Company		**104,778**	**–**	**(2,611)**	**102,167**
At 31 December 2018		**104,778**	**–**	**(3,372)**	**101,406**
		Note 13.1			

* Denotes RM2

The notes on pages 64 to 117 are an integral part of these financial statements.

STATEMENTS OF **CASH FLOWS**

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

	Note	Group Year ended 31.12.2018 RM'000	Group 1.4.2017 to 31.12.2017 RM'000	Company 22.12.2017 to 31.12.2018 RM'000
Cash flows from operating activities				
Profit/(loss) before tax:		**7,972**	13,403	**(761)**
Adjustments for:				
Allowance for doubtful debts		**156**	–	**–**
Allowance for inventory writedown		**302**	551	**–**
Amortisation of intangible assets		**473**	503	**–**
Depreciation of property, plant and equipment		**7,793**	5,902	**–**
(Gain)/loss on disposal of property, plant and equipment		**(135)**	156	**–**
Interest expense		**3,537**	1,428	**–**
Interest income		**(312)**	(728)	**–**
Net fair value loss/(gain) on currency forwards		**373**	(708)	**–**
Property, plant and equipment written off		**8**	–	**–**
Provision for gratuity scheme		**456**	371	**–**
Unrealised foreign exchange (gain)/loss		**(232)**	417	**–**
Operating profit/(loss) before changes in working capital		**20,391**	21,295	**(761)**
Changes in working capital:				
Inventories		**(1,404)**	(10,536)	**–**
Receivables		**14,219**	(18,760)	**(1)**
Payables		**11,555**	6,725	**366**
Property development cost		**(102,925)**	–	**–**
Subsidiary		**–**	–	**401**
Cash (used in)/generated from operations		**(58,164)**	(1,276)	**5**
Gratuity paid		**(777)**	(466)	**–**
Tax paid		**(6,849)**	(3,342)	**–**
Net cash (used in)/from operating activities		**(65,790)**	(5,084)	**5**

STATEMENTS OF **CASH FLOWS**

FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

	Note	Group Year ended 31.12.2018 RM'000	Group 1.4.2017 to 31.12.2017 RM'000	Company 22.12.2017 to 31.12.2018 RM'000
Cash flows from investing activities				
Purchase of:				
- property, plant and equipment	(ii)	**(10,598)**	(7,258)	–
- intangible assets		**(35)**	(503)	–
Proceeds from disposal of property, plant and equipment		**144**	28	–
Interest income received		**305**	727	–
Net cash used in investing activities		**(10,184)**	(7,006)	–
Cash flows from financing activities				
Changes in deposit pledged		**(1,104)**	–	–
Dividends paid to owners		**–**	(27,112)	–
Capital repayment to owners		**–**	(42,321)	–
Proceeds from:				
- borrowings		**75,814**	70,428	–
- disposal of treasury shares		**714**	1,323	–
Interest paid		**(5,671)**	(1,148)	–
Net cash from financing activities		**69,753**	1,170	–
Net (decrease)/increase in cash and cash equivalents		**(6,221)**	(10,920)	**5**
Foreign exchange differences		**(534)**	(238)	–
Cash and cash equivalents at beginning of the financial year/period		**45,883**	57,041	–
Cash and cash equivalents at end of the financial year/period		**39,128**	45,883	**5**

STATEMENTS OF
CASH FLOWS
FOR THE YEAR/PERIOD ENDED 31 DECEMBER 2018

Note to Statements of Cash Flows

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000
Deposits placed with licensed banks		**1,336**	4,243	**–**
Cash and bank balances		**38,896**	41,642	**5**
	12	**40,232**	45,885	**5**
Less: Pledged deposit	12	**(1,104)**	–	**–**
Less: Bank overdraft		**–**	(2)	**–**
		39,128	45,883	**5**

(ii) Acquisition of property, plant and equipment

	Note	Group 2018 RM'000	Group 2017 RM'000
Acquisition of property, plant and equipment	3	**11,216**	7,258
Financed by way of finance lease arrangements		**(618)**	–
Cash payment on purchase of property, plant and equipment		**10,598**	7,258

The notes on pages 64 to 117 are an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

Alcom Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and should be read in conjunction with Notes 34.1 and 36.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year/period other than the diversification of the principal activities to include property development activities.

The financial statements were authorised for issue by the Board of Directors on 5 April 2019.

1. *BASIS OF PREPARATION*

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or 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 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)**
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures**

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments 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*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments 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:

- from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019, except for those marked as ("*") which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

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

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 has completed a detailed assessment of the impact of MFRS 16 on its financial statements.

At 1 January 2019, the Group recognised lease liabilities approximately of RM1,883,000 with a corresponding additional right-of-use assets approximately of RM1,804,000 and recognising the difference in retained earnings. No significant impact is expected on the Group's financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of these financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 6 – Deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 9, *Financial Instruments* and MFRS 15, *Revenue from Contracts with Customers*, there are changes to the accounting policies of financial instruments (Note 2(d)), impairment losses of financial instruments (Note 2(k)), and revenue recognition (Note 2(o)(i)) as compared to those adopted in previous financial statements. There is no significant financial impact arising from the adoption of these new accounting standards.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Affiliated companies

Affiliated companies are companies in which certain Directors of the Group have interests or are also Directors of those companies.

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(d) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year/period

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial period

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year/period

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Previous financial period

In the previous financial period, financial assets of the Group were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument) or financial assets that were specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that were not quoted in an active market.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets, except those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

Financial liabilities

Current financial year/period

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group’s key management personnel; or
c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

Current financial year/period (continued)

(a) Fair value through profit or loss (continued)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group or the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial period

In the previous financial period, financial liabilities of the Group were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial period in which they are incurred.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other operating income” and “other operating expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(e) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term. Property, plant and equipment under construction (projects-in-progress) are not depreciated until the assets are ready for their intended use.

Leasehold land is amortised over lease tenure of 99 years. The estimated useful lives for the current and comparative years are as follows:

Buildings	33 years
Plant and machinery	5 - 25 years
Equipment and vehicle	3 - 10 years
Renovation	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company do not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(g) Intangible assets

(i) Other intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iii) Amortisation

Other intangible assets are amortised from the date they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative years are as follows:

Software	3 – 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(h) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Property development costs are classified as current at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 3 to 5 years.

When the financial development and construction activities have commenced, the financial outcome of the development revenue will be recognised for the development unit sold and determined by reference to the stage of completion of the development activity at the balance sheet date.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate allocation of direct labour and production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposit and bank overdraft.

(k) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year/period

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

Current financial year/period (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial period

All financial assets (except for investments in subsidiaries and financial assets categorised as fair value through profit or loss) were assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior years are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year/period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Defined benefit plan

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries for long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

(iii) Defined benefit plan (continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the year as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Revenue and other income

(i) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

(ii) Revenue from property development

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and collection of consideration by the Group is probable in exchange for the asset that will be transferred to the customer.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreement and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the units to another purchaser. As the contractual restriction on the Group's ability to direct the promised properties for another use is substantive, the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has a right to payment for performance completed to date.

The Group recognises revenue over time using the input method, which is based on the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

The contractual billing period for revenue from property development recognised over time are made progressively.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the President cum Chief Executive Officer and the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicle RM'000	Renovation RM'000	Projects-in-progress RM'000	Total RM'000
Group							
Cost							
At 1 April 2017	20,000	27,894	277,811	11,184	–	367	337,256
Additions	–	44	566	783	–	5,865	7,258
Disposals	–	–	(2,787)	–	–	–	(2,787)
Reclassifications	380	2,798	10	–	–	(10)	3,178
At 31 December 2017/ 1 January 2018	**20,380**	**30,736**	**275,600**	**11,967**	**–**	**6,222**	**344,905**
Additions	**–**	**–**	**4,530**	**1,251**	**2,233**	**3,202**	**11,216**
Disposals	**–**	**–**	**(49)**	**(637)**	**–**	**–**	**(686)**
Written-off	**–**	**–**	**(13)**	**(4)**	**–**	**–**	**(17)**
Reclassifications	**–**	**–**	**2,377**	**–**	**–**	**(2,377)**	**–**
At 31 December 2018	**20,380**	**30,736**	**282,445**	**12,577**	**2,233**	**7,047**	**355,418**
Depreciation and impairment loss							
At 1 April 2017							
Accumulated depreciation	6,509	20,645	236,482	8,858	–	–	272,494
Accumulated impairment loss	–	–	2,250	–	–	–	2,250
	6,509	20,645	238,732	8,858	–	–	274,744
Depreciation for the period	142	582	4,536	642	–	–	5,902
Disposals	–	–	(2,603)	–	–	–	(2,603)
Reclassifications	380	2,798	–	–	–	–	3,178
At 31 December 2017/ 1 January 2018							
Accumulated depreciation	**7,031**	**24,025**	**239,847**	**9,500**	**–**	**–**	**280,403**
Accumulated impairment loss	**–**	**–**	**818**	**–**	**–**	**–**	**818**
	7,031	**24,025**	**240,665**	**9,500**	**–**	**–**	**281,221**
Depreciation for the year	**190**	**806**	**5,648**	**1,112**	**37**	**–**	**7,793**
Disposals	**–**	**–**	**(40)**	**(637)**	**–**	**–**	**(677)**
Written-off	**–**	**–**	**(5)**	**(4)**	**–**	**–**	**(9)**
At 31 December 2018							
Accumulated depreciation	**7,221**	**24,831**	**245,450**	**9,971**	**37**	**–**	**287,510**
Accumulated impairment loss	**–**	**–**	**818**	**–**	**–**	**–**	**818**
	7,221	**24,831**	**246,268**	**9,971**	**37**	**–**	**288,328**
Carrying amounts							
At 1 April 2017	13,491	7,249	39,079	2,326	–	367	62,512
At 31 December 2017/ 1 January 2018	**13,349**	**6,711**	**34,935**	**2,467**	**–**	**6,222**	**63,684**
At 31 December 2018	**13,159**	**5,905**	**36,177**	**2,606**	**2,196**	**7,047**	**67,090**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Leased plant and equipment

As at 31 December 2018, the net carrying amount of leased equipment and vehicle was RM602,000 (2017: Nil).

Security

Leasehold land is to pledged to secure loan facilities granted to the Group (see Note 15).

4. INTANGIBLE ASSETS

	Software RM'000	Projects-in-progress RM'000	Total RM'000
Group			
Cost			
At 1 April 2017	2,271	227	2,498
Additions	6	497	503
Reclassifications	6	(6)	–
At 31 December 2017/1 January 2018	**2,283**	**718**	**3,001**
Additions	**35**	**–**	**35**
Reclassifications	**115**	**(115)**	**–**
Reclassifications to other payables	**–**	**(473)**	**(473)**
At 31 December 2018	**2,433**	**130**	**2,563**
Amortisation			
At 1 April 2017	339	–	339
Amortisation for the period	503	–	503
At 31 December 2017/1 January 2018	**842**	**–**	**842**
Amortisation for the year	**473**	**–**	**473**
At 31 December 2018	**1,315**	**–**	**1,315**
Carrying amounts			
At 1 April 2017	1,932	227	2,159
At 31 December 2017/1 January 2018	**1,441**	**718**	**2,159**
At 31 December 2018	**1,118**	**130**	**1,248**

NOTES TO THE
FINANCIAL STATEMENTS

5. *INVESTMENT IN SUBSIDIARIES*

	2018 RM'000
Company	
Unquoted shares, at cost	**102,167**

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %
Aluminium Company of Malaysia Berhad	Malaysia	Manufacturing and trading of aluminium sheet and foil products	**100**
and its subsidiary			
Alcom Nikkei Specialty Coatings Sdn. Bhd.	Malaysia	Manufacturing and trading of precoated aluminium finstocks for use in air-conditioners	**100**
SCLand Development Sdn. Bhd.	Malaysia	Investment holding	**100**
and its subsidiary			
EM Hub Sdn. Bhd.	Malaysia	Property development	**100**

6. *DEFERRED TAX ASSETS/(LIABILITIES)*

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Group						
Plant and equipment	**–**	–	**(8,570)**	(9,177)	**(8,570)**	(9,177)
Provisions	**5,396**	5,360	**–**	–	**5,396**	5,360
Tax loss carry forwards	**658**	–	**–**	–	**658**	–
Other items	**15**	–	**(177)**	(95)	**(162)**	(95)
Tax assets/(liabilities)	**6,069**	5,360	**(8,747)**	(9,272)	**(2,678)**	(3,912)
Set off of tax	**(5,259)**	(5,360)	**5,259**	5,360	**–**	–
Net tax assets/(liabilities)	**810**	–	**(3,488)**	(3,912)	**(2,678)**	(3,912)

Movement in temporary differences during the period/year

	At 1.4.2017 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in OCI RM'000	At 31.12.2017/ 1.1.2018 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.12.2018 RM'000
Group						
Plant and equipment	(10,291)	1,114	–	**(9,177)**	607	**(8,570)**
Provisions	5,084	276	–	**5,360**	36	**5,396**
Tax loss carry forwards	–	–	–	**–**	658	**658**
Other items	200	(145)	(150)	**(95)**	(67)	**(162)**
	(5,007)	1,245	(150)	**(3,912)**	1,234	**(2,678)**

7. TRADE RECEIVABLES

	2018 RM'000	2017 RM'000
Group		
Non-current		
Trade receivables	**461**	–
Current		
Trade receivables	**40,540**	44,817
Companies that a substantial shareholder of the Company has interest	**610**	183
	41,150	45,000
	41,611	45,000

Credit terms of trade receivables of the Group range from 7 days to 90 days (2017: 7 days to 75 days).

The trade balances due from companies that a substantial shareholder has interest have credit terms ranging from 30 to 60 days (2017: 30 to 60 days).

8. INVENTORIES

	2018 RM'000	2017 RM'000
Group		
Metal inventories		
Raw materials	**5,381**	10,510
Work-in-progress	**30,604**	23,145
Finished goods	**22,769**	23,881
	58,754	57,536
Non metal inventories		
Operating supplies and spare parts	**10,222**	10,338
	68,976	67,874

Recognised in profit or loss:		
- Inventories recognised in profit or loss	**362,568**	267,462
- Allowance of inventories writedown	**302**	551

9. PROPERTY DEVELOPMENT COSTS

	2018 RM'000
Group	
Leasehold land	**94,988**
Development costs	**10,404**
	105,392

During the financial year, total interest of RM2,467,000 was capitalised to the development costs.

Security

Leasehold land is pledged to secure loan facilities granted to the Group (Note 15).

10. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company
	2018 RM'000	2017 RM'000	2018 RM'000
Other receivables	**4,426**	5,514	**–**
Advance payment to suppliers	**961**	1,125	**1**
Prepayments	**660**	565	**–**
Deposits	**478**	9,609	**–**
Staff advances	**74**	58	**–**
	6,599	16,871	**1**

Included in other receivables of the Group is Goods and Services Tax receivables approximately of RM4,392,000 (2017: RM4,940,000).

Included in the deposits of the Group in the previous financial period was a deposit paid for the purchase of leasehold industrial land amounting RM9,213,000.

11. *DERIVATIVE FINANCIAL INSTRUMENTS*

	<--------------- 2018	--------------	-------------->	<--------------- 2017	---------------	--------------->
	Nominal value RM'000	**Assets RM'000**	**Liabilities RM'000**	**Nominal value RM'000**	**Assets RM'000**	**Liabilities RM'000**
Group						
Derivatives held for trading at fair value through profit or loss						
- Forward exchange contracts (Note a)	**51,298**	**447**	**–**	50,741	816	–
- Forward exchange contracts (Note b)	**(7,586)**	**–**	**(4)**	(4,433)	–	–

Forward foreign exchange contracts

Aside from using natural hedges, the Group enters into forward foreign currency exchange contracts with a licensed bank to limit its exposure on foreign currency receivables and payables.

Note (a)
Under the forward contracts - receivables, the currency to be received is Ringgit Malaysia and the currency to be paid is US Dollar. The maturity period of the contracts ranges between 1 month to 3 months (2017: 1 month to 3 months).

Note (b)
Under the forward contracts - payables, the currency to be paid is Ringgit Malaysia and the currency to be received is US Dollar. The maturity period of the contracts ranges within 1 month (2017: 1 month to 2 months).

The fair value gain or loss of the forward foreign exchange contracts of the Group which has been recognised at the reporting date was a surplus net position of RM443,000 (2017: RM816,000).

12. *CASH AND BANK BALANCES*

	Group		**Company**
	2018 RM'000	**2017 RM'000**	**2018 RM'000**
Deposits placed with licensed banks	**1,336**	4,243	**–**
Cash and bank balances	**38,896**	41,642	**5**
	40,232	45,885	**5**

Included in the deposits placed with licensed banks of the Group is RM1,104,000 (2017: Nil) pledged for bank facilities granted to the Group.

The weighted average interest rates on year/period end deposit placements are as follows:

	Group		**Company**
	2018 %	**2017 %**	**2018 %**
Deposits placed with licensed banks	**3.20**	2.82	**–**

NOTES TO THE FINANCIAL STATEMENTS

13. CAPITAL AND RESERVES

13.1 Share capital

	Group			
	Number of shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Issued and fully paid shares				
Ordinary shares				
At beginning of year/period	**134,331**	134,331	**100,123**	142,444
Capital repayment	**–**	–	**–**	(42,321)
Internal reorganisation	**–**	–	**4,655**	–
At the end of the financial year/period	**134,331**	134,331	**104,778**	100,123

	Company 2018	
	Number of shares '000	Amount RM'000
Issued and fully paid shares		
Ordinary shares		
At date of incorporation	*	#
Internal reorganisation	**134,331**	**104,778**
At the end of the financial period	**134,331**	**104,778**

* Denotes 2
# Denotes RM2

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

13.2 Treasury shares

Shares re-purchased are being held as treasury shares as allowed under Section 127(6) of the Companies Act 2016. Treasury shares have no right to voting, dividends and participation in other distribution.

During the financial year ended 31 December 2018, pursuant to the Internal Reorganisation, the remaining balance of 1,000,000 treasury shares were sold in the open market prior to the Share Exchange (see Note 34.1). The average resale price of the treasury shares was approximately RM0.71 per share.

14. PROVISION FOR GRATUITY SCHEME

The movements in the present value of unfunded obligations are as follows:

	2018 RM'000	2017 RM'000
Group		
Defined benefit gratuity scheme		
At beginning of financial year/period	**5,131**	5,850
Charged to the profit or loss		
- current service cost	**216**	200
- interest cost	**240**	171
	456	371
Credited to other comprehensive income:		
Actuarial gain arising from:		
- Financial assumptions	**–**	(246)
- Experience adjustments	**–**	(378)
	–	(624)
Gratuity paid	**(777)**	(466)
At the end of financial year/period	**4,810**	5,131

	2018 RM'000	2017 RM'000
Group		
Reflected in the statements of financial position as:		
Non-current	**4,142**	4,436
Current (Note 17)	**668**	695
	4,810	5,131

The principal actuarial assumptions used in respect of the defined benefit gratuity scheme are as follows:

	2018 %	2017 %
Group		
Discount rate	**5.0**	5.0
Expected average rate of salary increases	**5.0**	5.0

The Group operates an unfunded final salary defined benefit gratuity scheme for its employees. Independent actuaries value the scheme using the projected unit credit actuarial cost method.

14. PROVISION FOR GRATUITY SCHEME (continued)

The discount rate used is based on investment grade private debt securities with tenure approximating the tenure of gratuity liability. The salary growth takes into account market factor such as inflation rate.

The defined benefit plan exposes the Group to financial risks such as interest rates and future salary incremental rates risk.

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	2018 RM'000	2017 RM'000
Group		
Discount rate - 1%		
- effect an increase of	**263**	286
Discount rate + 1%		
- effect a decrease of	**(238)**	(259)
Salary increment rate - 1%		
- effect a decrease of	**(263)**	(238)
Salary increment rate + 1%		
- effect an increase of	**285**	258

The above sensitivity analysis considers a change of each principal assumption in isolation.

15. LOANS AND BORROWINGS

	2018 RM'000	2017 RM'000
Group		
Non-current		
Secured:		
Term loans	**139,515**	69,432
Finance lease liabilities	**417**	–
	139,932	69,432
Current		
Secured:		
Term loans	**2,917**	–
Finance lease liabilities	**116**	–
Revolving credits	**2,945**	–
Unsecured:		
Corporate credit card facility from a financial institution	**950**	996
Bank overdraft	**–**	2
	6,928	998
	146,860	70,430

NOTES TO THE FINANCIAL STATEMENTS

15. *LOANS AND BORROWINGS (continued)*

Security

The tenure of the term loans are for a period of 6 years and 12 years. Term loans and revolving credits are secured by the Group's leasehold industrial land (see Note 3), land in property development costs (see Note 9) and pledged deposits (see Note 12).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Group			
Less than one year	**137**	**21**	**116**
Between one and five years	**448**	**31**	**417**
	585	**52**	**533**

Reconciliation of movement of liabilities to cash flow arising from financing activities:

	At 1.4.2017 RM'000	Net changes from financing cash flow RM'000	At 31.12.2017/ 1.1.2018 RM'000	Addition of new lease RM'000	Net changes from financing cash flow RM'000	At 31.12.2018 RM'000
Group						
Term loans	–	69,432	**69,432**	**–**	**73,000**	**142,432**
Finance lease liabilities	–	–	**–**	**618**	**(85)**	**533**
Revolving credits	–	–	**–**	**–**	**2,945**	**2,945**
Corporate credit card facility from a financial institution	–	996	**996**	**–**	**(46)**	**950**
	–	70,428	**70,428**	**618**	**75,814**	**146,860**

NOTES TO THE
FINANCIAL STATEMENTS

16. TRADE PAYABLES

	2018 RM'000	2017 RM'000
Group		
Trade payables	**36,961**	25,181
Trade related accruals	**2,058**	1,950
	39,019	27,131

17. OTHER PAYABLES AND ACCRUALS

	Group		Company
	2018 RM'000	2017 RM'000	2018 RM'000
Payroll related accruals			
- salaries, benefits and allowances	**6,655**	6,193	**208**
- provision for gratuity scheme (Note 14)	**668**	695	**–**
Other accrual and sundry payables	**7,932**	8,926	**158**
	15,255	15,814	**366**

18. AMOUNTS DUE TO SUBSIDIARY

The non-trade balances due to subsidiary of the Company is unsecured, interest free and have no fixed terms of repayment.

19. REVENUE

	Group		Company
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000	22.12.2017 to 31.12.2018 RM'000
Aluminium products			
Sale of manufactured goods	**385,542**	284,972	**–**
Sale of scrap	**161**	132	**–**
	385,703	285,104	**–**

Disaggregation of revenue by geographical markets are disclosed in Note 27 to the financial statements. Revenue from sales of aluminium products is recognised upon goods are delivered and accepted by the customers at their premises or recognised upon the control of the goods have transferred to the customer. Payment terms for revenue from customers of aluminium products range from 7 days to 90 days (2017: 7 days to 75 days) from invoice date.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER OPERATING INCOME

	Group	
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000
Interest income on short-term deposits	**312**	728
Gain on disposal of property, plant and equipment	**135**	–
Miscellaneous income	**331**	25
	778	753

21. STAFF COSTS

	Group		Company
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000	22.12.2017 to 31.12.2018 RM'000
Wages, salaries and bonus	**31,647**	22,229	**410**
Defined contribution retirement plan	**3,670**	2,323	**39**
Defined benefit gratuity scheme	**456**	371	**–**
Other employee benefits	**618**	176	**3**
	36,391	25,099	**452**

22. OTHER OPERATING EXPENSES

	Group	
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- term loans	**3,436**	1,428
- finance lease liabilities	**20**	–
- revolving credits	**77**	–
- overdraft	**4**	–

The "interest expense" is included in "other operating expenses" in the profit or loss for the financial year/period.

23. *PROFIT/(LOSS) BEFORE TAX*

	Group		Company
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000	22.12.2017 to 31.12.2018 RM'000
Profit/(loss) before tax is arrived at after charging/(crediting):			
Auditors' remuneration			
- Audit fees	**220**	180	**40**
- Non-audit fees	**5**	5	**5**
Allowance for doubtful debts	**156**	–	**–**
Allowance for inventory writedown	**302**	551	**–**
Amortisation of intangible assets	**473**	503	**–**
Depreciation of property, plant and equipment	**7,793**	5,902	**–**
(Gain)/loss on foreign exchange			
- realised	**(290)**	414	**–**
- unrealised	**(232)**	417	**–**
(Gain)/loss on disposal of property, plant and equipment	**(135)**	156	**–**
Hire of machinery and equipment	**638**	442	**–**
Interest expense	**3,537**	1,428	**–**
Interest income	**(312)**	(728)	**–**
Net fair value loss/(gain) on currency forwards	**373**	(708)	**–**
Property, plant and equipment written off	**8**	–	**–**
Provision for gratuity scheme	**456**	371	**–**
Rental of premises	**66**	–	**–**

NOTES TO THE FINANCIAL STATEMENTS

24. TAX EXPENSE

	Group		Company
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000	22.12.2017 to 31.12.2018 RM'000
Current tax expense			
Current year	**5,769**	5,063	**–**
Over provision in prior period	**–**	(70)	**–**
Total current tax recognised in profit or loss	**5,769**	4,993	**–**
Deferred tax expense			
Origination and reversal of temporary differences	**(1,234)**	(1,421)	**–**
Under provision in prior period	**–**	176	**–**
Total deferred tax recognised in profit or loss	**(1,234)**	(1,245)	**–**
Total tax expense	**4,535**	3,748	**–**
Reconciliation of tax expense			
Profit/(loss) for the year/period	**3,437**	9,655	**(761)**
Total tax expense	**4,535**	3,748	**–**
Profit excluding tax	**7,972**	13,403	**(761)**
Income tax calculated using Malaysian tax rate of 24%	**1,913**	3,217	**(183)**
Non-deductible expenses	**2,686**	788	**183**
Income not subject to tax	**(10)**	(62)	**–**
Double deduction claims	**(54)**	(301)	**–**
Under provision in prior period	**–**	106	**–**
	4,535	3,748	**–**

25. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the Group's net profit attributable to the owners of the Company for the financial year/period by the weighted average number of ordinary shares in issue during the financial year/period, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group	
	Year ended 31.12.2018 RM'000	**1.4.2017 to 31.12.2017 RM'000**
Net profit attributable to shareholders (RM'000)	**3,437**	9,655
Weighted average number of ordinary shares in issue ('000)	**134,331**	133,331
Basic earnings per ordinary share (sen)	**2.56**	7.24

Weighted average number of ordinary shares

	Group	
	2018 '000	**2017 '000**
Issued ordinary shares at 1 January/1 April	**134,331**	134,331
Effect of treasury shares held	**–**	(1,000)
Weighted average number of ordinary shares at 31 December	**134,331**	133,331

Diluted earnings per ordinary share

There is no dilution in earnings per ordinary share as there is no potential diluted ordinary shares in the current year and previous financial period.

26. DIVIDEND

Dividend recognised in the prior period by the Group was:

	Sen per share (net of tax)	**Total amount RM'000**	**Date of payment**
2017			
Final 2017 special dividend	20.5	27,112	13 July 2017

The Directors do not recommend any other dividend for the current financial year.

27. OPERATING SEGMENTS

Segmental reporting is not separately presented as the Group is principally engaged in the manufacturing and trading of aluminium products, which are substantially within a single operating segment while the subsidiaries engaged in property development (Note 5) are in the development stage during the financial year. The Group operates primarily in Malaysia.

Revenue of the Group is derived from a single class of product for the financial year under review.

For the purpose of resources allocation and performance assessment, the chief operating decision-maker reviews the profit from operations of the Group as disclosed in the consolidated statement of profit or loss and other comprehensive income.

All non-current assets of the Group are located in Malaysia, being the Group's country of domicile. The breakdown of the Group's external revenues based on the geographical location of the external customers and major customers are as follows:

Geographical segments

	Group	
	Year ended 31.12.2018 RM'000	**1.4.2017 to 31.12.2017 RM'000**
Geographical information		
Revenue from continuing operations		
Malaysia	**93,968**	93,110
Thailand	**83,487**	64,971
India	**96,975**	62,132
Asia (excludes Malaysia, Thailand and India)	**17,986**	17,099
Europe	**53,985**	28,496
Middle East	**27,668**	14,961
Others	**11,634**	4,335
	385,703	285,104

Included in sales to Malaysia customers are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM9,297,000 (2017: RM10,293,000).

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	Year ended 31.12.2018 RM'000	**1.4.2017 to 31.12.2017 RM'000**
Customer A	**53,195**	29,151
Customer B	**47,704**	25,396

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Fair value through profit or loss - Designated upon initial recognition ("FVTPL"); and
(b) Amortised cost ("AC").

	Group		
	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2018			
Financial assets/(liabilities)			
Trade receivables	41,611	–	41,611
Other receivables (excluding prepayments and advance payment to suppliers)	4,978	–	4,978
Cash and bank balances	40,232	–	40,232
Derivative financial instruments	443	443	–
Trade payables	(39,019)	–	(39,019)
Other payables and accruals (excluding provision for gratuity scheme)	(14,587)	–	(14,587)
Loans and borrowings	(146,860)	–	(146,860)
	(113,202)	443	(113,645)

	Company		
	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2018			
Financial assets/(liabilities)			
Cash and bank balances	5	–	5
Other payables and accruals (excluding provision for gratuity scheme)	(366)	–	(366)
Amount due to a subsidiary	(401)	–	(401)
	(762)	–	(762)

NOTES TO THE FINANCIAL STATEMENTS

28. *FINANCIAL INSTRUMENTS (continued)*

28.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Group		
	Carrying amount RM'000	FVTPL RM'000	L&R/ (FL) RM'000
2017			
Financial assets/(liabilities)			
Trade receivables	45,000	–	45,000
Other receivables (excluding prepayments and advance payment to suppliers)	15,181	–	15,181
Cash and bank balances	45,885	–	45,885
Derivative financial instruments	816	816	–
Trade payables	(27,131)	–	(27,131)
Other payables and accruals (excluding provision for gratuity scheme)	(15,119)	–	(15,119)
Loans and borrowings	(70,430)	–	(70,430)
	(5,798)	816	(6,614)

28.2 Net gain and losses arising from financial instruments

	Group	
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000
Net gain/(losses) on:		
- Financial assets at fair value through profit or loss:		
- Designated upon initial recognition ("DUIR")	**(373)**	708
- Financial assets at amortised cost	**614**	–
- Loans and receivables	**–**	(1,093)
- Financial liabilities measured at amortised cost	**(3,473)**	(438)
	(3,232)	(823)

28. FINANCIAL INSTRUMENTS (continued)

28.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from individual characteristics of each customer, other receivables and cash and bank balances. The Company's exposure to credit risk arises principally from its cash and bank balances.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit term.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statements of financial position.

28. FINANCIAL INSTRUMENTS (continued)

28.4 Credit risk (continued)

Trade receivables (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group 2018 RM'000	Group 2017 RM'000
Malaysia	**11,891**	18,807
Thailand	**2,656**	8,049
India	**16,640**	8,156
Asia (excludes Malaysia, Thailand and India)	**1,267**	3,252
Europe	**3,496**	2,748
Middle East	**1,078**	3,696
Others	**4,583**	292
	41,611	45,000

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is that any invoices above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team. Invoices which are past due 90 days will be considered as credit impaired.

The Group uses an allowance matrix to measure Expected Credit Losses ("ECLs") of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2018			
Group			
Current (not past due)	**34,214**	**(6)**	**34,208**
1-30 days past due	**7,367**	**–**	**7,367**
31-60 days past due	**14**	**–**	**14**
61-90 days past due	**22**	**–**	**22**
More than 90 days past due	**150**	**(150)**	**–**
	41,767	**(156)**	**41,611**

28. FINANCIAL INSTRUMENTS (continued)

28.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Trade receivables		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
2018			
Group			
Balance at 1 January as per MFRS 139	**–**	**–**	**–**
Net remeasurement of loss allowance	**–**	**156**	**156**
Balance at 31 December	**–**	**156**	**156**

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
Not past due	36,551	–	36,551
Past due 0 – 3 months	8,449	–	8,449
	45,000	–	45,000

Receivables that are past due but not impaired are principally less than 60 days past due. No impairment has been made on these amounts as the Group is closely monitoring these receivables and they have no prior history of bad or doubtful debts. These amounts were expected to be recovered within 12 months from the reporting date. No allowance for impairment has been made in respect of these receivables in the previous financial period, hence the movement in allowance for impairment was not presented.

28. FINANCIAL INSTRUMENTS (continued)

28.4 Credit risk (continued)

Cash and bank balances

The cash and bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not necessary.

Other receivables

Credit risks on other receivables are mainly arising from deposits, staff advances and other receivables.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group does not consider it necessary to recognise any allowance for impairment losses.

28.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group has a net current assets of RM200,374,000 as at 31 December 2018. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure that the preparation of the financial statement on a going concern basis is dependent on the ability of the Group to generate sufficient cash flows from its operations, obtaining support from its banks and creditors to finance its operation and achieving profitable operations to ensure that it will have sufficient liquidity to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. *FINANCIAL INSTRUMENTS (continued)*

28.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2018							
Group							
Non-derivative financial liabilities							
Term loans	142,432	5.33% - 5.72%	187,600	10,735	20,476	95,026	61,363
Finance lease liabilities	533	2.31% - 2.34%	586	138	138	310	–
Revolving credits	2,945	5.33%	2,950	2,950	–	–	–
Corporate credit card facility from a financial institution	950	–	950	950	–	–	–
Trade and other payables	53,606	–	53,606	53,606	–	–	–
	200,466		245,692	68,379	20,614	95,336	61,363
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	4	–	50,855	50,855	–	–	–
Inflow	(447)	–	(51,298)	(51,298)	–	–	–
	(443)		(443)	(443)	–	–	–
Company							
Non-derivative financial liabilities							
Corporate guarantees	–	–	208,000	208,000	–	–	–
Other payables and accruals	366	–	366	366	–	–	–
Amount due to a subsidiary	401	–	401	401	–	–	–
	767		208,767	208,767	–	–	–

28. *FINANCIAL INSTRUMENTS (continued)*

28.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (continued):

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2017							
Group							
Non-derivative financial liabilities							
Term loan	69,432	5.46%	94,200	3,792	6,690	30,184	53,534
Overdrafts	2	7.15%	2	2	–	–	–
Corporate credit card facility from a financial institution	996	–	996	996	–	–	–
Trade and other payables	42,250	–	42,250	42,250	–	–	–
	112,680		137,448	47,040	6,690	30,184	53,534
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	–	–	49,925	49,925	–	–	–
Inflow	(816)	–	(50,741)	(50,741)	–	–	–
	(816)		(816)	(816)	–	–	–

28. FINANCIAL INSTRUMENTS (continued)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group enters into currency forwards in the normal course of business to manage its exposure against foreign currency fluctuations on transactions denominated in foreign currencies. In general, the Group's policy is to enter into currency forwards for anticipated sales and purchases in foreign currencies.

Exposure to foreign currency risk

The Group's main exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD RM'000	**SGD RM'000**	**JPY RM'000**	**Others RM'000**
Group				
2018				
Trade and other receivables	**29,899**	**106**	**–**	**–**
Trade and other payables	**(19,518)**	**(5)**	**–**	**(62)**
Cash and bank balances	**28,305**	**30**	**–**	**–**
Derivative financial instruments	**(43,712)**	**–**	**–**	**–**
Exposure in the statements of financial position	**(5,026)**	**131**	**–**	**(62)**
2017				
Trade and other receivables	26,174	86	–	–
Trade and other payables	(7,684)	(32)	(224)	(8)
Cash and bank balances	28,468	30	–	–
Derivative financial instruments	(46,308)	–	–	–
Exposure in the statements of financial position	650	84	(224)	(8)

28. *FINANCIAL INSTRUMENTS (continued)*

28.6 Market risk (continued)

28.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

Currency risk sensitivity analysis

A 10% (2017: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variance that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or (loss)	
	Year ended 31.12.2018 RM'000	**1.4.2017 to 31.12.2017 RM'000**
Group		
USD	**382**	(49)
SGD	**(10)**	(6)
JPY	**–**	17
Others	**5**	–

A 10% (2017: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28.6.2 Interest rate risk

The Group's fixed rate financial assets and borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group maintains a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group on a regular basis.

28. FINANCIAL INSTRUMENTS (continued)

28.6 Market risk (continued)

28.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	**1,336**	4,243
Financial liabilities	**(533)**	–
Floating rate instruments		
Financial liabilities	**(145,377)**	(69,434)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") (31.12.2017: 100bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or (loss)			
	Year ended 31.12.2018		**1.4.2017 to 31.12.2017**	
	100 bp increase RM'000	**100 bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
Group				
Floating rate instruments				
Cash flow sensitivity (net)	**(1,105)**	**1,105**	(528)	528

28. *FINANCIAL INSTRUMENTS (continued)*

28.7 Fair value information

The carrying amounts of cash and bank balances, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2018										
Financial assets										
Non-current trade receivables	–	–	–	–	–	–	477	477	477	461
Derivative financial instruments	–	447	–	447	–	–	–	–	447	447
	–	447	–	447	–	–	477	477	924	908
Financial liabilities										
Secured term loan	–	–	–	–	–	–	(145,919)	(145,919)	(145,919)	(142,432)
Finance lease liabilities	–	–	–	–	–	–	(551)	(551)	(551)	(533)
Derivative financial instruments	–	(4)	–	(4)	–	–	–	–	(4)	(4)
	–	(4)	–	(4)	–	–	(146,470)	(146,470)	(146,474)	(142,969)
2017										
Financial assets										
Derivative financial instruments	–	816	–	816	–	–	–	–	816	816
Financial liabilities										
Secured term loan	–	–	–	–	–	–	(68,107)	(68,107)	(68,107)	(69,432)

28. FINANCIAL INSTRUMENTS (continued)

28.7 Fair value information (continued)

Level 2 fair value

Derivative financial liabilities

The fair value of forward exchange contracts are based on market price obtained from licensed financed institution.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest is determined by reference to similar borrowing arrangements and lease agreements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2017: No transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The valuation techniques in determining the fair values disclosed in Level 3 for the financial instruments not carried at fair value is discounted cash flow.

29. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders and/or issue new shares.

The Group is also required to comply with various financial covenants based on debt service coverage ratio, net gearing ratio and the Group's net tangible assets position. The Group is in compliance with these financial covenants as at 31 December 2018.

30. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rental payables are as follows:

	2018 RM'000	2017 RM'000
Group		
Less than one year	**1,066**	438
Between one and five years	**987**	29
	2,053	467

The Group leases a number of premises and other assets under operating leases. The leases typically run for a period of one month to five years with an option to renew the respective leases after expiry.

31. CAPITAL COMMITMENTS

	2018 RM'000	2017 RM'000
Group		
Authorised capital expenditure commitments		
Property, plant and equipment not provided for in the financial statements are as follows:		
Contracted but not provided for	**3,836**	6,365

32. CONTINGENT LIABILITIES

	2018 RM'000
Company	
Guarantees given by the Company to financial institutions in respect of banking facilities granted to a subsidiary	**208,000**

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantee are not probable.

33. RELATED PARTIES

33.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company have related party relationship with its subsidiaries, related companies, companies that a substantial shareholder of the Company has interest, companies that certain directors of the Company have interest and key management personnel.

33.2 Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below.

	Group	
	Year ended 31.12.2018 RM'000	**1.4.2017 to 31.12.2017 RM'000**
Income		
Transactions with companies that a substantial shareholder of the Company has interest		
Sale of finished goods to:		
- Aik Joo Can Factory Sdn. Berhad	**820**	793
- Kian Joo Can Factory Berhad	**1,544**	986
- KJ Can (Selangor) Sdn. Bhd.	**257**	622
- Federal Metal Printing Factory, Sdn. Berhad	**164**	378
Expenditure		
Transactions with companies that certain directors of the Company have interest		
Rental of premises		
- Suri Puri Sdn. Bhd.	**42**	–
- Newstar Ventures Sdn. Bhd.	**24**	–

33. RELATED PARTIES (continued)

33.3 Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company
	Year ended 31.12.2018 RM'000	1.4.2017 to 31.12.2017 RM'000	22.12.2017 to 31.12.2018 RM'000
Directors of the Company:			
- fees	**263**	272	**119**
- salaries, bonuses and other remunerations	**2,785**	2,886	**11**
- estimated monetary value of benefits-in-kind	**28**	27	**–**
	3,076	3,185	**130**
Other directors of the Group entities:			
- fees	**58**	–	**–**
- salaries, bonuses and other remunerations	**2,646**	512	**–**
- estimated monetary value of benefits-in-kind	**32**	10	**–**
- defined benefit gratuity scheme	**–**	79	**–**
	2,736	601	**–**
Other key management personnel:			
- salaries, bonuses and other remunerations	**3,265**	1,895	**449**
- estimated monetary value of benefits-in-kind	**206**	140	**–**
	3,471	2,035	**449**
	9,283	5,821	**579**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. Key management personnel include the Directors and certain members of senior management of the Group and of the Company.

34. SIGNIFICANT EVENTS

34.1 On 2 January 2018, Aluminium Company of Malaysia Berhad ("ALCOM") announced the following proposals ("Announcement"):

(i) proposed acquisition by EM Hub Sdn. Bhd., a wholly-owned subsidiary of ALCOM at that time, of a parcel of vacant leasehold industrial land 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 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 ALCOM with up to 134,330,848 new ordinary shares in the Company ("AGB Share(s)") on the basis of 1 AGB Share for every 1 existing ALCOM Share held on an entitlement date ("Share Exchange"); and

(b) proposed assumption of the listing status of ALCOM by the Company, the admission of the Company 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 the shareholders of ALCOM on 7 June 2018. The Diversification was completed on 7 June 2018 and the Acquisition was completed on 5 July 2018.

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.

34.2 On 27 August 2018, the Company had acquired the entire issued and paid-up share capital of SCLand Development Sdn. Bhd. ("SDSB") from ALCOM at a total consideration of RM1. SDSB became a wholly-owned subsidiary of AGB thereafter.

35. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

35.1 During the financial year/period, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives. There is no material impact arising from adoption of these new accounting standards.

35.2 In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted whereby the Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

There were no financial impact on the financial assets of the Group and the Company as at 1 January 2018 arising from the adoption of MFRS 9.

Trade receivables and other receivables that were classified as “loans and receivables” under MFRS 139 are now reclassified at “amortised cost”.

36. COMPARATIVE FIGURES

36.1 Group

The Share Exchange mentioned in Note 34.1 arose from an internal reorganisation which does not result in any change of economic substance of ALCOM Group. Accordingly, the comparative figures in the consolidated statements of financial position, statements of profit or loss and comprehensive income, statements of changes in equity, statements of cash flows and notes to the financial statements are presented as if the reorganisation had been effected from the beginning of the earliest period presented.

The comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group as well as the comparative in the notes to the financial statements relating to the statements of profit or loss and other comprehensive income for the nine months ended 31 December 2017 are not comparable to that for the current twelve months ended 31 December 2018 as ALCOM Group changed its financial year end from 31 March to 31 December during the previous financial period.

36.2 Company

There are no comparative figures for the Company as this is the first set of financial statements prepared by the Company since its incorporation.

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 58 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year/ period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Yeoh Jin Hoe
Director

Heon Chee Shyong
Director

Date: 5 April 2019

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Bernard William A/L William G. Gomez**, the Officer primarily responsible for the financial management of Alcom Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 117 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Bernard William A/L William G. Gomez**, NRIC: 620820-10-6239, MIA CA 21076 at Klang in the State of Selangor on 5 April 2019.

Bernard William A/L William G. Gomez

Before me:

NADZRUL AZALI ABDUL AZIZ
(No. B548)
Commissioner for Oaths
Klang, Selangor

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF ALCOM GROUP BERHAD (COMPANY NO. 1261259-V)
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Alcom Group Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year/period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year/period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current period. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group

Costing and valuation of metal inventories

Refer to the accounting policy on Note 2(i) and Note 8 to the financial statements.

At 31 December 2018, the Group held RM58,754,000 of metal inventories. The cost of metal inventories is stated at the lower of cost and net realisable value. Metal inventories comprise the raw materials, work-in-progress, and finished goods. In the case of work-in-progress and finished goods, cost includes an appropriate allocation of direct labour and production overhead costs. Costing and valuation of metal inventories have been identified as a key audit matter for the Group because of the fluctuation in aluminium prices may affect the determination of the carrying amounts of the metal inventories at year end.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF ALCOM GROUP BERHAD (COMPANY NO. 1261259-V)
(INCORPORATED IN MALAYSIA)

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- We have assessed the appropriateness of the Group's costing methodology by considering the relevant inputs are properly taken into account to arrive at the carrying amount of the metal inventories. This includes determining the appropriateness of the basis and processes used by the Group in allocating the direct labour and overhead costs to arrive at the carrying amounts of metal inventories as at year end;

- We checked the cost of raw materials input by comparing to suppliers' invoices on a sampling basis;

- We also evaluated how the Group determined the net realisable value of finished goods inventories by testing to the selling prices.

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD (COMPANY NO. 1261259-V)
(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD (COMPANY NO. 1261259-V)
(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year/period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Chan Kam Chiew
Approval Number: 02055/06/2020 J
Chartered Accountant

Petaling Jaya

Date: 5 April 2019

PROPERTIES
HELD BY THE GROUP
AS AT 31 DECEMBER 2018

Location	Description	Tenure	Land Area	Age of Building (years)	Net Book Value	Year of revaluation
No. 3, Persiaran Waja Bukit Raja Industrial Estate 41050 Klang Selangor Darul Ehsan Malaysia	Factory and Office Building	99 years leasehold expiring in year 2088	29.97 acres	37 years	RM19.1 million	1985
H.S.(D) 242971 PT 10568 & H.S.(D) 242972 PT 10570 Pekan Baru Sungai Buloh District of Petaling State of Selangor	Vacant industrial land	99 years leasehold expiring in year 2107	9.4 acres	N/A	RM92.1 million	N/A

ANALYSIS OF **SHAREHOLDINGS**
AS AT 1 APRIL 2019

Total number of issued shares	:	134,330,850
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	277	6.91	4,684	*
100 to 1,000 shares	747	18.65	562,389	0.42
1,001 to 10,000 shares	2,043	51.00	10,221,744	7.61
10,001 to 100,000 shares	856	21.37	25,136,631	18.71
100,001 to 6,716,541 shares	81	2.02	20,090,850	14.96
6,716,542 shares and above	2	0.05	78,314,552	58.30
Total	**4,006**	**100.00**	**134,330,850**	**100.00**

Note:
**Negligible*

SUBSTANTIAL SHAREHOLDERS
(According to the Register of Substantial Shareholders)

Name	Direct No. of shares held	Direct %	Indirect No. of shares held	Indirect %	Total No. of shares held	Total %
SCland Holdings Sdn. Bhd.	39,675,554	29.54	–	–	39,675,554	29.54
Standout Success Sdn. Bhd.	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
SCland Sdn. Bhd.	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
RDS Properties Sdn. Bhd.	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
Dato' Lim Chee Khoon	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
Dato' Eng Kim Liong	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
Dato' Yong How Choong	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
Kam Choo Keng	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
Ang Loo Leong	–	–	39,675,554 [a]	29.54 [a]	39,675,554	29.54
Towerpack Sdn. Bhd.	38,638,998	28.76	–	–	38,638,998	28.76
Yeoh Jin Hoe	–	–	38,638,998 [b]	28.76 [b]	38,638,998	28.76

Notes:
[a] *Indirect interest through shares held by SCland Holdings Sdn. Bhd.*
[b] *Deemed interest by virtue of his shareholding in Towerpack Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2019

DIRECTORS' SHAREHOLDINGS
(According to the Register of Directors' Shareholdings)

Name	Direct No. of shares held	Direct %	Indirect No. of shares held	Indirect %	Total No. of shares held	Total %
Dato' Seri Subahan bin Kamal	–	–	–	–	–	–
Heon Chee Shyong	–	–	–	–	–	–
Yeoh Jin Hoe	–	–	38,638,998 [(a)]	28.76 [(a)]	38,638,998	28.76
Dato' Eng Kim Liong	–	–	39,675,554 [(b)]	29.54 [(b)]	39,675,554	29.54
Ang Loo Leong	–	–	39,675,554 [(b)]	29.54 [(b)]	39,675,554	29.54
Wong Choon Shein	–	–	–	–	–	–
Lam Voon Kean	–	–	–	–	–	–
Marc Francis Yeoh Min Chang	–	–	–	–	–	–

Notes:
[(a)] *Deemed interest by virtue of his shareholding in Towerpack Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016.*
[(b)] *Indirect interest through shares held by SCland Holdings Sdn. Bhd.*

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ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	SCland Holdings Sdn. Bhd.	39,675,554	29.54
2.	Towerpack Sdn. Bhd.	38,638,998	28.76
3.	Toh Kam Choy	1,163,400	0.87
4.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Taipanmatics Sdn. Bhd. (MG0170-199)*	1,085,000	0.81
5.	Tan Han Chuan	913,100	0.68
6.	Choy Cheng Choong	800,800	0.60
7.	Addeen Consultancy & Management Sdn. Bhd.	715,600	0.53
8.	Tan Lee Hwa	705,000	0.52
9.	Soh Tik Siew	589,000	0.44
10.	Chee See Giap @ Sin Chien	457,100	0.34
11.	Tang Yet Siong @ Tang Yik Siong	439,500	0.33
12.	Ng Beng Lay	422,000	0.31
13.	Chai Niew Sew	419,300	0.31
14.	Worldwide Emergency Assistance (Malaysia) Sdn. Bhd.	414,000	0.31
15.	Yeoh Beng Hooi	390,000	0.29
16.	Loh Loon Teik Sdn. Bhd.	380,000	0.28
17.	RHB Nominees (Tempatan) Sdn. Bhd. *- OSK Trustees Berhad for The Divine Vision Trust*	369,000	0.27
18.	Khor Tang Boey	322,000	0.24
19.	Ong Chooi Ewe	318,300	0.24
20.	Ooi Chun Hua	312,100	0.23
21.	Lim Seng Qwee	310,000	0.23
22.	Leau Kim Pun @ Liau Kim Pun	262,000	0.20
23.	Public Invest Nominees (Asing) Sdn. Bhd. *- Exempt An for Phillip Securities Pte. Ltd. (Clients)*	258,000	0.19
24.	Yong Yee Yin	220,000	0.16
25.	Yuen Thui Yang	220,000	0.16
26.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Cheong Pooi Leong (MG0127-199)*	215,000	0.16
27.	Matang Holdings Berhad	211,000	0.16
28.	Teh Hin Lee	206,000	0.15
29.	Chong Kok Fah	201,000	0.15
30.	Ang Chin Joo	200,000	0.15
	Total	**90,832,752**	**67.61**

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the First Annual General Meeting ("1st AGM") of Alcom Group Berhad ("the Company") will be held at Ballroom III, Main Wing, Tropicana Golf and Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To lay before the meeting, the Audited Financial Statements of the Group and of the Company for the financial year/period ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **Please refer to Note C of this Agenda**

2. To re-elect the following directors who retire pursuant to Clause 82 of the Company's Constitution:

   a. Dato' Seri Subahan bin Kamal **Resolution 1**
   b. Heon Chee Shyong **Resolution 2**
   c. Yeoh Jin Hoe **Resolution 3**
   d. Dato' Eng Kim Liong **Resolution 4**
   e. Ang Loo Leong **Resolution 5**
   f. Wong Choon Shein **Resolution 6**
   g. Lam Voon Kean **Resolution 7**

3. To approve the payment of Directors' Fees amounting to RM119,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial period/year ended 31 December 2018. **Resolution 8**

4. To approve the payment of Directors' Fees amounting to RM300,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2019. **Resolution 9**

5. To re-appoint KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors' remuneration. **Resolution 10**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 **Resolution 11**

   "**THAT** subject to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Board may in its absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares);

AND THAT such authority shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND FURTHER THAT the Board be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

Proposed renewal of authority for the Company to purchase its own shares **Resolution 12**

"**THAT** subject to compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provisions of the Company's Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF
ANNUAL GENERAL MEETING

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

Proposed new mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature **Resolution 13**

"**THAT** subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of Part B of the Company's Circular to Shareholders dated 26 April 2019 provided that:

(i) such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business on normal commercial terms and on terms not more favourable to the parties with which such recurrent transactions are to be entered into than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND THAT the mandate conferred by this resolution shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that Meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND FURTHER THAT the Board of Directors of the Company be and is hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as it may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

NOTICE OF
ANNUAL GENERAL MEETING

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

By Order of the Board

TAN BEE KENG (MAICSA 0856474)
TEH YI TING (MAICSA 7068250)
Company Secretaries

Bukit Raja, Klang
Malaysia
26 April 2019

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only members whose name appears in the General Meeting Record of Depositors as at 21 May 2019 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.

(B) PROXY

(i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(ii) Where a member is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

(iii) Where a member is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by 2 authorised officers or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.

(v) To be valid, the instrument appointing a proxy must be completed, signed and deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or sent via facsimile transmission to Fax No: 603-2783 9222 or email to is.enquiry@my.tricorglobal.com, at least 48 hours before the time appointed for holding this Meeting or any adjournment thereof.

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the Resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

NOTICE OF
ANNUAL GENERAL MEETING

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming 1st AGM of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, claims, demands, losses and damages as a result of the member's breach of warranty.

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 11 – Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 11 proposed, if passed, will give a renewed mandate to the Board of Directors of the Company ("Board"), from the date of the forthcoming 1st AGM of the Company, to allot and issue ordinary shares of the Company at any time to such persons for such purposes as the Board may in its absolute discretion, consider to be in the interest of the Company, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("Renewed Mandate"). The Renewed Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for purpose of funding future investment, project(s), working capital and/or acquisitions.

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the Extraordinary General Meeting held on 6 August 2018. Hence, no proceeds were raised.

Ordinary Resolution 12 – Proposed renewal of authority for the Company to purchase its own shares

The Ordinary Resolution 12 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to Share Buy-Back Statement dated 26 April 2019 which is despatched together with the Company's Annual Report 2018.

NOTICE OF
ANNUAL GENERAL MEETING

Ordinary Resolution 13 – Proposed new mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs")

The Ordinary Resolution 13 proposed, if passed, will give mandate to the Company and its subsidiaries to enter into the RRPTs with Kian Joo Can Factory Berhad and/or its subsidiary companies and also with Can-One Berhad and/or its subsidiary companies, as set out in Section 2.4 of Part B of the Circular to Shareholders dated 26 April 2019.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 26 April 2019 which is despatched together with the Company's Annual Report 2018.

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ADMINISTRATIVE **DETAILS**

FIRST ANNUAL GENERAL MEETING ("AGM") OF ALCOM GROUP BERHAD

Date	:	Wednesday, 29 May 2019
Time	:	10.00 a.m.
Venue	:	Ballroom III, Main Wing, Tropicana Golf and Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia

REGISTRATION

1. Registration will start at 8.00 a.m. at the foyer of Ballroom III and will end at a time as directed by the Chairman of the Meeting.
2. Please read the signage to ascertain where you should register yourself for the AGM and join the queue accordingly.
3. Please present your **original** MyKad/Passport at the registration counter for verification and ensure that you collect your MyKad/Passport thereafter.
4. Upon verification, you are required to write your name and sign the Attendance List placed on the registration table.
5. You will be given:
   (i) an identification wristband with personalised passcode for purpose of voting at the AGM; and
   (ii) a coupon to redeem a food voucher.
6. If you are attending the AGM as a shareholder, proxy or corporate representative, you will be registered **once** and will be given only **one** identification wristband to enter Ballroom III.
7. No individual will be allowed to register on behalf of another individual even with the original MyKad/Passport of the other individual.
8. There will be no replacement in the event you lose or misplace the identification wristband. No individual will be allowed to enter Ballroom III without wearing the identification wristband.
9. You must wear the identification wristband throughout the AGM.
10. The registration counter will only handle verification of identity and registration of attendance.

HELP DESK

1. Please proceed to the Help Desk for any clarification or queries apart from registration details.
2. The Help Desk will also handle revocation of proxy's appointment.

ENTITLEMENT TO ATTEND, SPEAK AND VOTE

Only a depositor whose name appears in the Record of Depositors as at 21 May 2019 shall be entitled to attend, speak and vote at the AGM or appoint proxies to attend, speak and vote on his/her behalf in respect of the number of shares registered in his/her name at that time.

PROXY

1. If you are a member of the Company, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend, speak and vote at the AGM. If you appoint more than one (1) proxy, please specify the proportion of your shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
2. If you are unable to attend the AGM and wish to appoint a proxy to attend and vote on your behalf, please submit your Form of Proxy for the AGM in accordance with the notes and instructions printed therein.
3. If you wish to attend the AGM yourself, please do not submit any Form of Proxy. You will NOT be allowed to attend the AGM together with a proxy appointed by you.
4. If you have submitted your Form of Proxy prior to the AGM and subsequently decided to attend the AGM yourself, please proceed to the Help Desk to revoke the appointment of your proxy.

ADMINISTRATIVE **DETAILS**

CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the **original** Certificate of Appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the above meeting or to the registration staff on the day of the above meeting for the Company's record.

VOTING PROCEDURE

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all Resolutions to be tabled at the AGM will be put to vote by way of poll. For this purpose, the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") to conduct the poll voting electronically via the Tricor e-Vote App and Quantegic Services Sdn Bhd as scrutineers to verify the poll results.

Shareholders/proxies may choose to vote at the e-voting kiosks set up by Tricor, or cast your vote using your own smartphone device. Detailed instructions will be provided at the meeting before the commencement of the e-voting session.

(a) Voting using your own smartphone device

- Shareholders and proxy holders ("voters") are advised to download the Tricor e-Vote App (Version 1.3.1) onto their smartphone devices before attending the AGM.
- Tricor e-Vote App download is available at no cost from Google Play Store or Apple App Store.
- If you require assistance on how to download the Tricor e-Vote App, please contact the following Tricor personnel during office hours:

(1)	Cheng Kang Shaun	603-2783 9241
(2)	Eric Low	603-2783 9267
(3)	Sazali Bin Husin	603-2783 9280

(b) Access to Tricor e-Vote App

- Shareholders/proxies need to connect to the Wi-Fi network provided by Tricor during the e-voting session:

Wi-Fi Name : Tricor_eVote	**Password : alcom1234**

- Tap the Tricor e-Vote icon in your smartphone device Home screen to open it.
- Select "Scan Passcode" and use the camera function of your smartphone device to capture the passcode on your identification wristband to access Tricor e-Vote App.

E-voting for the resolutions set out in the Notice of AGM will take place only upon the conclusion of the deliberations of all the businesses to be transacted at the meeting. The registration for attendance will be closed, to facilitate commencement of the poll.

SEATING ARRANGEMENT FOR THE AGM

1. Free seating. All shareholders, proxies, corporate representatives will be allowed to enter Ballroom III from 9.00 a.m. onwards.
2. All shareholders, proxies, corporate representatives are encouraged to be seated at least five (5) minutes before the commencement of the AGM.

ADMINISTRATIVE DETAILS

MOBILE DEVICES

Please ensure that all mobile devices i.e. phones, pagers, other sound emitting devices are put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

FOOD AND BEVERAGE

1. Free flow of plain water will be provided in Ballroom III throughout the AGM.
2. There will NOT be any food served before and after the AGM. Only morning coffee and tea will be served.

FOOD VOUCHER

1. Basis of food voucher entitlement is as follows:

   (a) Each shareholder shall be entitled to one (1) food voucher.
   (b) If you are the sole proxy or the first named proxy in the Form of Proxy, you shall be entitled to one (1) food voucher.

2. The distribution of the food voucher will start from 8.30 a.m. until 10.00 a.m. on Wednesday, 29 May 2019 at the food voucher counter at the foyer of Ballroom III.
3. There will be no replacement in the event you lose or misplace your food voucher.
4. If the proxy has obtained the food voucher earlier, shareholder(s) who subsequently decides to attend will not be given any food voucher.

ENQUIRY

If you have general queries prior to the meeting, please contact Alcom Group Berhad's Share Registrar during office hours:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222

Contact persons:

(1)	Cheng Kang Shaun	603-2783 9241
(2)	Eric Low	603-2783 9267
(3)	Sazali Bin Husin	603-2783 9280

FORM OF **PROXY**

ALCOM GROUP BERHAD
(1261259-V)

CDS Account No.	No. of Shares Held

I/We .... (NRIC/Company No. ....)
(Full Name in Block Letters)

of .... Tel No. ....
(Address)

being a member/members of Alcom Group Berhad, hereby appoint:-

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

*and/or (*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote on my/our behalf at the First Annual General Meeting of the Company to be held at Ballroom III, Main Wing, Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies will vote on the resolutions as indicated by an 'X' in the spaces provided below. In the absence of specific direction as to voting, my/our proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution	Ordinary Business	For	Against
1	Re-election of Dato' Seri Subahan bin Kamal as Director		
2	Re-election of Heon Chee Shyong as Director		
3	Re-election of Yeoh Jin Hoe as Director		
4	Re-election of Dato' Eng Kim Liong as Director		
5	Re-election of Ang Loo Leong as Director		
6	Re-election of Wong Choon Shein as Director		
7	Re-election of Lam Voon Kean as Director		
8	Approval of payment of Directors' Fees amounting to RM119,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial period/year ended 31 December 2018		
9	Approval of payment of Directors' Fees amounting to RM300,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2019		
10	Re-appointment of KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors' remuneration		
	Special Business		
11	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
12	Proposed renewal of authority for the Company to purchase its own shares		
13	Proposed new mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature		

....
Signature/Seal of Shareholder

....
Date

Notes:
(i) Only members whose name appears in the General Meeting Record of Depositors as at 21 May 2019 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.
(ii) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
(iii) Where a member is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
(iv) Where a member is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds.
(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by 2 authorised officers or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.
(vi) To be valid, the instrument appointing a proxy must be completed, signed and deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or sent via facsimile transmission to Fax No: 603-2783 9222 or email to is.enquiry@my.tricorglobal.com, at least 48 hours before the time appointed for holding this Meeting or any adjournment thereof.
(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.
(viii) By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of the First Annual General Meeting dated 26 April 2019.

Fold This Flap For Sealing

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AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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ALCOM GROUP BERHAD
(1261259-V)

NO. 3, PERSIARAN WAJA, BUKIT RAJA INDUSTRIAL ESTATE
41050 KLANG, SELANGOR DARUL EHSAN, MALAYSIA
TEL : +603 3346 6262 FAX : +603 3341 2793

www.alcom.com.my