



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Comprehensive Income for the 1st quarter ended 31 March 2021 (Unaudited)

| | Quarter ended 31 March 2021 RM'000 | Quarter ended 31 March 2020 RM'000 | 3 months ended 31 March 2021 RM'000 | 3 months ended 31 March 2020 RM'000 |
|---|---|---|---|---|
| Revenue | 139,828 | 81,485 | 139,828 | 81,485 |
| Expenses excluding tax | (129,344) | (82,912) | (129,344) | (82,912) |
| Other operating income | 259 | 138 | 259 | 138 |
| Profit/(loss) before tax | 10,743 | (1,289) | 10,743 | (1,289) |
| Taxation | (3,345) | (1,029) | (3,345) | (1,029) |
| Net profit/(loss) | 7,398 | (2,318) | 7,398 | (2,318) |
| 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) | 7,398 | (2,318) | 7,398 | (2,318) |
| Attributable to: | | | | |
| - Shareholders of the Company | 7,398 | (2,318) | 7,398 | (2,318) |
| | 7,398 | (2,318) | 7,398 | (2,318) |
| Basic earnings per ordinary share (sen) | 5.51 | (1.73) | 5.51 | (1.73) |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 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 31 March 2021 (Unaudited)

| | UNAUDITED As At 31 March 2021 RM'000 | AUDITED As At 31 December 2020 RM'000 |
|-------------------------------------|---|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 56,420 | 57,922 |
| Right-of-use assets | 14,451 | 14,805 |
| Intangible assets | 2,674 | 2,722 |
| Deferred tax assets | 2,537 | 1,979 |
| | <u>76,082</u> | <u>77,428</u> |
| CURRENT ASSETS | | |
| Inventories | 238,290 | 213,899 |
| Contract assets | 1,792 | 1,628 |
| Contract costs | 17,122 | 22,233 |
| Trade receivables | 40,164 | 26,095 |
| Other receivables and prepayments | 10,010 | 14,980 |
| Tax recoverable | 1,673 | 3,227 |
| Derivative financial instruments | - | 570 |
| Cash and bank balances | 54,913 | 48,109 |
| | <u>363,964</u> | <u>330,741</u> |
| TOTAL ASSETS | <u><u>440,046</u></u> | <u><u>408,169</u></u> |
| CAPITAL AND RESERVES | | |
| Share capital | 104,778 | 104,778 |
| Retained earnings | 26,074 | 18,676 |
| Total Equity | <u>130,852</u> | <u>123,454</u> |
| NON-CURRENT LIABILITIES | | |
| Loans and borrowings | 148,312 | 140,311 |
| Provision for gratuity scheme | 4,200 | 4,105 |
| Lease liabilities | 997 | 1,087 |
| Deferred tax liabilities | 1,232 | 1,019 |
| | <u>154,741</u> | <u>146,522</u> |
| CURRENT LIABILITIES | | |
| Loans and borrowings | 50,805 | 32,131 |
| Lease liabilities | 781 | 999 |
| Trade payables | 51,552 | 59,028 |
| Other payables and accruals | 20,974 | 17,406 |
| Contract liabilities | 29,271 | 28,342 |
| Derivative financial instruments | 381 | 146 |
| Provision for taxation | 689 | 141 |
| | <u>154,453</u> | <u>138,193</u> |
| TOTAL LIABILITIES | <u>309,194</u> | <u>284,715</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>440,046</u></u> | <u><u>408,169</u></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 1st quarter ended
31 March 2021 (Unaudited)

| | <u>Non-distributable</u> | <u>Treasury</u> | <u>Distributable</u> | |
|--|--------------------------|-----------------|----------------------|---------|
| | Share | shares | Retained | Total |
| | capital | RM'000 | earnings | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2021 | 104,778 | - | 18,676 | 123,454 |
| <u>Total comprehensive income:</u> | | | | |
| Profit for the period | - | - | 7,398 | 7,398 |
| Total comprehensive income for the period | - | - | 7,398 | 7,398 |
| Balance as at 31 March 2021 | 104,778 | - | 26,074 | 130,852 |
| Balance as at 1 January 2020 | 104,778 | - | 17,361 | 122,139 |
| <u>Total comprehensive expense:</u> | | | | |
| Loss for the period | - | - | (2,318) | (2,318) |
| Total comprehensive expense for the period | - | - | (2,318) | (2,318) |
| Balance as at 31 March 2020 | 104,778 | - | 15,043 | 119,821 |

(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 1st quarter ended 31 March 2021 (Unaudited)

| | 3 months ended 31 March 2021 RM'000 | 3 months ended 31 March 2020 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before tax | 10,743 | (1,289) |
| Adjustments for:- | | |
| (Write back of)/allowance for inventory obsolescence | (237) | 635 |
| Amortisation | 47 | 210 |
| Depreciation of: | | |
| - Property, plant and equipment | 2,205 | 2,366 |
| - ROU Assets | 388 | 335 |
| Loss on disposal of property, plant and equipment | - | 9 |
| Interest Expenses | 1,326 | 1,306 |
| Interest Expenses on lease liabilities | 27 | 64 |
| Interest Income | (22) | (80) |
| Net fair value loss on currency forward | 805 | 1,149 |
| Provision for gratuity scheme | 95 | 102 |
| Unrealised foreign exchange gain | (1,002) | (2,251) |
| | 14,375 | 2,556 |
| Changes in Working Capital:- | | |
| Inventories | (23,337) | (2,906) |
| Receivables | (7,387) | (3,358) |
| Payables | (4,608) | (21,922) |
| Contract assets | (164) | 925 |
| Contract costs | 5,111 | 194 |
| Contract liabilities | 929 | 2,420 |
| Balances with related companies | - | 1,318 |
| Cash used in operations | (15,081) | (20,773) |
| Tax paid | (1,588) | (1,102) |
| Gratuity paid | (234) | (230) |
| Net cash used in operating activities | (16,903) | (22,105) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of: | | |
| - Property, plant and equipment | (702) | (751) |
| Proceed from disposal of: | | |
| - Property, plant and equipment | - | 4 |
| Interest income received | 22 | 103 |
| Net cash used in investing activities | (680) | (644) |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Repayment of borrowings | (4,204) | (310) |
| Drawdown of borrowings | 30,879 | 34,022 |
| Payment of lease liabilities | (368) | (367) |
| Interest paid | (1,993) | (2,115) |
| Net cash from financing activities | 24,314 | 31,230 |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | 6,731 | 8,481 |
| 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 | 53,725 | 59,195 |

(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.)

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

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

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 First Quarter Ended 31 March 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 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 First Quarter Ended 31 March 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 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 under review.

A8. Dividends paid

No dividend was paid during the current quarter 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 1st quarter ended 31 March 2021 were as follows:-

| | <u>Manufacturing</u> | <u>Property Development</u> | <u>Construction</u> | <u>Investment Holding</u> | <u>Inter Segment Elimination</u> | <u>Group</u> |
|---|----------------------|-----------------------------|---------------------|---------------------------|----------------------------------|---------------|
| | <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 | 4,089 | 9,679 | 1,856 | (232) | (679) | 14,713 |
| Included in the measure of segment EBITDA are: | | | | | | |
| - Revenue from external customers | 104,651 | 33,689 | 1,488 | - | - | 139,828 |
| - Reversal of/(allowance for) inventory writedown | 237 | - | - | - | - | 237 |

A10. Valuation of Property, Plant and Equipment

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

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))
 Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

A11. Capital Commitments

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

| | |
|--------------------------|----------------------|
| | Group |
| | 31 March 2021 |
| | RM'000 |
| - Contracted | 1,579 |
| - Not Contracted | 966 |
| Total Capital Commitment | <u>2,545</u> |

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

There were no material events subsequent to the end of the quarter 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 31 March 2021 were as follows:

| | |
|--|----------------------|
| <u>Unsecured contingent liabilities</u> | Company |
| | 31 March 2021 |
| | RM'000 |
| 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 under review in which certain Directors have direct/indirect interest are as follows:

| | | |
|-------------------------|----------------------|----------------------|
| | Group | |
| | Quarter ended | Year-to-date |
| | 31 March 2021 | 31 March 2021 |
| | RM'000 | RM'000 |
| Sales of Finished Goods | 432 | 432 |

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.

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

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1. Review of Group Performance****Financial review of the first quarter ended 31 March 2021 (“Q1 FY2021”) compared with the immediate preceding quarter ended 31 December 2020 (“Q4 FY2020”)**

| | Q1 FY2021 | Q4 FY2020 | Change % |
|--------------------------------|-----------|-----------|----------|
| | RM'000 | RM'000 | |
| Revenue | 139,828 | 109,633 | 28 |
| Profit Before Interest and Tax | 12,074 | 9,501 | 27 |
| Profit Before Tax | 10,743 | 8,589 | 25 |

The Group recorded a revenue of RM139.83 million in Q1 FY2021 which was higher by RM30.20 million compared to the revenue of RM109.63 million registered in Q4 FY2020. This 28% increase was largely contributed by the manufacturing and property development segments.

The manufacturing segment registered a revenue of RM105.19 million in Q1 FY2021 compared to its Q4 FY2020's attainment of RM77.58 million. This increase was attributable to an increased shipment volume and higher base metal costs. Shipment volume was 26% higher with the largest increase being recorded in the European region whilst base metal costs which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium was 13% higher in Q1 FY2021 as compared to Q4 FY2020.

The property development segment increased its revenue to RM33.69 million in Q1 FY2021 for its maiden EmHub project; an increase of approximately 13% as compared to Q4 FY2020's revenue of RM29.94 million. This increase was due mainly to the substantial progress in construction works which have resulted in a higher percentage of revenue being recognized, net of a lower number of units sold during Q1 FY2021. For the construction segment, it recorded a marginally lower external revenue of RM1.49 million compared with Q4 FY2020's external revenue of RM2.11 million. No revenue was recorded in the investment holding segment.

The Group registered a profit before tax of RM10.74 million in Q1 FY2021 as compared to RM8.59 million in Q4 FY2020; the segmental breakdown were as follows:-

| | Q1 FY2021 | Q4 FY2020 | Change % |
|------------------------------|-----------|-----------|----------|
| | RM'000 | RM'000 | |
| Manufacturing Segment | 1,186 | (1,916) | 162 |
| Property Development Segment | 8,735 | 10,103 | -14 |
| Construction Segment | 1,736 | 1,453 | 19 |
| Investment Holding Segment | (232) | 1,088 | -121 |
| Inter-Segment Elimination | (682) | (2,139) | 68 |
| Group Total | 10,743 | 8,589 | 25 |

The manufacturing segment's improved pre-tax result by RM3.10 million was derived mainly from an increased contribution resulting from the higher shipment volume net of higher freight costs and an increased usage of external re-roll coils to supplement in-house production capacity.

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

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

B1. Review of Group Performance (continued)

Financial review of the first quarter ended 31 March 2021 (“Q1 FY2021”) compared with the immediate preceding quarter ended 31 December 2020 (“Q4 FY2020”) (continued)

The property development segment’s pre-tax profit had decreased mainly due to the lower number of units sold coupled with higher interest costs and marketing expenses incurred during Q1 FY2021. On the other hand, the construction segment’s pre-tax profit was mainly generated from the Group’s internal EmHub project which saw rapid site progress in Q1 FY2021.

B2. Financial review of the first quarter ended 31 March 2021 (“Q1 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q1 FY2020”)

| | Q1 FY2021 | Q1 FY2020 | Change % |
|--------------------------------|-----------|-----------|-------------|
| | RM’000 | RM’000 | |
| Revenue | 139,828 | 81,485 | 72 |
| Profit Before Interest and Tax | 12,074 | 131 | 9,117 |
| Profit/(Loss) Before Tax | 10,743 | (1,289) | 933 |

The Group’s revenue for Q1 FY2021 increased by 72% compared to Q1 FY2020. It is to be noted that the Group’s Q1 FY2020 result was subdued due to the first mandated Movement Control Order (“MCO”) introduced by the government during that quarter to address the Covid-19 pandemic which required all businesses and government agencies to be temporarily closed except for essential services. Of the RM139.83 million revenue recorded in Q1 FY2021, 75% was generated from the manufacturing segment and the remaining 25% was generated from its property development and construction segments. These percentages in Q1 FY2020 were 90% and 10% respectively. No revenue was recorded by the investment holding segment in both these quarters.

The manufacturing segment registered a revenue in Q1 FY2021 of RM105.19 million; an increase of RM32.04 million as compared to Q1 FY2020 which registered a revenue of RM73.14 million, as shipment volumes increased to higher than pre-MCO levels. The overall surge in volume was 42% with a marked increase in the United States market. The property development segment posted a revenue of RM33.69 million in Q1 FY2021, which was a significant increase of RM26.14 million as compared to RM7.55 million attained in Q1 FY2020 for its maiden EmHub project. This substantial increase was mainly attributable to the increase in the number of units sold and a higher percentage of completion as construction had progressed rapidly in the current quarter under review, with structural works reaching the highest level of Hub 1; marking an important milestone towards the completion of the first phase of the two phases of the project.

The construction segment’s external revenue registered an increase from RM0.79 million in Q1 FY2020 to RM1.49 million in Q1 FY2021 due mainly to faster site progress at its roofing and cladding projects.

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

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

B2. Financial review of the first quarter ended 31 March 2021 (“Q1 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q1 FY2020”) (continued)

The Group registered a profit before tax of RM10.74 million in Q1 FY2021 as compared to Q1 FY2020's loss before tax of RM1.29 million; the segmental breakdown were as follows:-

| | Q1 FY2021 | Q1 FY2020 | Change % |
|------------------------------|-----------|-----------|-------------|
| | RM'000 | RM'000 | |
| Manufacturing Segment | 1,186 | (1,034) | 215 |
| Property Development Segment | 8,735 | 281 | 3,009 |
| Construction Segment | 1,736 | 62 | 2,700 |
| Investment Holding Segment | (232) | (221) | -5 |
| Inter-Segment Elimination | (682) | (377) | -81 |
| Group Total | 10,743 | (1,289) | 933 |

The manufacturing segment registered a profit before tax in Q1 FY2021 of RM1.19 million versus Q1 FY2020's loss before tax of RM1.03 million. The higher shipment volume contributed to this improved result albeit there were increases in freight costs, higher usage of external reroll coils to supplement in-house production capacity and higher repairs and maintenance expenses. These increases were partially offset with lower general provisions requirements for slow moving inventories and customer complaints.

For the property development segment, its EmHub project saw substantial construction progress, coupled with prudent cost controls and lower staff costs, net of higher marketing expenses. The higher construction progress has led to more progress billings to customers and higher recognition of progressive profits, translating into a profit before tax of RM8.74 million in Q1 FY2021 compared with Q1 FY2020's profit before tax of RM0.28 million.

For the construction segment, it recorded a profit before tax of RM1.74 million in Q1 FY2021, arising mainly from the construction progress for the Group's internal EmHub project.

B3. Commentary on Prospects

The global recovery outlook has been encouraging especially for the second half of 2021 with optimism from the accelerated vaccination programs in numerous major economies. However, recent threats to this ongoing recovery persist as additional waves of coronavirus infections have emerged coupled with potential shortages of vaccines.

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 reintroduction of movement controls throughout Malaysia. Market conditions will continue to be challenging as a result of the Covid-19 pandemic. Nevertheless, the segment has made a concerted effort to strengthen its position and to remain resilient through product design and innovation, competitive pricing, new aggressive digital marketing campaigns and cost rationalisation through value engineering of the EmHub project. With the launch of Hub 2 (the second phase) in the second quarter of FY2021, the prospects of the property development segment is expected to improve on the back of higher sales.

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

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Profit for the Period under Review

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

| | First Quarter ended 31 March 2021 RM'000 | Year-to-date 31 March 2021 RM'000 |
|---|---|--|
| Interest income | (22) | (22) |
| Interest expense | 1,326 | 1,326 |
| Interest expense on lease liabilities | 27 | 27 |
| Amortisation of intangible assets | 47 | 47 |
| (Reversal of)/allowance for inventory writedown | (237) | (237) |
| Depreciation | | |
| - Property, plant and equipment | 2,205 | 2,205 |
| - Right-of-use assets | 388 | 388 |
| Foreign exchange loss/(gain) | | |
| - Realised | 65 | 65 |
| - Unrealised | (1,002) | (1,002) |
| Net fair value loss on derivatives | 805 | 805 |

B6. Taxation

| | First Quarter ended | | Year-to-date | |
|---|----------------------------|----------------------|----------------------|----------------------|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current Tax | | | | |
| - current year | (3,690) | (1,424) | (3,690) | (1,424) |
| Deferred Taxation | | | | |
| - Origination and reversal of temporary differences | 345 | 395 | 345 | 395 |
| | (3,345) | (1,029) | (3,345) | (1,029) |

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.

B7. Status of Corporate Proposals

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

ALCOM GROUP BERHAD (“AGB”) (Co. Reg. No. 201701047083(1261259-V))
 Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

B8. Group Borrowings

The Group's borrowings as at 31 March 2021 were as follows:

| | Long-Term RM'000 | Short-Term RM'000 | Total RM'000 |
|--|-----------------------------|------------------------------|-------------------------|
| <u>Secured</u> | | | |
| -Term Loans | 85,763 | 7,001 | 92,764 |
| -Finance lease liabilities | 200 | 126 | 326 |
| -Revolving credit | 29,500 | 30,000 | 59,500 |
| -Trade lines | - | 13,596 | 13,596 |
| -Bridging loan | 32,849 | - | 32,849 |
| <u>Unsecured</u> | | | |
| - Corporate credit card facility from a financial institution | - | 82 | 82 |
| | 148,312 | 50,805 | 199,117 |

B9. Derivative Financial Instruments

As at 31 March 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 | 37,949 | 37,898 |
| - Receivable | 68,385 | 68,715 |

B10. Changes in Material Litigation

Not applicable.

B11. Dividend Payable

There was no dividend declared in respect of the current quarter under review.

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

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

B12. Earnings Per Share

| | First Quarter ended 31 March 2021 | First Quarter ended 31 March 2020 | Year-to-date 31 March 2021 | Year-to-date 31 March 2020 |
|--|--|--|---------------------------------------|---------------------------------------|
| Net profit/(loss) attributable to shareholders (RM'000) | 7,398 | (2,318) | 7,398 | (2,318) |
| Weighted average number of ordinary shares in issue ('000) | 134,331 | 134,331 | 134,331 | 134,331 |
| Basic earnings/(loss) per share (sen) | 5.51 | (1.73) | 5.51 | (1.73) |

B13. 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 25 May 2021.

BY ORDER OF THE BOARD
25 May 2021