PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

(a) The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the Group's financial statements for the year ended 31 March 2017. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2017.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 March 2017 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- Amendments to MFRS 107 "Statement of Cash Flows" – Disclosure Initiative
- Amendments to MFRS 112 "Income taxes" - Recognition of deferred tax assets for unrealised losses

The application of the standards and amendments to the standards do not have a material impact to the financial statements of the Group and the Company.

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

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following financial years:

(i) Financial year beginning on/after 1 January 2018
- MFRS 9 "Financial instruments"
- MFRS 15 "Revenue from contracts with customers"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

(ii) Financial year beginning on/after 1 January 2019
- MFRS 16 "Leases"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"
- Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures"
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Annual Improvements to MFRS Standards 2015–2017 Cycle
  (i) Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations)
  (ii) Previously Held Interest in a Joint Operation (Amendments to MFRS 11 Joint Arrangements)
  (iii) Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)
  (iv) Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)

A1. Basis of preparation (continued)

The Management is in the process of assessing the impact of the above standards and amendments to published standards on the financial statements of the Group and the Company in the year of initial application.

A2. Audit Report of the preceding annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

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

A4. Unusual items affecting assets, liabilities, equity, net income, or cash flow

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

A5. Material changes in estimates

There were no significant changes in estimates that have had a material effect on the financial year-to-date results.

A6. Debt and Equity Securities

During the current quarter under review, the Company resold its 1,079,000 treasury shares in the open market. The average resale price of the treasury shares was RM1.23 per share. As at the quarter ended 31 December 2017, there is a balance of 1,000,000 treasury shares which is carried at cost.

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

A7. Dividends paid

No dividend has been paid during the quarter under review.

A8. Segmental information

The Group is involved in the manufacturing of aluminium products, property holding, development and construction and operates within Malaysia. Revenues are based on the regions in which the customers are located which are as follows:

	Revenue	
	Quarter Ended 31 December 2017 RM'000	**Year-To-Date 31 December 2017 RM'000**
Malaysia	29,751	93,110
Thailand	27,099	64,971
India	23,727	62,132
Asia (excluding Malaysia, Thailand and India)	6,754	17,099
Europe	10,303	28,496
Middle East	4,739	14,961
Others	1,000	4,335
Total	103,373	285,104

Revenue in the Malaysia segment included sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas which amounted to RM3.8 million for the current quarter and RM10.4 million year-to-date ended 31 December 2017.

Total Assets	**RM'000**
As at 31 December 2017	242,289

A9. Valuation of Property, Plant and Equipment

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

A10. Capital Commitments

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

	Group 31 December 2017 RM'000
- Contracted	6,365
- Not Contracted	14,290
Total Capital Commitment	20,655

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

Except for those in Note B7, there were no material events subsequent to the end of the period under review up to the date of this announcement that have not been disclosed in this quarterly financial statements.

A12. Changes in the composition of the Group

On 8 November 2017, the Company incorporated a wholly-owned subsidiary known as SCLand Development Sdn. Bhd. with an issued share capital of RM1.00 comprising one (1) ordinary share. Its intended principal activities are property holding and development.

On 15 November 2017, SCLand Development Sdn. Bhd. incorporated a wholly-owned subsidiary known as EM Hub Sdn. Bhd. with an issued share capital of RM1.00 comprising one (1) ordinary share. Its intended principal activities are property holding and construction.

Other than the above, there were no changes to the Group's composition during the quarter under review.

A13. Changes in contingent liabilities or contingent assets

The Group had no contingent liabilities or contingent assets as at end of the quarter.

A14. Related party disclosures

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

	Group	
	Quarter ended 31 December 2017	**Year-to-date 31 December 2017**
	RM'000	**RM'000**
Sales of Finished Goods	615	2,780

These transactions have been entered into in the normal course of business and at arm's length basis and on terms no more favorable to the related party than those generally available to the public and are not detrimental to minority shareholders.

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

B1. Review of Group Performance

	Individual Quarter (3rd Quarter)		Change %	**Cumulative Quarters**		Change %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year-To-Date	Preceding Year Corresponding Period	
	31 December 2017	31 December 2016		31 December 2017	31 December 2016	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	103,373	81,789	26	285,104	232,858	22
Profit Before Interest and Tax	4,956	5,761	-14	14,831	10,593	40
Profit Before Tax	4,021	5,753	-30	13,403	10,570	27

Financial review of third quarter ended 31 December 2017 ("Q3 FP2017") vs third quarter ended 31 December 2016 ("Q3 FY2017")

The Group recorded a revenue of RM103.3 million in Q3 FP2017 which was RM21.5 million higher than its preceding year's corresponding quarter. Export sales portion in Q3 FP2017 represented approximately 70% of the total shipment volume and the Group has continued with its strategy of maintaining selling prices. The higher revenue achievement was a result of a higher shipment volume and higher *base metal costs* compared to Q3 FY2017, offset marginally by the strengthened ringgit vis-à-vis the USD.

The higher shipment volumes were generated from the roofing and fin product categories. *Base metal costs* which comprise of aluminium prices quoted on the London Metal Exchange and transport premium, increased by 28% in Q3 FP2017 vs Q3 FY2017 whilst the Ringgit vis-a-vis the USD currency strengthened 2% for the same period.

The Group registered a profit before tax of RM4.0 million for Q3 FP2017; a 30% decline compared to the corresponding quarter last year which recorded a profit before tax of RM5.8 million.

The reduced profitability performance for the quarter was attributable mainly to a lower metal lag gain, higher repair and maintenance of machineries, wages and salaries related costs and interest expenses. These were partially offset by a lower depreciation charge and lower telecommunication costs.

Financial review of Year-To-Date ended 31 December 2017 ("YTD FP2017") vs Year-To-Date ended 31 December 2016 ("YTD FY2017")

For the YTD FP2017, the Group attained a revenue of RM285.1 million; an increase of RM52.2 million compared to the RM232.9 million recorded in the corresponding period of last year. The increase was derived from the higher shipment volumes, increased base metal costs and a weakened ringgit vis-à-vis the USD.

B1. Review of Group Performance (continued)

Financial review of Year-To-Date ended 31 December 2017 ("YTD FP2017") vs Year-To-Date ended 31 December 2016 ("YTD FY2017") (continued)

The Group's YTD FP2017 profit before tax was RM13.4 million as compared to the profit before tax of RM10.6 million recorded in YTD FY2017. This marked improvement was mainly due to the stronger shipment performance achieved with focus on the increase in the higher value product portfolio and cost-effective procurement of raw materials. This result was achieved despite increased costs mainly in repairs & maintenance of machineries, wages and salaries related costs and higher interest costs. These were offset partially by lower depreciation charge and lower telecommunication costs.

B2. Financial review of the third quarter ended 31 December 2017 ("Q3 FP2017") compared with the immediate preceding quarter ended 30 September 2017 ("Q2 FP2017")

	Current Year Quarter 31 December 2017	Immediate Preceding Quarter 30 September 2017	Change (%)
	RM' 000	RM' 000	
Revenue	103,373	86,529	19
Profit Before Interest and Tax	4,956	4,595	8
Profit Before Tax	4,021	4,102	-2

The Group's revenue improved by RM16.8 million in Q3 FP2017 as the Group recovered from Q2 FP2017's seasonal contraction of orders namely in the fin product category. In addition, Q3 FP2017 recorded a higher *base metal costs* compared to Q2 FY2017, offset marginally by the strengthened ringgit vis-à-vis the USD currency.

Base metal costs which comprise of aluminium prices quoted on the London Metal Exchange and transport premium, increased by 9% in Q3 FP2017 vs Q3 FP2017 whilst the Ringgit vis-a-vis the USD currency strengthened 2% for the same period.

Despite the higher revenue, the Group's profit before tax attained of RM4.0 million in Q3 FP2017 was lower compared to its immediate preceding quarter. This was mainly due to increased cost of external rerolls in Q3 FP2017 to supplement in-house production capacity and higher wages and salaries related costs. In addition, in Q2 FP2017, the Group was more cost-effective in the procurement of raw materials.

B3. Commentary on Prospects

The Group's FP 2017 performance was commendable. However, the increasing global uncertainties may impact the Group for the financial year ending 31 December 2018, as a major portion of the Group's products are exported. Against this challenging environment, the Group is committed to remain resilient and sustain its performance by improving margins in selected product categories and market segments whilst exploring and capturing new markets. At the same time, the continued operational focus will continue to be a priority for the Group.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit for the Period

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

	Quarter ended 31 December 2017 RM'000	Year-To-Date 31 December 2017 RM'000
Interest income	(197)	(728)
Other income	(729)	(753)
Interest expense	935	1,428
Depreciation and amortization	2,095	6,404
Provision for and write-off inventories	376	551
Foreign exchange (gain)/loss		
- Realised	89	414
- Unrealised	319	417
Net fair value (gain)/loss on Derivatives	(437)	(707)
Loss on disposal of property, plant and equipment	156	156

B6. Taxation

	Quarter ended		Year-To-Date	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Current Tax				
- current year	(1,367)	(1,825)	(4,992)	(3,675)
Deferred Taxation				
- Origination and reversal of temporary differences	265	(196)	1,094	(251)
	(1,102)	(2,021)	(3,898)	(3,926)

The effective tax rate of the Group for the period was higher than the statutory tax rate due to non-deductibility of certain expenses and the lower capital allowance available given that it has to be spread over 21 months resulting from the tax basis period for Year of Assessment 2018 being prolonged from 12 months to 21 months.

B7. Status of Corporate Proposals

On 2 January 2018, Alcom announced the following proposals ("Announcement"):-

(i) proposed acquisition by EM Hub Sdn Bhd, a wholly-owned indirect subsidiary of Alcom, of a parcel of vacant leasehold industrial land held under the land title no. H.S.(D) 242971 PT10568 and H.S.(D) 242972 PT10570, both in Pekan Baru Sungai Buloh, District of Petaling, State of Selangor from Seleksi Megah Sdn Bhd, a wholly-owned subsidiary of Paramount Corporation Berhad, at a total cash consideration of RM92,129,400 ("Proposed Acquisition");

(ii) proposed diversification of the principal activities of Alcom and its subsidiaries to include property development activities ("Proposed Diversification"); and

(iii) proposed internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Companies Act, 2016 ("Act") comprising the following:-

(a) proposed share exchange of up to 134,330,848 ordinary shares in Alcom as at 26 December 2017, being the latest practicable date prior to the date of the Announcement ("Alcom Share(s)"), representing the entire issued share capital of Alcom with up to 134,330,848 new ordinary shares in Alcom Group Berhad ("Newco") ("Newco Share(s)") on the basis of 1 Newco Share for every 1 existing Alcom Share held on an entitlement date to be determined ("Proposed Share Exchange"); and

(b) proposed assumption of the listing status of Alcom by Newco, the admission of Newco 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 Newco Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status").

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

On 12 January 2018, the Company filed the relevant court papers to obtain the requisite order from the High Court of Malaya ("High Court") at Kuala Lumpur pursuant to Section 366 of the Act for leave to be granted to the Company to convene a meeting of its members in relation to the Proposed Internal Reorganisation.

On 25 January 2018, the High Court at Shah Alam fixed 13 February 2018 as the court hearing date for the Company's application to obtain leave of court to convene a meeting of its members in relation to the Proposed Internal Reorganisation pursuant to Section 366 of the Act.

On 13 February 2018, the High Court granted leave for the Company to convene a meeting of its members pursuant to Section 366 of the Act in relation to the Proposed Internal Reorganisation within 180 days from 13 February 2018.

B8. Group borrowings

The Group's borrowings as at 31 December 2017 were as follows:

Secured	Long Term RM'000	Short Term RM'000	Total RM'000
Term Loan	69,432	998	70,430

As at 31 December 2017, the Group has a secured term loan of RM69.432 million which was utilized to finance the Special Dividend and Capital Repayment to shareholders which were paid in July 2017 and September 2017 respectively. The tenure of the term loan is for a period of up to 12 years and is secured by the Company's leasehold industrial land.

B9. Derivative Financial Instruments

As at 31 December 2017, total contract value and fair value of the Group's outstanding forward foreign exchange contracts stood as follows:

Types of Derivatives (Foreign Exchange Contracts)	Contract/Notional Value RM'000	Fair Value RM'000
Less than 1 year		
- Payable	4,434	4,433
- Receivable	50,741	49,925

B10. Changes in Material Litigation

Not applicable.

B11. Dividend Payable

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

B12. Earnings Per Share

	Quarter ended 31 December 2017	Quarter ended 31 December 2016	Year-To-Date 31 December 2017	Year-To-Date 31 December 2016
Net Profit attributable to shareholders (RM'000)	3,069	3,732	9,655	6,644
Weighted average number of ordinary shares in issue (000)	133,331	132,252	133,331	132,252
Basic earnings per share (sen)	2.30	2.82	7.24	5.02

B13. Authorization of Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors passed on 27 February 2018.

BY ORDER OF THE BOARD
27 February 2018