



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**ALCOM GROUP BERHAD (201701047083 (1261259-V))**

**Condensed Consolidated Statement of Comprehensive Income for the 2nd quarter ended 30 June 2023 (Unaudited)**

	Quarter ended 30 June 2023 RM'000	Quarter ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Revenue	178,979	255,445	365,470	508,726
Expenses excluding tax	(174,535)	(229,515)	(352,442)	(454,588)
Other operating income	1,053	449	2,386	808
Profit before tax	5,497	26,379	15,414	54,946
Taxation	(1,997)	(6,541)	(5,015)	(13,671)
Net profit	3,500	19,838	10,399	41,275
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	3,500	19,838	10,399	41,275
Profit attributable to:				
- Owners of the Company	3,504	19,838	10,315	41,275
- Non-Controlling Interests	(4)	-	84	-
	3,500	19,838	10,399	41,275
Total comprehensive income attributable to:				
- Owners of the Company	3,504	19,838	10,315	41,275
- Non-Controlling Interests	(4)	-	84	-
	3,500	19,838	10,399	41,275
Basic earnings per ordinary share (sen)	2.61	14.77	7.68	30.73

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 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 2023 (Unaudited)**

	<b>UNAUDITED</b> As At 30 June 2023 RM'000	<b>AUDITED</b> As At 31 December 2022 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	56,753	52,860
Right-of-use assets	14,630	15,292
Intangible assets	2,824	2,429
Deferred tax assets	3,498	1,693
	<u>77,705</u>	<u>72,274</u>
<b>CURRENT ASSETS</b>		
Inventories	169,143	197,329
Contract assets	5,255	7,972
Contract costs	4,357	9,856
Trade receivables	57,170	66,266
Other receivables and prepayments	18,900	16,768
Tax recoverable	2,775	2,374
Cash and bank balances	162,134	127,790
	<u>419,734</u>	<u>428,355</u>
<b>TOTAL ASSETS</b>	<u>497,439</u>	<u>500,629</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	104,778	104,778
Retained earnings	135,605	125,290
Equity attributable to owners of the Company	<u>240,383</u>	<u>230,068</u>
Non-controlling interests	344	260
<b>TOTAL EQUITY</b>	<u>240,727</u>	<u>230,328</u>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	35,239	38,785
Provision for gratuity scheme	3,476	3,321
Lease liabilities	1,172	1,596
Deferred tax liabilities	894	868
	<u>40,781</u>	<u>44,570</u>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	141,203	114,694
Lease liabilities	1,250	1,397
Provision for gratuity scheme	361	662
Trade payables	36,721	45,638
Other payables and accruals	16,388	31,199
Contract liabilities	18,554	26,811
Derivative financial instruments	129	23
Provision for taxation	1,325	5,307
	<u>215,931</u>	<u>225,731</u>
<b>TOTAL LIABILITIES</b>	256,712	270,301
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>497,439</u>	<u>500,629</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 2022 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 2023 (Unaudited)**

	← Attributable to Owners of the Company →			Non- controlling interests RM'000	Total equity RM'000
	Non- Distributable	Distributable	Total		
	Share capital RM'000	Retained earnings RM'000	RM'000		
<b>Balance as at 1 January 2023</b>	104,778	125,290	230,068	260	230,328
<u>Total comprehensive income:</u>					
Profit for the period	-	10,315	10,315	84	10,399
Total comprehensive income for the period	-	10,315	10,315	84	10,399
<b>Balance as at 30 June 2023</b>	104,778	135,605	240,383	344	240,727
<b>Balance as at 1 January 2022</b>	104,778	51,136	155,914	-	155,914
<u>Total comprehensive income:</u>					
Profit for the period	-	41,275	41,275	-	41,275
Total comprehensive income for the period	-	41,275	41,275	-	41,275
<b>Balance as at 30 June 2022</b>	104,778	92,411	197,189	-	197,189

(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 2022 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 2023 (Unaudited)**

	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	15,414	54,946
Adjustments for:-		
Allowance for inventory write-down	343	2,759
Amortisation of intangible assets	95	62
Depreciation of:		
- Property, plant and equipment	4,668	4,374
- Right-of-use assets	893	844
Gain on disposal of property, plant and equipment	(216)	(249)
Interest expenses	4,568	5,046
Interest expenses on lease liabilities	59	79
Interest income	(1,404)	(306)
Net fair value loss on forward foreign exchange contracts	106	463
Provision for gratuity scheme	155	177
Net loss on /(reversal of) impairment of financial assets	53	(18)
Unrealised foreign exchange gain	(1,726)	(541)
	<b>23,008</b>	<b>67,636</b>
Changes in Working Capital:-		
Inventories	27,842	(12,467)
Receivables	9,023	(42,336)
Payables	(23,946)	46,157
Contract assets	2,717	(3,909)
Contract costs	5,499	3,167
Contract liabilities	(8,257)	(18,405)
Cash generated from operations	<b>35,886</b>	<b>39,843</b>
Gratuity paid	(227)	(333)
Interest paid	(59)	(79)
Tax paid	(11,164)	(5,158)
Net cash from operating activities	<b>24,436</b>	<b>34,273</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of:		
- Property, plant and equipment	(8,557)	(1,319)
- Intangible assets	(489)	-
Proceeds from disposal of:		
- Property, plant and equipment	212	271
Interest income received	1,395	297
Net cash used in investing activities	<b>(7,439)</b>	<b>(751)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Changes in deposits pledged	1,148	(21)
Net drawdown/(repayment) of loans and borrowings	22,963	(23,669)
Payment of lease liabilities	(816)	(728)
Interest paid	(4,568)	(4,951)
Net cash from/(used in) financing activities	<b>18,727</b>	<b>(29,369)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>35,724</b>	<b>4,153</b>
Foreign exchange differences	(232)	17
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	126,642	63,470
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>162,134</b>	<b>67,640</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 2022 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 2022. 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 2022.

### **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 2022 except for the adoption of the following accounting standards, interpretations and amendments to published standards with effect from 1 January 2023:

- MFRS 17, Insurance Contracts\*
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information\*
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the abovementioned accounting standards, interpretations and amendments do not have a material financial impact to the interim financial statements of the Group and of 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:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

**A2. Accounting policies (continued)**

***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 to the Company.

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

**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.

**ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))**  
 Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2023

**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 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-month period ended 30 June 2023 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>
<i>Segment EBITDA</i>	400	20,638	1,236	(611)	2,629	24,292
Included in the measure of segment EBITDA are:						
- Revenue from external customers	264,693	93,073	7,704	-	-	365,470
- (Allowance)/ reversal of inventory write-down	(374)	-	31	-	-	(343)

**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.

**A11. Capital Commitments**

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

	<b>Group</b>
	<b>30 June 2023</b>
	<b>RM'000</b>
- Contracted	75,741
- Not Contracted	11,749
Total Capital Commitment	<u>87,490</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.



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

There were no changes in the composition of the Group during the quarter under review.

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

The contingent liabilities as at 30 June 2023 were as follows:

<u>Unsecured contingent liabilities</u>	<b>Company 30 June 2023 RM'000</b>
Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	717,432

**A15. Related party disclosures**

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

	<b>Group</b>	
	<b>Quarter ended 30 June 2023</b>	<b>Year-to-date 30 June 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales of Finished Goods	-3	-3

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

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**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 2023 (“Q2 FY2023”) compared with the corresponding quarter in Financial Year 2022 (“Q2 FY2022”)

	Q2 FY2023	Q2 FY2022	Change %
	RM'000	RM'000	
Revenue	178,979	255,445	-30
Profit Before Interest and Tax	7,158	28,809	-75
Profit Before Tax	5,497	26,379	-79

The Group’s revenue for Q2 FY2023 decreased by 30% compared to Q2 FY2022. Of the RM178.98 million revenue recorded in Q2 FY2023, approximately 83% was generated from the manufacturing segment and the remaining 17% was generated from its property development and construction segments. These percentages in Q2 FY2022 were 70% and 30% respectively. No external revenue was recorded by the investment holding segment in both these quarters.

The manufacturing segment registered a revenue in Q2 FY2023 of RM147.83 million, a decrease of 17% as compared to Q2 FY2022 which registered a revenue of RM178.38 million. This decrease was attributable to reduced shipments as well as base metal price which trended lower. Shipment volume was 6% lower mainly due to the decline in the exports to the United States market whilst base metal price which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium was also lower by 29% in Q2 FY2023 as compared to Q2 FY2022.

The property development segment posted a revenue of RM29.21 million in Q2 FY2023, which was a decrease of RM43.11 million as compared to RM72.33 million attained in Q2 FY2022 for its maiden EmHub project. This decrease was mainly attributable to fewer number of units sold in the current quarter as the EmHub project was already almost fully sold in the prior period due to strong demand. In addition, the construction of Hub 2 (i.e. the second phase of the 2 phases of the project) was successfully completed on time with the issuance of the Certificate of Practical Completion (CPC) in May 2023.

Meanwhile, the construction segment’s external revenue registered a decrease from RM5.52 million in Q2 FY2022 to RM2.60 million in Q2 FY2023, due mainly to the on-time completion of several roofing projects.

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

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2023

**B1. Review of Group Performance (continued)****Financial review of the second quarter ended 30 June 2023 (“Q2 FY2023”) compared with the corresponding quarter in Financial Year 2022 (“Q2 FY2022”) (continued)**

The Group registered a profit before tax of RM5.50 million in Q2 FY2023 as compared to Q2 FY2022's profit before tax of RM26.38 million. The segmental breakdown was as follows:

	Q2 FY2023	Q2 FY2022	Change %
	RM'000	RM'000	
Manufacturing Segment	1,508	4,216	-64
Property Development Segment	3,837	19,811	-81
Construction Segment	(167)	2,788	-106
Investment Holding Segment	(337)	(336)	-0.3
Inter-Segment Elimination	655	(100)	755
Group Total	5,496	26,379	-79

The manufacturing segment registered a profit before tax in Q2 FY2023 of RM1.51 million versus Q2 FY2022's profit before tax of RM4.22 million. The lower profit before tax was mainly attributable to the loss in contribution resulting from lower revenue due to the drop in sales volume, coupled with higher direct costs, mainly natural gas costs and electricity costs.

The property development segment recorded a decrease in profit before tax of 81% to RM3.84 million in Q2 FY2023 compared with Q2 FY2022's profit before tax of RM19.81 million. This decrease was due mainly to the lower revenue from its EmHub project and the completion of construction of Hub 2 that resulted in a lower profit being recognised during Q2 FY2023, partially offset by substantially lower interest cost, marketing expenses and higher interest income from financial institution as compared to Q2 FY2022.

For the construction segment, it recorded a loss before tax of RM0.17 million in Q2 FY2023, due mainly to the completion of the construction of Hub 2 (the second phase of the Group's internal EmHub project) in May 2023.

**B2. Financial review of the second quarter ended 30 June 2023 (“Q2 FY2023”) compared with the immediate preceding quarter ended 31 March 2023 (“Q1 FY2023”)**

	Q2 FY2023	Q1 FY2023	Change %
	RM'000	RM'000	
Revenue	178,979	186,491	-4
Profit Before Interest and Tax	7,158	11,479	-38
Profit Before Tax	5,497	9,917	-45

The Group recorded a revenue of RM178.98 million in Q2 FY2023 which was lower by 4% as compared to the revenue of RM186.49 million registered in Q1 FY2023. This decrease was largely attributable to the property development segment.

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2023

**B2. Financial review of the second quarter ended 30 June 2023 (“Q2 FY2023”) compared with the immediate preceding quarter ended 31 March 2023 (“Q1 FY2023”) (continued)**

The property development segment posted a revenue of RM29.21 million in Q2 FY2023 for its maiden EmHub project, a decrease of RM34.66 million as compared to Q1 FY2023’s revenue of RM63.87 million. This decrease was due mainly to the lower number of units sold as there were not many unsold units left owing to the high demand. In addition, construction progress in Q2 FY2023 was only at Hub 2 as Hub 1 was handed over in March 2023. The construction of Hub 2 was successfully completed on time with the issuance of the Certificate of Practical Completion (CPC) in May 2023. For the construction segment, it recorded a lower external revenue of RM2.60 million compared with Q1 FY2023’s external revenue of RM5.10 million, mainly attributable to its roofing and cladding projects.

The manufacturing segment registered a revenue of RM147.83 million in Q2 FY2023 compared to its Q1 FY2023’s attainment of RM118.53 million. This increase was a result of a 22% surge in shipment volume, mainly due to the increase in the exports of coated fin to Thailand and Asia markets. In addition, the strengthening of the USD currency vis-à-vis the Ringgit Malaysia aided the revenue increase; the US currency was approximately 3% stronger in Q2 FY2023 versus Q1 FY2023. No external revenue was recorded in the investment holding segment.

The Group registered a profit before tax of RM5.50 million in Q2 FY2023 as compared to RM9.92 million in Q1 FY2023. The segmental breakdown was as follows:

	Q2 FY2023	Q1 FY2023	Change %
	RM’000	RM’000	
Manufacturing Segment	1,508	(9,764)	115
Property Development Segment	3,837	16,850	-77
Construction Segment	(167)	1,106	-115
Investment Holding Segment	(337)	(249)	-35
Inter-Segment Elimination	655	1,974	-67
Group Total	5,496	9,917	-45

The manufacturing segment registered a profit before tax in Q2 FY2023 of RM1.51 million versus Q1 FY2023’s loss before tax of RM9.76 million. This improved result was mainly attributable to higher contribution resulting from higher revenue due to the increase in sales volume and the strengthening of the USD currency, coupled with lower energy costs, mainly natural gas costs.

The property development segment’s pre-tax profit had decreased by 77% to RM3.84 million mainly attributable to the lower revenue recognised in Q2 FY2023 and the completion of construction works at Hub 2 in May 2023 which have led to the lower recognition of progressive profits, partially offset by lower interest costs, administrative expenses, marketing expenses and higher interest income from financial institution. On the other hand, the construction segment recorded a pre-tax loss of RM0.17 million in Q2 FY2023, due mainly to the completion of the construction of Hub 2 (the second phase of the Group’s internal EmHub project) in May 2023.

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 Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2023

**B3. Financial review of Year-To-Date ended 30 June 2023 (“YTD FY2023”) versus Year-To-Date ended 30 June 2022 (“YTD FY2022”)**

	YTD FY 2023	YTD FY 2022	Change %
	RM'000	RM'000	
Revenue	365,470	508,726	-28
Profit Before Interest and Tax	18,638	59,765	-69
Profit Before Tax	15,413	54,946	-72

The Group’s revenue for YTD FY2023 decreased by RM143.26 million or 28% to RM365.47 million as compared to YTD FY2022. Of the RM365.47 million revenue, RM266.36 million was attributable from the manufacturing segment with the remaining RM99.11 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 a decrease of RM107.04 million in revenue to RM266.36 million for YTD FY2023 as compared to YTD FY2022’s attainment of RM373.40 million. This 29% decrease was the result of lower shipment volumes of the specialty and fin products to the United States and India markets respectively. In addition, revenue was also impacted by a lower base metal price; it was approximately 23% lower in YTD FY2023 versus YTD FY2022. This was partially offset by the strengthening of the USD currency by approximately 5% in YTD FY2023 versus YTD FY2022.

The property development segment registered a RM34.01 million decrease in revenue for YTD FY2023 when compared to YTD FY2022’s revenue of RM127.08 million. This 27% decrease was mainly attributable to the lower number of units sold as there were not many unsold units left owing to the high demand. In addition, the construction of Hub 2 was successfully completed on time with the issuance of the Certificate of Practical Completion (CPC) in May 2023.

The construction segment posted a decrease in external revenue from RM9.77 million in YTD FY2022 to RM7.70 million in YTD FY2023, due mainly to the slower construction progress at its roofing projects.

The Group registered a profit before tax of RM15.41 million for YTD FY2023 as compared to YTD FY2022’s profit before tax of RM54.95 million. The segmental breakdown was as follows:-

	YTD FY2023	YTD FY2022	Change %
	RM'000	RM'000	
Manufacturing Segment	(8,255)	16,614	-150
Property Development Segment	20,687	34,247	-40
Construction Segment	939	5,561	-83
Investment Holding Segment	(587)	(676)	13
Inter Segment Elimination	2,629	(800)	429
Group Total	15,413	54,946	-72

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2023

### **B3. Financial review of Year-To-Date ended 30 June 2023 (“YTD FY2023) versus Year-To-Date ended 30 June 2022 (“YTD FY2022”) (continued)**

The manufacturing segment recorded a loss before tax of RM8.26 million in YTD FY2023 versus YTD FY2022's profit before tax of RM16.61 million. This loss before tax was mainly due to the loss in contribution resulting from lower revenue due to a 23% reduction in shipment volume, coupled with higher energy costs and repairs and maintenance expenses.

The property development segment's pre-tax profit had decreased by 40% to RM20.69 million in YTD FY2023 mainly attributable to the lower revenue recognised in YTD FY2023 and the completion of construction works at Hub 2 in May 2023 which have led to the lower recognition of progressive profits, coupled with higher administrative expenses but offset partially by lower marketing expenses, lower interest cost and higher interest income from financial institution.

Meanwhile, the construction segment recorded an 83% decrease in profit before tax to RM0.94 million in YTD FY2023 compared with YTD FY2022, due largely completion of the construction of Hub 2 in May 2023.

### **B4. Commentary on Prospects**

Global economic growth remains dampened by the intensification of the war in Ukraine, the rise in central banks rates to fight inflation and extreme weather-related events. Against this backdrop of weak global sentiment, the manufacturing segment of the Group will continue to actively navigate its business to bolster performance whilst remaining committed to its long-term growth strategy.

The Group's property development segment has achieved significant success with its maiden project, EmHub. The uptake for both Hub 1 and Hub 2 towers is close to 100%, with the last few booking units awaiting sales conversion. The successful completion and delivery of vacant possession of Hub 1 in March 2023, followed by Hub 2 in August 2023, have been encouraging news. This achievement is a testament to our commitment to excellence and punctuality. It further bolsters our reputation as a trustworthy property developer capable of delivering quality projects on time.

In line with our strategic growth plan, the segment via AG Avenue Sdn. Bhd. has embarked on the purchase of new development land by entering into a conditional sale and purchase agreement in April 2023 with 88 Legacy Sdn. Bhd., a wholly-owned subsidiary of Malaysia Building Society Berhad for the acquisition of 2 parcels of contiguous leasehold vacant commercial land measuring an aggregate of approximately 7.08 acres, located in Bukit Raja, Klang, Selangor. The segment intends to develop the subject land into a proposed mixed development project, comprising commercial lots, SOHO and service apartments. It should be noted that the management is still currently in the midst of deliberating the detailed development plans for the subject land. The segment will remain focused on delivering competitive and differentiated property products to ensure sustainable growth and profitability.

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

Not applicable.

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**B6. Profit for the Period under Review**

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

	<b>Second Quarter ended 30 June 2023 RM'000</b>	<b>Year-to-date 30 June 2023 RM'000</b>
Interest income	(844)	(1,404)
Interest expense	2,477	4,568
Interest expense on lease liabilities	29	59
Amortisation of intangible assets	41	95
Allowance for inventory write-down	6	343
Allowance for doubtful debts	23	53
Depreciation of:		
- Property, plant and equipment	2,285	4,668
- Right-of-use assets	453	893
Foreign exchange (gain)/loss:		
- Realised	(144)	1,305
- Unrealised	(603)	(1,726)
Net fair value loss on derivatives	367	106
Gain on disposal of property, plant and equipment	(97)	(216)

**B7. Taxation**

	<b>Second Quarter ended</b>		<b>Year-to-date</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current Tax</b>				
- current year	(2,386)	(6,935)	(6,794)	(13,933)
<b>Deferred Taxation</b>				
- Origination and reversal of temporary differences	389	394	1,779	262
	(1,997)	(6,541)	(5,015)	(13,671)

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

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**B8. Status of Corporate Proposals**

On 14 April 2023, the Company announced that AG Avenue Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (“SPA”) with 88 Legacy Sdn. Bhd., a wholly-owned subsidiary of Malaysia Building Society Berhad for the acquisition of 2 parcels of contiguous leasehold vacant commercial land held under the land title no. PM 416, Lot 31632 and PM 417, Lot 31633, located in Mukim Kapar, Tempatan Bukit Raja, Daerah Klang, Negeri Selangor, measuring an aggregate of approximately 7.08 acres (equivalent to approximately 28,651 square metres), for a total purchase consideration of RM56,000,000 (hereinafter referred to as “the Proposed Acquisition”). The Proposed Acquisition was approved by shareholders on 26 July 2023. As at the date of this announcement, the Proposed Acquisition is pending completion as the conditions precedent of the SPA have yet to be fulfilled.

Other than the above, there was no other 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 2023 were as follows:

	<b>Long-Term RM’000</b>	<b>Short-Term RM’000</b>	<b>Total RM’000</b>
<u>Secured</u>			
-Term Loans	35,012	7,001	42,013
-Finance lease liabilities	227	111	338
-Revolving credit	-	90,000	90,000
-Trade lines	-	44,100	44,100
<u>Unsecured</u>			
- Corporate credit card facility from a financial institution	-	(9)	(9)
	<b>35,239</b>	<b>141,203</b>	<b>176,442</b>

**B10. Derivative Financial Instruments**

As at 30 June 2023, 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	19,340	19,340
- Receivable	10,916	11,045



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**B11. Changes in Material Litigation**

Not applicable.

**B12. Dividends**

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 2023</b>	<b>Second Quarter ended 30 June 2022</b>	<b>Year-to-date 30 June 2023</b>	<b>Year-to-date 30 June 2022</b>
Net profit attributable to owners of the Company (RM'000)	3,504	19,838	10,315	41,275
Weighted average number of ordinary shares in issue ('000)	134,331	134,331	134,331	134,331
Basic earnings per share (sen)	2.61	14.77	7.68	30.73

**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 29 August 2023.

**BY ORDER OF THE BOARD**  
**29 August 2023**