



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

ALCOM GROUP BERHAD (201701047083 (1261259-V))**Condensed Consolidated Statement of Comprehensive Income for the 3rd quarter ended 30 September 2021 (Unaudited)**

	Quarter ended 30 September 2021	Quarter ended 30 September 2020	9 months ended 30 September 2021	9 months ended 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	130,146	70,744	415,688	206,769
Expenses excluding tax	(121,520)	(72,779)	(386,201)	(215,169)
Other operating income	765	324	1,730	692
Profit/(loss) before tax	9,391	(1,711)	31,217	(7,708)
Taxation	(2,510)	(426)	(9,062)	(1,051)
Net profit/(loss)	6,881	(2,137)	22,155	(8,759)
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)	6,881	(2,137)	22,155	(8,759)
Attributable to: - Shareholders of the Company	6,881	(2,137)	22,155	(8,759)
	6,881	(2,137)	22,155	(8,759)
Basic earnings per ordinary share (sen)	5.12	(1.59)	16.49	(6.52)

(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 September 2021 (Unaudited)**

	UNAUDITED	AUDITED
	As At 30 September 2021	As At 31 December 2020
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	53,949	57,922
Right-of-use assets	13,988	14,805
Intangible assets	2,595	2,722
Deferred tax assets	2,157	1,979
	<u>72,689</u>	<u>77,428</u>
CURRENT ASSETS		
Inventories	271,149	213,899
Contract assets	1,363	1,628
Contract costs	17,071	22,233
Trade receivables	56,655	26,095
Other receivables and prepayments	4,273	14,980
Tax recoverable	2,701	3,227
Derivative financial instruments	43	570
Cash and bank balances	54,238	48,109
	<u>407,493</u>	<u>330,741</u>
TOTAL ASSETS	<u>480,182</u>	<u>408,169</u>
CAPITAL AND RESERVES		
Share capital	104,778	104,778
Retained earnings	40,831	18,676
Total Equity	<u>145,609</u>	<u>123,454</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	141,118	140,311
Provision for gratuity scheme	4,391	4,105
Lease liabilities	862	1,087
Deferred tax liabilities	1,291	1,019
	<u>147,662</u>	<u>146,522</u>
CURRENT LIABILITIES		
Loans and borrowings	81,077	32,131
Lease liabilities	541	999
Trade payables	25,746	59,028
Other payables and accruals	25,101	17,406
Contract liabilities	49,352	28,342
Derivative financial instruments	-	146
Provision for taxation	5,094	141
	<u>186,911</u>	<u>138,193</u>
TOTAL LIABILITIES	334,573	284,715
TOTAL EQUITY AND LIABILITIES	<u>480,182</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 3rd quarter ended
30 September 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>
Balance as at 1 January 2021	104,778	-	18,676	123,454
<u>Total comprehensive income:</u>				
Profit for the period	-	-	22,155	22,155
Total comprehensive income for the period	-	-	22,155	22,155
Balance as at 30 September 2021	104,778	-	40,831	145,609
Balance as at 1 January 2020	104,778	-	17,361	122,139
<u>Total comprehensive income:</u>				
Loss for the period	-	-	(8,759)	(8,759)
Total comprehensive expense for the period	-	-	(8,759)	(8,759)
Balance as at 30 September 2020	104,778	-	8,602	113,380

(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 3rd quarter ended 30 September 2021 (Unaudited)

	9 months ended 30 September 2021	9 months ended 30 September 2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	31,217	(5,997)
Adjustments for:-		
Allowance for inventory obsolescence	371	948
Amortisation	141	482
Depreciation of:		
- Property, plant and equipment	6,616	4,575
- ROU Assets	1,166	720
(Gain)/loss on disposal of property, plant and equipment	(3)	4
Interest Expenses	5,636	2,933
Interest Expenses on lease liabilities	70	97
Interest Income	(222)	(276)
Net fair value loss on currency forward	381	247
Provision for gratuity scheme	286	204
Net impairment gain on financial assets	(197)	-
Unrealised foreign exchange gain	(210)	(495)
	45,252	3,442
Changes in Working Capital:-		
Inventories	(56,792)	(2,668)
Receivables	(19,113)	(5,837)
Payables	(25,880)	(20,069)
Contract assets	265	925
Contract costs	5,163	(4,065)
Contract liabilities	21,010	1,471
Cash used in operations	(30,095)	(26,801)
Tax paid	(3,489)	(2,028)
Gratuity paid	(234)	(230)
Net cash used in operating activities	(33,818)	(29,059)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- Property, plant and equipment	(2,644)	(1,310)
- Intangible assets	(14)	-
Proceed from disposal of:		
- Property, plant and equipment	3	9
Interest income received	222	199
Net cash used in investing activities	(2,433)	(1,102)
CASH FLOWS FROM FINANCING ACTIVITY		
Changes in deposits pledged	(64)	(40)
Drawdown of borrowings	49,753	26,748
Payment of lease liabilities	(1,102)	(739)
Interest paid	(6,344)	(3,762)
Net cash from financing activities	42,243	22,207
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	5,992	(7,954)
Foreign exchange differences	73	(67)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	46,921	50,781
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	52,986	42,760

(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)

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

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.

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

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 9 months ended 30 September 2021 were as follows:-

	Manufacturing	Property Development	Construction	Investment Holding	Inter Segment Elimination	Group
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Segment EBITDA	18,803	23,524	5,239	(708)	(2,233)	44,625
Included in the measure of segment EBITDA are:						
- Revenue from external customers	318,259	94,869	2,560	-	-	415,688
- Allowance for inventory writedown	(371)	-	-	-	-	(371)

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.

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))
 Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

A11. Capital Commitments

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

	Group 30 September 2021 RM'000
- Contracted	2,980
- Not Contracted	1,122
Total Capital Commitment	<u>4,102</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 September 2021 were as follows:

<u>Unsecured contingent liabilities</u>	Company 30 September 2021 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	365,432

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:

	Group	
	Quarter ended 30 September 2021	Year-to-date 30 September 2021
	RM'000	RM'000
Sales of Finished Goods	773	1,572

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 third quarter ended 30 September 2021 (“Q3 FY2021”) compared with the immediate preceding quarter ended 30 June 2021 (“Q2 FY2021”)

	Q3 FY2021	Q2 FY2021	Change %
	RM'000	RM'000	
Revenue	130,146	145,714	-11
Profit Before Interest and Tax	12,230	12,396	-1
Profit Before Tax	9,391	11,083	-15

The Group recorded a revenue of RM130.15 million in Q3 FY2021 which was lower by RM15.57 million compared to the revenue of RM145.71 million registered in Q2 FY2021. This 11% decrease was largely attributable to the manufacturing segment.

The manufacturing segment registered a revenue of RM99.68 million in Q3 FY2021 compared to its Q2 FY2021's attainment of RM113.93 million. This decrease was attributable to lower shipments namely in the export markets despite base metal costs trending higher. Base metal costs which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium trended 12% higher in Q3 FY2021 as compared to Q2 FY2021.

The property development segment experienced a marginal decrease in its revenue to RM30.06 million in Q3 FY2021 for its maiden EmHub project; a decrease of approximately 3% as compared to Q2 FY2021's revenue of RM31.12 million. The imposition of the government mandated Enhanced Movement Control Order (“EMCO”) in July 2021 had halted site operations completely for the large part of that month and this impacted the overall progress in construction works, resulting in the lower percentage of revenue being recognized. For the construction segment, it recorded a lower external revenue of RM0.41 million compared with Q2 FY2021's external revenue of RM0.67 million. No revenue was recorded in the investment holding segment.

The Group registered a profit before tax of RM9.39 million in Q3 FY2021 as compared to RM11.08 million in Q2 FY2021; the segmental breakdown were as follows:-

	Q3 FY2021	Q2 FY2021	Change %
	RM'000	RM'000	
Manufacturing Segment	4,727	3,869	22
Property Development Segment	4,059	6,706	-39
Construction Segment	1,284	1,863	-31
Investment Holding Segment	(233)	(240)	3
Inter-Segment Elimination	(446)	(1,115)	60
Group Total	9,391	11,083	-15

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

B1. Review of Group Performance (continued)

Financial review of the third quarter ended 30 September 2021 (“Q3 FY2021”) compared with the immediate preceding quarter ended 30 June 2021 (“Q2 FY2021”) (continued)

Despite the lower shipments and revenue recorded, the manufacturing segment improved its pre-tax profit by approximately RM0.86 million mainly as a result of good control of costs overall, a higher metal price lag* gain and the reversal of provisions for customers’ complaints no longer required. These were partially offset by an increase in provision for staff bonus.

**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 invoice 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 EMCO in July 2021 that had completely halted construction activity, coupled with higher interest costs but offset partially by lower marketing expenses incurred. On the other hand, the construction segment’s pre-tax profit was mainly generated from the Group’s internal EmHub project, which was also impacted by the EMCO in July 2021.

B2. Financial review of the third quarter ended 30 September 2021 (“Q3 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q3 FY2020”)

	Q3 FY2021	Q3 FY2020	Change %
	RM’000	RM’000	
Revenue	130,146	70,744	84
Profit/(Loss) Before Interest and Tax	12,230	(758)	1,713
Profit/(Loss) Before Tax	9,391	(1,711)	649

The Group’s revenue for Q3 FY2021 increased by 84% compared to Q3 FY2020. It is to be noted that during Q3 FY2020, the Group’s operations were impacted as governments both domestically and abroad grappled to contain the resurgence of the Covid-19 pandemic whilst our business partners continued to adapt to the disruptions in their operations. Of the RM130.15 million revenue recorded in Q3 FY2021, 77% was generated from the manufacturing segment and the remaining 23% was generated from its property development and construction segments. These percentages in Q3 FY2020 were 85% and 15% respectively. No revenue was recorded by the investment holding segment in both these quarters.

The manufacturing segment registered a revenue in Q3 FY2021 of RM99.68 million; an increase of 66% as compared to Q3 FY2020 which registered a revenue of RM59.97 million, as shipment volumes recovered to pre-Covid-19 levels. The overall surge in volume was 27% with a marked increase in exports to the United States market.

The property development segment posted a revenue of RM30.06 million in Q3 FY2021, which was a significant increase of RM19.81 million as compared to RM10.25 million attained in Q3 FY2020 for its maiden EmHub project. This substantial increase was mainly attributable to the threefold increase in number of units sold. The bulk of the sales in the current quarter had come from Hub 2 (the second phase of its EmHub project), which was launched in April 2021. Hub 1 also saw an increase in the number of units sold, thanks to its strategic digital marketing efforts.

The construction segment’s external revenue registered a marginal decrease from RM0.53 million in Q3 FY2020 to RM0.41 million in Q3 FY2021.

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

B2. Financial review of the third quarter ended 30 September 2021 (“Q3 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q3 FY2020”) (continued)

The Group registered a profit before tax of RM9.39 million in Q3 FY2021 as compared to Q3 FY2020’s loss before tax of RM1.71 million; the segmental breakdown were as follows:-

	Q3 FY2021	Q3 FY2020	Change %
	RM’000	RM’000	
Manufacturing Segment	4,727	(2,250)	310
Property Development Segment	4,059	547	642
Construction Segment	1,284	1,016	26
Investment Holding Segment	(233)	(206)	-13
Inter-Segment Elimination	(446)	(817)	45
Group Total	9,391	(1,711)	649

The manufacturing segment registered a profit before tax in Q3 FY2021 of RM4.73 million versus Q3 FY2020’s loss before tax of RM2.25 million. This significantly improved profit before tax was attained mainly with the higher shipment volume resulting in increased contribution in Q3 FY2021 for the segment. Included in this increased contribution was a metal price lag* gain in Q3 FY2021 as compared to a metal lag loss incurred in Q3 FY2020. These were partially offset by higher provisions for staff bonus.

For the property development segment, its EmHub project saw significantly higher sales in Q3 FY2021 compared with Q3 FY2020, due mainly to the sales from Hub 2, which was launched in April 2021. Additionally, there were prudent cost controls and lower marketing expenses, net of higher interest costs. All these contributed to a higher progressive profit recognition, translating into a profit before tax of RM4.06 million in Q3 FY2021 compared with Q3 FY2020’s profit before tax of RM0.55 million. For the construction segment, it recorded a profit before tax of RM1.28 million in Q3 FY2021, arising mainly from the construction progress for the Group’s internal EmHub project.

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

	YTD FY2021	YTD FY2020	Change %
	RM’000	RM’000	
Revenue	415,688	206,769	101
Profit/(Loss) Before Interest and Tax	36,701	(4,002)	1,017
Profit/(Loss) Before Tax	31,217	(7,708)	505

The Group’s revenue for YTD FY2021 surged by RM208.92 million or 101% as compared to YTD FY2020 which also exceeded the pre-Covid-19 levels. It is to be noted that 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 RM415.69 million for YTD FY2021 recorded revenue for the Group, RM318.26 million was attributable

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

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

from the manufacturing segment with the remaining RM97.43 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 RM138.12 million in revenue for YTD FY2021 as compared to YTD FY2020's attainment of RM180.14 million. This 77% 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 36% 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 3% stronger for YTD FY2021 versus YTD FY2020.

The property development segment registered a RM70.60 million increase in revenue for YTD FY2021 when compared to YTD FY2020's revenue of RM24.27 million. This 291% increase was generated not only from the sales of its Hub 2 which was launched in April 2021, but also from higher sales at its existing Hub 1 owing to its strategic digital marketing efforts. The construction segment posted a marginal increase in external revenue from RM2.37 million in YTD FY2020 to RM2.56 million in YTD FY2021, arising from its roofing and cladding business.

The Group registered a profit before tax of RM31.22 million for YTD FY2021 as compared to YTD FY2020's loss before tax of RM7.71 million; the segmental breakdown were as follows:-

	YTD FY2021	YTD FY2020	Change %
	RM'000	RM'000	
Manufacturing Segment	9,781	(7,419)	232
Property Development Segment	19,500	837	2,230
Construction Segment	4,884	1,029	375
Investment Holding Segment	(705)	(651)	-8
Inter Segment Elimination	(2,243)	(1,503)	-49
Group Total	31,217	(7,708)	505

The manufacturing segment achieved a profit before tax of RM9.78 million in YTD FY2021 versus a loss before tax of RM7.42 million in YTD FY2020. This substantially improved result was contributed from the significantly higher revenue and a metal price lag* gain as compared to a metal price lag loss in YTD FY2020. In addition, there were reversals of general provisions for slow moving inventories and customers' complaints. 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 significantly improved result in YTD FY2021 was attained because of substantially higher sales and higher construction progress achieved which have enabled more progressive profits to be recognized, coupled with lower staff costs but offset partially by higher finance costs and marketing expenses at its EmHub project. Meanwhile, the construction segment recorded a profit before tax of RM4.88 million mainly generated from the construction progress at the Group's internal EmHub project.

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

B4. Commentary on Prospects

As the Covid-19 pandemic lingers, some of the risks to the world economy envisaged next year are the central banks' withdrawal of economic stimulus packages too quickly and a further disruption on supply chains globally. Additionally, with inflation imminently on the rise, the world sits at an inflection point for the post-pandemic economy. Strategies adopted by policy-makers to deal with inflation will be pivotal.

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

The Group's property development segment is expected to remain subdued as the pace of economic recovery for a strong rebound in demand is anticipated to be delayed due to the lingering COVID-19 pandemic despite the reopening of all economic sectors under the National Recovery Plan. Nevertheless, 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.

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):

	Third Quarter ended 30 September 2021 RM'000	Year-to-date 30 September 2021 RM'000
Interest income	(116)	(222)
Interest expense	2,934	5,636
Interest expense on lease liabilities	21	70
Amortisation of intangible assets	46	141
Allowance for inventory writedown	245	371
Reversal of doubtful debts	(94)	(197)
Depreciation		
- Property, plant and equipment	2,198	6,616
- Right-of-use assets	390	1,166
Foreign exchange (gain)/loss		
- Realised	(166)	(581)
- Unrealised	81	(210)
Net fair value (gain)/loss on derivatives	(39)	381
Gain on disposal of property, plant and equipment	-	(3)

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

B7. Taxation

	Third Quarter ended		Year-to-date	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Current Tax				
- current year	(1,775)	(148)	(8,968)	(2,043)
Deferred Taxation				
- Origination and reversal of temporary differences	(735)	(278)	(94)	992
	(2,510)	(426)	(9,062)	(1,051)

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 September 2021 were as follows:

	Long-Term RM'000	Short-Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loans	77,263	7,001	84,264
-Finance lease liabilities	134	129	263
-Revolving credit	29,198	40,000	69,198
-Trade lines	-	33,942	33,942
-Bridging loan	34,523	-	34,523
<u>Unsecured</u>			
- Corporate credit card facility from a financial institution	-	5	5
	141,118	81,077	222,195

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2021

B10. Derivative Financial Instruments

As at 30 September 2021, 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	21,663	21,671
- Receivable	38,795	38,761

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

	Third Quarter ended 30 September 2021	Third Quarter ended 30 September 2020	Year-to-date 30 September 2021	Year-to-date 30 September 2020
Net profit/(loss) attributable to shareholders (RM’000)	6,881	(2,137)	22,155	(8,759)
Weighted average number of ordinary shares in issue (’000)	134,331	134,331	134,331	134,331
Basic earnings/(loss) per share (sen)	5.12	(1.59)	16.49	(6.52)

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 30 November 2021.

BY ORDER OF THE BOARD
30 November 2021