



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED
30 SEPTEMBER 2020**

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Comprehensive Income for the 3rd quarter ended 30 September 2020 (Unaudited)

	Quarter ended 30 September 2020 RM'000	Quarter ended 30 September 2019 RM'000	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000
Revenue	70,744	89,571	206,769	272,374
Expenses excluding tax	(72,779)	(88,555)	(215,169)	(270,755)
Other operating income	324	499	692	678
Profit/(loss) before tax	(1,711)	1,515	(7,708)	2,297
Taxation	(427)	(1,080)	(1,051)	(1,996)
Net profit/(loss) for the period	(2,137)	435	(8,759)	301
Other comprehensive income, net of tax : <u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial gains on gratuity scheme	-	-	-	-
Taxation relating to component of other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	(2,137)	435	(8,759)	301
Attributable to:				
- Shareholders of the Company	(2,137)	435	(8,759)	301
	(2,137)	435	(8,759)	301
Basic earnings/(loss) per ordinary share (sen)	(1.59)	0.32	(6.52)	0.22

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2020 (Unaudited)**

	UNAUDITED As At 30 September 2020 RM'000	AUDITED As At 31 December 2019 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	73,951	79,074
Intangible assets	2,769	3,440
Deferred tax assets	810	810
	<u>77,530</u>	<u>83,324</u>
CURRENT ASSETS		
Inventories	201,307	182,673
Trade receivables	22,237	24,198
Other receivables and prepayments	4,969	4,332
Amount due from related companies	99	21
Tax recoverable	2,001	1,774
Derivative financial instruments	63	334
Cash and bank balances	32,943	51,929
Contract assets	-	925
Contract costs	25,295	24,496
	<u>288,914</u>	<u>290,682</u>
TOTAL ASSETS	<u><u>366,444</u></u>	<u><u>374,006</u></u>
CAPITAL AND RESERVES		
Share capital	104,778	104,778
Retained earnings	8,603	17,360
Total Equity	<u>113,381</u>	<u>122,138</u>
NON-CURRENT LIABILITIES		
Provision for gratuity scheme	4,518	4,277
Deferred tax liabilities	2,059	3,051
Loans and borrowings	99,351	107,787
Lease liabilities	922	1,299
	<u>106,850</u>	<u>116,414</u>
CURRENT LIABILITIES		
Trade payables	25,118	41,321
Other payables and accruals	13,003	26,332
Amount due to related companies	1,206	-
Provision for taxation	949	708
Loans and borrowings	64,129	43,265
Lease liabilities	883	1,100
Contract liabilities	40,925	22,728
	<u>146,213</u>	<u>135,454</u>
TOTAL LIABILITIES	<u>253,063</u>	<u>251,868</u>
TOTAL EQUITY AND LIABILITIES	<u><u>366,444</u></u>	<u><u>374,006</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 2019 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 2020 (Unaudited)

	<u>Non-distributable</u>		<u>Distributable</u>	
	Share	Treasury	Retained	Total
	capital	shares	earnings	RM'000
	RM'000	RM'000	RM'000	RM'000
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 loss for the period	-	-	(8,759)	(8,759)
Balance as at 30 September 2020	104,778	-	8,602	113,381
Balance as at 1 January 2019 - as previously reported	104,778	-	17,643	122,421
Impact of change in accounting policy - MFRS16	-	-	(86)	(86)
Adjusted balances at 1 January 2020	104,778	-	17,557	122,335
<u>Total comprehensive income:</u>				
Loss for the period	-	-	301	301
Total comprehensive expense for the period	-	-	301	301
Balance as at 30 September 2019	104,778	-	17,858	122,636

(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 2019 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 2020
(Unaudited)

	9 months ended 30 September 2020 RM'000	9 months ended 30 September 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(7,707)	2,297
Adjustment for:-		
Net fair value loss on currency forwards	271	381
Property, plant and equipment		
- depreciation	6,811	6,456
- loss/(gain) on disposal	(46)	(10)
Intangible assets		
- amortisation	668	367
Right-of-use assets		
- depreciation	1,107	803
Provision for gratuity scheme	241	329
Allowance for inventory writedown	979	229
Unrealised foreign exchange gain	(330)	(716)
Interest income	(477)	(582)
Interest expense	4,055	4,823
Interest expense on lease liabilities	128	105
Reversal of impairment loss on property, plant and equipment	-	(7)
Bad debts written off	-	4
Allowance for doubtful debts	-	58
	5,700	14,537
Changes in Working Capital:-		
Inventories	(22,053)	1,360
Receivables	1,889	12,648
Payables	(29,974)	(8,867)
Contract assets	925	(1,096)
Contract costs	(798)	(17,028)
Contract liabilities	18,196	8,973
Balances with related companies	1,127	37
Cash generated from/(used in) operations	(24,988)	10,564
Tax paid	(2,028)	(5,270)
Gratuity paid	(230)	(334)
Net cash from/(used in) operating activities	(27,246)	4,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- purchases	(2,379)	(12,183)
- proceeds from disposal	162	74
Intangible assets		
- purchases	-	(63)
Interest income received	509	370
Net cash used in investing activities	(1,708)	(11,802)
CASH FLOWS FROM FINANCING ACTIVITY		
Changes in deposit pledged	(40)	(44)
Proceeds from borrowings	12,429	64,057
Payment of lease liabilities	(1,111)	(914)
Interest paid	(1,283)	(6,824)
Net cash from financing activities	9,995	56,275
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(18,959)	49,433
Foreign exchange differences	(67)	356
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	50,781	39,128
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	31,755	88,917

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2019. 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 2019.

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 2019 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable:

- Amendments to MFRS 3, Business Combinations - Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

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 MFRSs, Amendments to MFRSs and Issue Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group and the Company:-

- (i) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 June 2020**
 - Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions
- (ii) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2022**
 - Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework
 - Amendments to MFRS 116, Property, Plant and Equipment - 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

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

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A2. Accounting policies (continued)

(iii) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

(iv) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendment 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.

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 quarter under review and financial period-to-date, 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 under review and financial period-to-date.

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 and financial period-to-date.

A8. Dividends paid

No dividend has been paid during the quarter under review and financial period-to-date.

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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 period ended 30 September 2020 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	1,230	3,805	1,424	-654	-1,222	4,583
Included in the measure of segment EBITDA are:						
- Revenue from external customers	180,137	24,267	2,365	-	-	206,769
- Allowance of inventory writedown	(979)	-	-	-	-	(979)

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 and financial period-to-date.

A11. Capital Commitments

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

	Group
	30 September 2020
	RM'000
- Contracted	879
- Not Contracted	1,019
Total Capital Commitment	<u>1,898</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.

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 2020 (“Q3 FY2020”) compared with the immediate preceding quarter ended 30 June 2020 (“Q2 FY2020”)

	Q3 FY2020	Q2 FY2020	Change %
	RM'000	RM'000	
Revenue	70,744	54,540	30
Profit/(Loss) Before Interest and Tax	(758)	(3,409)	78
Loss Before Tax	(1,711)	(4,708)	64

There was a gradual improvement in the business sentiment in Q3 FY2020 as governments both domestically and abroad battled to contain the recurrence of the Covid 19 pandemic whilst our business partners continued to adapt to the disruptions in their operations.

Against this backdrop, the Group’s revenue of RM70.74 million recorded in Q3 FY2020 was higher by RM16.20 million compared to the revenue of RM54.54 million registered in Q2 FY2020. This 30% increase was largely contributed by the manufacturing segment as there were higher shipment volumes attained in both domestic and export markets; it registered a revenue of RM59.97 million in Q3 FY2020 as compared to its Q2 FY2020’s attainment of RM47.03 million. The property development segment increased its revenue by 58% in Q3 FY2020 versus Q2 FY2020, to register a revenue of RM10.25 million, whilst the construction segment’s external revenue recorded a marginal decrease of RM0.51 million. No revenue was recorded in the investment holding segment.

The Group registered a pre-tax loss of RM1.71 million in Q3 FY2020 as compared to a pre-tax loss in Q2 FY2020 of RM4.71 million; the segmental breakdown were as follows:-

	Q3 FY2020	Q2 FY2020	Change %
	RM'000	RM'000	
Manufacturing Segment	(2,250)	(4,135)	46
Property Development Segment	547	9	5,978
Construction Segment	1,016	(49)	2,173
Investment Holding Segment	(206)	(224)	8
Inter Segment Elimination	(817)	(309)	-164
Group Total	(1,711)	(4,708)	64

The manufacturing segment’s improved pre-tax result by 46% or RM1.89 million was derived mainly from the increased contribution resulting from a 38% increase in shipment volume net of a higher metal price* lag loss. Additionally, fixed costs were generally lower in Q3 FY2020 versus Q2 FY2020 with the exception of repairs and maintenance expenses.

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B1. Review of Group Performance (continued)

Financial review of the third quarter ended 30 September 2020 (“Q3 FY2020”) compared with the immediate preceding quarter ended 30 June 2020 (“Q2 FY2020”) (continued)

The property development segment’s pre-tax result improved significantly due mainly to the higher sales attained, the encouraging construction progress achieved during Q3 FY2020 as well as lower staff costs. Meanwhile, the construction segment’s pre-tax profit was mainly generated from the Group’s internal EmHub project, supported by lower cost of sales incurred by its roofing and cladding business.

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

B2. Financial review of the third quarter ended 30 September 2020 (“Q3 FY2020”) compared with the corresponding quarter in Financial Year 2019 (“Q3 FY2019”)

	Q3 FY2020	Q3 FY2019	Change %
	RM’000	RM’000	
Revenue	70,744	89,571	-21
Profit/(Loss) Before Interest and Tax	(758)	3,094	-125
Profit/(Loss) Before Tax	(1,711)	1,515	-213

The Group’s revenue for Q3 FY2020 declined by 21% compared to its corresponding quarter of Q3 FY2019. Of the RM70.74 million revenue recorded in Q3 FY2020, 85% was generated from its manufacturing segment with the remaining 15% of external revenue being generated from its property development and construction segments. In Q3 FY2019, the manufacturing segment contributed 93% of the Group’s revenue. No revenue was recorded for the investment holding segment.

The manufacturing segment’s revenue in Q3 FY2020 declined by RM23.27 million as compared to Q3 FY2019 which registered a revenue of RM83.24 million as shipment volumes fell by approximately 21%. This was within the context of a moderate growth in global manufacturing activity in Q3 FY2020 following the severe business downturn in the first half of FY2020 resulting from the pandemic. Additionally, revenue was also impacted due to a lower average base metal cost by approximately 13% in Q3 FY2020 versus Q3 FY2019. Base metal cost which is denominated in USD comprises aluminium prices quoted on the London Metal Exchange and transport premium. This was partially offset by a weaker Ringgit Malaysia vis-à-vis the USD currency; the Ringgit Malaysia was approximately 2% weaker in Q2 FY2020 versus Q3 FY2019.

The property development segment posted a revenue of RM10.25 million in Q3 FY2020, which represented an increase of 62% compared with RM6.34 million achieved in Q3 FY2019 for its maiden EmHub project. This significant increase was mainly attributable to a higher percentage of completion as construction progress gained momentum in this project. Site workers were able to resume work at almost full force thanks to the Recovery Movement Control Order (“RMCO”) during the quarter under review.

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2020

B2. Financial review of the third quarter ended 30 September 2020 (“Q3 FY2020”) compared with the corresponding quarter in Financial Year 2019 (“Q3 FY2019”) (continued)

The construction segment which began generating revenue in the fourth quarter of FY2019 registered an external revenue of RM0.53 million in Q3 FY2020 namely from the supply and installation of roofing products and cladding systems.

The Group registered a pre-tax loss of RM1.71 million in Q3 FY2020 as compared to profit before tax in Q3 FY2019 of RM1.52 million; the segmental breakdown were as follows:-

	Q3 FY2020	Q3 FY2019	Change %
	RM'000	RM'000	
Manufacturing Segment	(2,250)	2,406	-194
Property Development Segment	547	(682)	180
Construction Segment	1,016	N/A	N/A
Investment Holding Segment	(206)	(207)	1
Inter Segment Elimination	(817)	-	-
Group Total	(1,711)	1,516	-213

The manufacturing segment registered a pre-tax loss in Q3 FY2020 of RM2.25 million versus Q3 FY2019's profit before tax of RM2.41 million. The contribution generated was significantly impacted following the lower revenue recorded from the reduced shipment volume predominantly in the export markets and a metal price lag loss that was incurred in Q3 FY2020 compared to a metal price lag gain in Q3 FY2019. There was also higher depreciation charges as well as increased provisions for slow moving inventories and customer complaints. These were partially offset by other lower fixed costs.

For the property development segment, its EmHub project saw substantial progress in construction works, coupled with prudent cost control measures being initiated. These have enabled higher progressive profits to be recognized, translating into a profit before tax of RM0.55 million in Q3 FY2020 as opposed to a loss before tax of RM0.68 million in Q3 FY2019.

For the construction segment, it recorded a profit before tax of RM1.02 million in Q3 FY2020, mainly arising from the construction progress at the Group's internal EmHub project.

B3. Financial review of Year-To-Date ended 30 September 2020 (“YTD FY2020”) versus Year-To-Date ended 30 September 2019 (“YTD FY2019”)

	YTD FY2020	YTD FY2019	Change %
	RM'000	RM'000	
Revenue	206,769	272,374	-24
Profit/(Loss) Before Interest and Tax	(4,002)	6,643	-160
Profit/(Loss) Before Tax	(7,708)	2,297	-436

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2020

B3. Financial review of Year-To-Date ended 30 September 2020 (“YTD FY2020”) versus Year-To-Date ended 30 September 2019 (“YTD FY2019”) (continued)

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. Consequently, the revenue registered for the Group was a 24% decline compared to YTD FY2019’s achievement of RM272.37 million. Of the RM206.77 million for YTD FY2020 recorded revenue for the Group, RM180.14 million was attributable from the manufacturing segment with the remaining RM26.63 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 RM76.82 million in revenue for YTD FY2020 as compared to YTD FY2019’s achievement of RM256.96 million. This 30% decline was a result of a drop in shipment volumes across all product categories impacting both domestic and export destinations. The first half of FY2020 accounted for 71% of the shipment shortfall and Q3 FY2020 accounted for the remaining 29%. In addition, a lower average base metal cost compounded the revenue decline; base metal cost which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium was approximately 11% lower for YTD FY2020 versus YTD FY2019. This was partially offset by a weaker Ringgit Malaysia vis-à-vis the USD currency; the Ringgit Malaysia was approximately 2% weaker during YTD FY2020 versus YTD FY2019.

The property development segment registered a RM8.85 million increase in revenue for YTD FY2020 when compared to YTD FY2019’s revenue of RM15.42 million. This 57% increase was attained mainly because of the substantial construction progress achieved at its EmHub project which enabled more revenue to be recognized. Despite the Mandatory Control Order (“MCO”) which came into effect toward the end of the first quarter of FY2020 followed by the Conditional MCO which ended in early June 2020, site workers were able to resume work at almost full force as allowed under the subsequent RMCO, which accelerated construction progress in the third quarter of FY2020.

The construction segment, which began generating revenue in the fourth quarter of FY2019, posted an external revenue of RM2.36 million for YTD FY2020 from its roofing and cladding business.

The Group registered a loss before tax of RM7.71 million for YTD FY2020 as compared to YTD FY2019’s profit before tax of RM2.30 million; the segmental breakdown were as follows:-

	YTD FY2020	YTD FY2019	Change %
	RM’000	RM’000	
Manufacturing Segment	(7,419)	5,909	-226
Property Development Segment	837	(2,932)	129
Construction Segment	1,029	N/A	N/A
Investment Holding Segment	(651)	(679)	4
Inter Segment Elimination	(1,503)	-	-
Group Total	(7,708)	2,298	-435

The manufacturing segment’s declined result before tax in YTD FY2020 versus YTD FY2019 was due to the lower revenue attainment from the overall reduced shipment volume which significantly impacted contribution. Lower fixed costs incurred in YTD FY2020 versus YTD FY2019 with the exception of depreciation and higher provisions for slow moving inventories and customer complaints, partially offset the lower contribution attained.

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B3. Financial review of Year-To-Date ended 30 September 2020 (“YTD FY2020) versus Year-To-Date ended 30 September 2019 (“YTD FY2019”) (continued)

The property development segment’s improved result in YTD FY2020 was attained because of the substantial construction progress achieved, coupled with prudent cost control measures being initiated at its EmHub project, which have enabled higher progressive profits to be recognized. Meanwhile, the construction segment, whose operations within the Group began in the fourth quarter of FY2019, recorded a profit before tax of RM1.03 million mainly arising from the construction progress at the Group’s internal EmHub project.

B4. Commentary on Prospects

The global economy now faces a further downside risk owing to the resurgence in Covid-19 infections in many regions and it has the potential to significantly curtail the already fragile economic activity. Any hope of recovery hinges on global efforts to keep a lid on the infection numbers. We continue to anticipate governments around the world to remain supportive of their economies with further support measures.

However, the Group’s manufacturing segment which exports approximately 75% of its production is cautiously encouraged by the outlook for global manufacturing which continue to show signs of improvement as it has signalled faster recovery of activity, driven by rising demand for consumer durable goods and, in some countries, stronger external trade. The segment is actively navigating its business and remains 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 new wave of Covid-19 transmissions nationwide. Despite efforts to spur the economy through the implementation of the RMCO since June 2020 and the historic low interest rate environment, overall economic revival has been further complicated by the resurgent threat of the Covid-19 virus locally. Nevertheless, the segment has made a concerted effort to strengthen its position and to remain resilient through product design and innovation, competitive pricing, new digital marketing campaigns and cost rationalisation through prudent cost control and value engineering of the EmHub project.

B5. Variance of actual profit from forecast profit

Not applicable.

B6. Profit for the Period

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

	Quarter ended 30 September 2020 RM’000	Year-To-Date 30 September 2020 RM’000
Interest income	(201)	(477)
Interest expense	1,122	4,055
Interest expense on lease liabilities	31	128
Amortisation of intangible assets	185	667
Allowance for inventory writedown	30	979

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2020

B6. Profit for the Period (continued)

	Quarter ended 30 September 2020 RM'000	Year-To-Date 30 September 2020 RM'000
Depreciation		
- Property, plant and equipment	2,235	6,811
- Right-of-use assets	387	1,107
Foreign exchange loss/(gain)		
- Realised	(211)	68
- Unrealised	165	(330)
Net fair value loss on derivatives	24	271
Gain on disposal of property, plant and Equipment	(46)	(46)

B7. Taxation

	Quarter ended		Year-To-Date	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Current Tax				
- current year	(148)	(1,593)	(2,043)	(3,037)
Deferred Taxation				
- Origination and reversal of temporary differences	(279)	513	992	1,041
	(427)	(1,080)	(1,051)	(1,996)

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.

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2020

B9. Group Borrowings

The Group's borrowings as at 30 September 2020 were as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loans	91,512	7,001	98,513
-Finance lease liabilities	263	124	387
-Revolving credit	-	57,000	57,000
-Trade lines	-	-	-
-Bridging loan	7,576	-	7,576
<u>Unsecured</u>			
- Corporate credit card facility from a financial institution	-	5	5
	99,351	64,130	163,481

B10. Derivative Financial Instruments

As at 30 September 2020, total contract value and fair value of the Group's outstanding forward foreign exchange contracts stood as follows:

Types of Derivatives (Foreign Exchange Contracts)	Contract/Notional Value RM'000	Fair Value RM'000
Less than 1 year		
- Payable	4,760	4,768
- Receivable	24,796	24,741

B11. Changes in Material Litigation

Not applicable.

B12. Dividend Payable

There was no dividend declared in the current quarter and the corresponding quarter in the preceding year.

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B13. Earnings Per Share

	Quarter ended 30 September 2020	Quarter ended 30 September 2019	Year-To-Date 30 September 2020	Year-To-Date 30 September 2019
Net profit / (loss) attributable to shareholders (RM'000)	(2,137)	435	(8,759)	301
Weighted average number of ordinary shares in issue (000)	134,331	134,331	134,331	134,331
Basic earnings / (loss) per share (sen)	(1.59)	0.32	(6.52)	0.22

B14. Authorisation of Issue

The interim financial statements were authorised for issue by the Board of Directors of AGB in accordance with a resolution of the Directors passed on 24 November 2020.

BY ORDER OF THE BOARD
24 November 2020