



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**ALCOM GROUP BERHAD (201701047083 (1261259-V))****Condensed Consolidated Statement of Comprehensive Income for the 2nd quarter ended 30 June 2021 (Unaudited)**

	<b>Quarter ended 30 June 2021</b>	<b>Quarter ended 30 June 2020</b>	<b>6 months ended 30 June 2021</b>	<b>6 months ended 30 June 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	145,714	54,540	285,542	136,025
Expenses excluding tax	(135,337)	(59,478)	(264,681)	(142,390)
Other operating income	706	230	965	368
Profit/(loss) before tax	11,083	(4,708)	21,826	(5,997)
Taxation	(3,207)	405	(6,552)	(624)
Net profit/(loss)	7,876	(4,303)	15,274	(6,621)
Other comprehensive expense, net of tax : <u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial loss on gratuity scheme	-	-	-	-
Taxation relating to component of other comprehensive expense	-	-	-	-
Other comprehensive expense, net of tax	-	-	-	-
Total comprehensive income/(expense)	7,876	(4,303)	15,274	(6,621)
Attributable to:				
- Shareholders of the Company	7,876	(4,303)	15,274	(6,621)
	7,876	(4,303)	15,274	(6,621)
Basic earnings per ordinary share (sen)	5.86	(3.20)	11.37	(4.93)

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to this interim financial statements.)**

**ALCOM GROUP BERHAD (201701047083 (1261259-V))****Condensed Consolidated Statement of Financial Position as at 30 June 2021 (Unaudited)**

	<b>UNAUDITED</b> As At 30 June 2021 RM'000	<b>AUDITED</b> As At 31 December 2020 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	54,762	57,922
Right-of-use assets	14,096	14,805
Intangible assets	2,640	2,722
Deferred tax assets	2,593	1,979
	<u>74,091</u>	<u>77,428</u>
<b>CURRENT ASSETS</b>		
Inventories	263,474	213,899
Contract assets	1,707	1,628
Contract costs	16,810	22,233
Trade receivables	44,862	26,095
Other receivables and prepayments	12,101	14,980
Tax recoverable	2,801	3,227
Derivative financial instruments	55	570
Cash and bank balances	51,249	48,109
	<u>393,059</u>	<u>330,741</u>
<b>TOTAL ASSETS</b>	<u>467,150</u>	<u>408,169</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	104,778	104,778
Retained earnings	33,950	18,676
Total Equity	<u>138,728</u>	<u>123,454</u>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	141,867	140,311
Provision for gratuity scheme	4,296	4,105
Lease liabilities	886	1,087
Deferred tax liabilities	992	1,019
	<u>148,041</u>	<u>146,522</u>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	74,934	32,131
Lease liabilities	579	999
Trade payables	36,589	59,028
Other payables and accruals	18,838	17,406
Contract liabilities	45,225	28,342
Derivative financial instruments	11	146
Provision for taxation	4,205	141
	<u>180,381</u>	<u>138,193</u>
<b>TOTAL LIABILITIES</b>	328,422	284,715
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>467,150</u>	<u>408,169</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to this interim financial statements.)

**ALCOM GROUP BERHAD (201701047083 (1261259-V))**  
**Condensed Consolidated Statement of Changes In Equity for the 2nd quarter ended**  
**30 June 2021 (Unaudited)**

	<u>Non-distributable</u>		<u>Distributable</u>	
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Balance as at 1 January 2021</b>	104,778	-	18,676	123,454
<u>Total comprehensive income:</u>				
Profit for the period	-	-	15,274	15,274
Total comprehensive income for the period	-	-	15,274	15,274
<b>Balance as at 30 June 2021</b>	104,778	-	33,950	138,728
<b>Balance as at 1 January 2020</b>	104,778	-	17,360	122,138
<u>Total comprehensive income:</u>				
Loss for the period	-	-	(6,621)	(6,621)
Total comprehensive expense for the period	-	-	(6,621)	(6,621)
<b>Balance as at 30 June 2020</b>	104,778	-	10,739	115,517

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to this interim financial statements.)**

**ALCOM GROUP BERHAD (201701047083 (1261259-V))**
**Condensed Consolidated Statement of Cash Flows for the 2nd quarter ended 30 June 2021 (Unaudited)**

	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	21,826	(5,997)
Adjustments for:-		
Allowance for inventory obsolescence	126	948
Amortisation	96	482
Depreciation of:		
- Property, plant and equipment	4,418	4,575
- ROU Assets	776	720
(Gain)/loss on disposal of property, plant and equipment	(3)	4
Interest Expenses	2,702	2,933
Interest Expenses on lease liabilities	49	97
Interest Income	(106)	(276)
Net fair value loss on currency forward	420	247
Provision for gratuity scheme	191	204
Net impairment gain on financial assets	(104)	-
Unrealised foreign exchange gain	(292)	(495)
	<b>30,099</b>	<b>3,442</b>
Changes in Working Capital:-		
Inventories	(48,119)	(2,668)
Receivables	(15,169)	(5,837)
Payables	(21,331)	(20,069)
Contract assets	(79)	925
Contract costs	5,423	(4,065)
Contract liabilities	16,883	1,471
Cash used in operations	<b>(32,293)</b>	<b>(26,801)</b>
Tax paid	(2,703)	(2,028)
Gratuity paid	(234)	(230)
Net cash used in operating activities	<b>(35,230)</b>	<b>(29,059)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of:		
- Property, plant and equipment	(1,258)	(1,310)
- Intangible assets	(14)	-
Proceed from disposal of:		
- Property, plant and equipment	3	9
Interest income received	106	199
Net cash used in investing activities	<b>(1,163)</b>	<b>(1,102)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Changes in deposits pledged	(40)	(40)
Repayment of borrowings	(27,269)	(20,083)
Drawdown of borrowings	71,628	46,831
Payment of lease liabilities	(737)	(739)
Interest paid	(4,162)	(3,762)
Net cash from financing activities	<b>39,420</b>	<b>22,207</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>3,027</b>	<b>(7,954)</b>
Foreign exchange differences	73	(67)
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	46,921	50,781
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>50,021</b>	<b>42,760</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes to this interim financial statements.)

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

### **A1. Basis of preparation**

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

The interim financial statements should be read in conjunction with the Group's financial statements for financial year ended 31 December 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

### **A2. Accounting policies**

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2020 except for the adoption of the following standards, amendments to published standards and interpretations to existing standards with effect from 1 January 2021:

- Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

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

At the date of authorisation of these interim financial statements, the following accounting standards, interpretations and amendments of the MFRSs have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and by the Company:-

**(i) MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021**

- Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

**(ii) MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)\*
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)

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### **A2. Accounting policies (continued)**

**(ii) MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (continued)**

- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)\*

**(iii) MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, Insurance Contracts\*
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

**(iv) 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 once they become effective, except for those marked as (“\*”) which are not applicable to the Group and the Company.

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

### **A3. Audit Report of the preceding annual Financial Statements**

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

### **A4. Comments about Seasonal or Cyclical Factors**

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

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

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

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**A6. Material changes in estimates**

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

**A7. Debt and Equity Securities**

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

**A8. Dividends paid**

No dividend was paid during the current quarter and financial period under review.

**A9. Segmental information**

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

- 1) Manufacturing - manufacturing and trading of aluminium products
- 2) Property development - development of commercial properties
- 3) Construction - property construction works and supply and installation of roofing systems
- 4) Investment holding

Segmental earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the 6 months ended 30 June 2021 were as follows:-

	<b>Manufacturing</b>	<b>Property Development</b>	<b>Construction</b>	<b>Investment Holding</b>	<b>Inter Segment Elimination</b>	<b>Group</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Segment EBITDA	11,004	17,182	3,839	(474)	(1,791)	29,760
Included in the measure of segment EBITDA are:						
- Revenue from external customers	218,578	64,811	2,153	-	-	285,542
- Allowance for inventory writedown	(126)	-	-	-	-	(126)

**A10. Valuation of Property, Plant and Equipment**

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



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**A11. Capital Commitments**

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

	<b>Group 30 June 2021 RM'000</b>
- Contracted	3,238
- Not Contracted	1,218
Total Capital Commitment	<u>4,456</u>

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

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

**A13. Changes in the composition of the Group**

There were no changes in the composition of the Group at the date of this report.

**A14. Changes in contingent liabilities or contingent assets**

The contingent liabilities as at 30 June 2021 were as follows:

<u>Unsecured contingent liabilities</u>	<b>Company 30 June 2021 RM'000</b>
Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	233,000

**A15. Related party disclosures**

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

	<b>Group</b>	
	<b>Quarter ended 30 June 2021</b>	<b>Year-to-date 30 June 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales of Finished Goods	367	799

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

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

**B1. Review of Group Performance**

**Financial review of the second quarter ended 30 June 2021 (“Q2 FY2021”) compared with the immediate preceding quarter ended 31 March 2021 (“Q1 FY2021”)**

	Q2 FY2021	Q1 FY2021	Change %
	RM'000	RM'000	
Revenue	145,714	139,828	4
Profit Before Interest and Tax	12,396	12,074	3
Profit Before Tax	11,083	10,743	3

The Group recorded a revenue of RM145.71 million in Q2 FY2021 which was higher by RM5.88 million compared to the revenue of RM139.83 million registered in Q1 FY2021. This 4% increase was largely contributed by the manufacturing segment.

The manufacturing segment registered a revenue of RM113.93 million in Q2 FY2021 compared to its Q1 FY2021's attainment of RM104.65 million. This increase was attributable to higher shipment coupled with higher base metal costs. Shipment volume increased in the majority of export markets whilst base metal costs which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium was 12% higher in Q2 FY2021 as compared to Q1 FY2021.

The property development segment experienced a decrease in its revenue to RM31.12 million in Q2 FY2021 for its maiden EmHub project; a decrease of approximately 8% as compared to Q1 FY2021's revenue of RM33.69 million. Despite a higher number of units sold arising from the launch of Hub 2 (the second phase) in Q2 FY2021, the business operating restrictions imposed by the government mandated Movement Control Order (“MCO”) 3.0 in mid-May 2021 and the Full MCO (“FMCO”) lockdown in June 2021 had severely disrupted the supply chain and impacted the progress in construction works, resulting in a lower percentage of revenue being recognized. For the construction segment, it recorded a marginally lower external revenue of RM0.66 million compared with Q1 FY2021's external revenue of RM1.49 million. No revenue was recorded in the investment holding segment.

The Group registered a profit before tax of RM11.08 million in Q2 FY2021 as compared to RM10.74 million in Q1 FY2021; the segmental breakdown were as follows:-

	Q2 FY2021	Q1 FY2021	Change %
	RM'000	RM'000	
Manufacturing Segment	3,869	1,186	226
Property Development Segment	6,706	8,735	-23
Construction Segment	1,863	1,736	7
Investment Holding Segment	(240)	(232)	-3
Inter-Segment Elimination	(1,115)	(682)	-63
Group Total	11,083	10,743	3

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### B1. Review of Group Performance (continued)

**Financial review of the second quarter ended 30 June 2021 (“Q2 FY2021”) compared with the immediate preceding quarter ended 31 March 2021 (“Q1 FY2021”) (continued)**

The manufacturing segment’s improved pre-tax profit by approximately RM2.68 million was a result of the increased revenue, lower usage of external reroll coils to supplement in-house production capacity and a higher metal price lag\* gain. Additionally, direct costs per metric ton were lower in Q2 FY2021 versus Q1 FY2021. These were partially offset by higher general provisions for slow moving inventory, customer complaints and staff bonus as well as increased interest expense.

*\*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 property development segment’s pre-tax profit had decreased mainly due to slower construction progress as a result of the implementation of MCO 3.0 and FMCO in Q2 FY2021, coupled with higher marketing expenses but offset partially by lower interest costs incurred. On the other hand, the construction segment’s pre-tax profit was mainly generated from the Group’s internal EmHub project.

### B2. Financial review of the second quarter ended 30 June 2021 (“Q2 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q2 FY2020”)

	Q2 FY2021	Q2 FY2020	Change %
	RM’000	RM’000	
Revenue	145,714	54,540	167
Profit/(Loss) Before Interest and Tax	12,396	(3,409)	464
Profit/(Loss) Before Tax	11,083	(4,708)	335

The Group’s revenue for Q2 FY2021 increased by 167% compared to Q2 FY2020. It is to be noted that during Q2 FY2020, the Group’s operations resumed progressively following the first mandated MCO in March 2020. Of the RM145.71 million revenue recorded in Q2 FY2021, 78% was generated from the manufacturing segment and the remaining 22% was generated from its property development and construction segments. These percentages in Q2 FY2020 were 86% and 14% respectively. No revenue was recorded by the investment holding segment in both these quarters.

The manufacturing segment registered a revenue in Q2 FY2021 of RM113.93 million; an increase of RM66.90 million as compared to Q2 FY2020 which registered a revenue of RM47.03 million, as shipment volumes increased to higher than pre-MCO levels. The overall surge in volume was 128% with a marked increase in exports to the United States market.

The property development segment posted a revenue of RM31.12 million in Q2 FY2021, which was a significant increase of RM24.65 million as compared to RM6.47 million attained in Q2 FY2020 for its maiden EmHub project. This substantial increase was mainly attributable to the successful launch of Hub 2 in Q2 FY2021; marking an important milestone in the development of the project. Hub 1 also saw an increase in the number of units sold, boosted by aggressive digital marketing. Besides that, the percentage of completion was incrementally higher in the current quarter compared to Q2 FY2020, with construction works reaching the roof top of Hub 1.

The construction segment’s external revenue registered a marginal decrease from RM1.05 million in Q2 FY2020 to RM0.67 million in Q2 FY2021.

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**B2. Financial review of the second quarter ended 30 June 2021 (“Q2 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q2 FY2020”) (continued)**

The Group registered a profit before tax of RM11.08 million in Q2 FY2021 as compared to Q2 FY2020’s loss before tax of RM4.71 million; the segmental breakdown were as follows:-

	Q2 FY2021	Q2 FY2020	Change %
	RM’000	RM’000	
Manufacturing Segment	3,869	(4,135)	194
Property Development Segment	6,706	9	74,411
Construction Segment	1,863	(49)	3,902
Investment Holding Segment	(240)	(224)	-7
Inter-Segment Elimination	(1,115)	(309)	-261
Group Total	11,083	(4,708)	335

The manufacturing segment registered a profit before tax in Q2 FY2021 of RM3.87 million versus Q2 FY2020’s loss before tax of RM4.14 million. The higher shipment volume contributed to this improved result albeit there were increases in freight costs and higher usage of external re-roll coils to supplement in-house production capacity. Additionally, repairs and maintenance expenses were higher together with increased general provisions for customer complaints and staff bonus. These were partially offset by a metal price lag\* gain in Q2 FY2021 as compared to a metal lag loss incurred in Q2 FY2020.

For the property development segment, its EmHub project saw significantly higher sales with the launch of Hub 2 in Q2 FY2021 and higher incremental percentage of completion compared with Q2 FY2020, coupled with prudent cost controls and lower staff costs, net of higher marketing expenses. All these contributed to a higher progressive profit recognition, translating into a profit before tax of RM6.71 million in Q2 FY2021 compared with Q2 FY2020’s profit before tax of RM0.01 million. For the construction segment, it recorded a profit before tax of RM1.86 million in Q2 FY2021, arising mainly from the construction progress for the Group’s internal EmHub project.

*\*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*

**B3. Financial review of Year-To-Date ended 30 June 2021 (“YTD FY2021”) versus Year-To-Date ended 30 June 2020 (“YTD FY2020”)**

	YTD FY2021	YTD FY2020	Change %
	RM’000	RM’000	
Revenue	285,542	136,025	110
Profit/(Loss) Before Interest and Tax	24,470	(3,243)	855
Profit/(Loss) Before Tax	21,826	(5,997)	464

There was a 110% increase in the Group’s revenue in YTD FY2021 compared to YTD FY2020; the Group’s YTD FY2020 result was impacted by the global business downturn due to the Covid-19 pandemic compounded with business operating restrictions and disruptions. Of the RM285.54 million for YTD FY2021 recorded revenue for the Group, RM218.58 million was

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**B3. Financial review of Year-To-Date ended 30 June 2021 (“YTD FY2021) versus Year-To-Date ended 30 June 2020 (“YTD FY2020”) (continued)**

attributable from the manufacturing segment with the remaining RM66.96 million external revenue being generated from the property development and construction segments. No revenue was recorded in the investment holding segment.

The manufacturing segment recorded an increase of RM98.41 million in revenue for YTD FY2021 as compared to YTD FY2020's attainment of RM120.17 million. This 82% increase was the result of higher shipment volumes across all product categories for both the domestic and export markets. In addition, higher base metal costs aided this revenue increase; it was approximately 25% higher for YTD FY2021 versus YTD FY2020. This was partially offset by a stronger Ringgit Malaysia vis-à-vis the USD currency; the Ringgit Malaysia was approximately 4% stronger for YTD FY2021 versus YTD FY2020.

The property development segment registered a RM50.79 million increase in revenue for YTD FY2021 when compared to YTD FY2020's revenue of RM14.02 million. This 362% increase was generated not only from the successful launch of Hub 2 (the second phase of its EmHub project) in the second quarter of FY2021 but also from higher sales at its existing Hub 1 owing to aggressive digital marketing. The construction segment posted a marginal increase in external revenue from RM1.83 million in YTD FY2020 to RM2.15 million in YTD FY2021, arising from its roofing and cladding business.

The Group registered a profit before tax of RM21.83 million for YTD FY2021 as compared to YTD FY2020's loss before tax of RM6.00 million; the segmental breakdown were as follows:-

	YTD FY2021	YTD FY2020	Change %
	RM'000	RM'000	
Manufacturing Segment	5,055	(5,169)	198
Property Development Segment	15,441	290	5,224
Construction Segment	3,599	13	27,585
Investment Holding Segment	(472)	(445)	-6
Inter Segment Elimination	(1,797)	(686)	-162
Group Total	21,826	(5,997)	464

The manufacturing segment achieved a profit before tax of RM5.06 million in YTD FY2021 versus a loss before tax of RM5.17 million in YTD FY2020. This substantially improved result was contributed from the significantly higher revenue, a higher metal price lag\* gain and reversals of general provisions for slow moving inventories and customer complaints as well as lower interest expense. These were partially offset by higher costs incurred for external rerolls to supplement in-house production capacity, increased repairs and maintenance expenses as well as a higher provision for staff bonus.

The property development segment's improved result in YTD FY2021 was attained because of higher sales and the substantial construction progress achieved which have enabled higher progressive profits to be recognized, coupled with lower staff costs but offset partially by higher marketing expenses at its EmHub project. Meanwhile, the construction segment recorded a profit before tax of RM3.60 million mainly generated from the construction progress at the Group's internal EmHub project.

*\*metal price lag refers to timing differences experienced on the pass through of changing aluminium prices based on the price we pay for aluminium and the price we charge our customers*

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### B4. Commentary on Prospects

As the global economy recovers from the pandemic induced recession in a blend of surging demand and disrupted supply chains, a new era of much higher inflation is seemingly imminent. Additionally, the slower than anticipated vaccinations in many economies is causing a great burden as the virus mutates further.

Amidst this market volatility, the manufacturing segment which is largely export oriented, remains cautiously optimistic of the recovery momentum as it continues to actively navigate its business whilst remaining committed to its longer-term growth strategy.

The Group’s property development segment is expected to remain subdued as it anticipates further business disruptions arising from the re-enforcement of full lockdown restrictions following the resurgence in infections and new variants of the coronavirus nationwide. In light of the recent record-high Covid-19 cases and the slower-than-expected vaccination roll-out, the segment remains committed to maintaining stringent Covid-19 preventive measures to minimize workplace infection risks. The segment is in a good position to remain resilient in this current uncertain landscape through competitive pricing, new aggressive digital marketing campaigns and cost rationalisation through value engineering. Despite the challenging operating environment, the segment successfully launched Hub 2 (the second phase of the EmHub project) in April 2021; marking a major milestone in the progress of the project.

### B5. Variance of Actual Profit from Forecast Profit

Not applicable.

### B6. Profit for the Period under Review

The profit is arrived at after charging/(crediting):

	<b>Second Quarter ended 30 June 2021 RM’000</b>	<b>Year-to-date 30 June 2021 RM’000</b>
Interest income	(84)	(106)
Interest expense	1,376	2,702
Interest expense on lease liabilities	22	49
Amortisation of intangible assets	48	96
Allowance for inventory writedown	363	126
Reversal of doubtful debts	(104)	(104)
Depreciation		
- Property, plant and equipment	2,214	4,418
- Right-of-use assets	388	776
Foreign exchange (gain)/loss		
- Realised	(479)	(414)
- Unrealised	710	(292)
Net fair value (gain)/loss on derivatives	(385)	420
Gain on disposal of property, plant and equipment	(3)	(3)

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**B7. Taxation**

	Second Quarter ended		Year-to-date	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Current Tax</b>				
- current year	(3,502)	(471)	(7,192)	(1,895)
<b>Deferred Taxation</b>				
- Origination and reversal of temporary differences	295	876	640	1,271
	(3,207)	405	(6,552)	(624)

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

**B8. Status of Corporate Proposals**

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

**B9. Group Borrowings**

The Group's borrowings as at 30 June 2021 were as follows:

	Long-Term RM'000	Short-Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loans	82,200	7,001	89,201
-Finance lease liabilities	167	128	295
-Revolving credit	29,500	40,000	69,500
-Trade lines	-	27,800	27,800
-Bridging loan	30,000	-	30,000
<u>Unsecured</u>			
- Corporate credit card facility from a financial institution	-	5	5
	141,867	74,934	216,801

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**B10. Derivative Financial Instruments**

As at 30 June 2021, total contract value and fair value of the Group’s outstanding forward foreign exchange contracts stood as follows:

<b>Types of Derivatives (Foreign Exchange Contracts)</b>	<b>Contract/Notional Value RM’000</b>	<b>Fair Value RM’000</b>
Less than 1 year		
- Payable	25,109	25,098
- Receivable	48,683	48,628

**B11. Changes in Material Litigation**

Not applicable.

**B12. Dividend Payable**

There was no dividend declared in respect of the current period under review and the corresponding period in the preceding year.

**B13. Earnings Per Share**

	<b>Second Quarter ended 30 June 2021</b>	<b>Second Quarter ended 30 June 2020</b>	<b>Year-to-date 30 June 2021</b>	<b>Year-to-date 30 June 2020</b>
Net profit/(loss) attributable to shareholders (RM’000)	7,876	(4,303)	15,274	(6,621)
Weighted average number of ordinary shares in issue (’000)	134,331	134,331	134,331	134,331
Basic earnings/(loss) per share (sen)	5.86	(3.20)	11.37	(4.93)

**B14. Authorisation of Issue**

The interim financial statements were authorised for issue by the Board of Directors of AGB in accordance with a resolution of the Directors passed on 24 August 2021.

**BY ORDER OF THE BOARD**  
24 August 2021