



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED
31 DECEMBER 2021**

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Comprehensive Income for the 4th quarter and Financial Year ended 31 December 2021 (Unaudited)

	Quarter ended 31 December 2021 RM'000	Quarter ended 31 December 2020 RM'000	12 months ended 31 December 2021 RM'000	12 months ended 31 December 2020 RM'000
Revenue	183,323	109,633	599,011	316,402
Expenses excluding tax	(169,429)	(102,569)	(555,630)	(317,738)
Other operating income	274	1,527	2,004	2,219
Profit before tax	14,168	8,591	45,385	883
Taxation	(3,796)	1,483	(12,858)	433
Net profit	10,372	10,074	32,527	1,316
Other comprehensive expense, net of tax : <u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial loss on gratuity scheme	(87)	-	(87)	-
Taxation relating to component of other comprehensive expense	21	-	21	-
Other comprehensive expense, net of tax	(66)	-	(66)	-
Total comprehensive income	10,306	10,074	32,461	1,316
Attributable to:				
- Shareholders of the Company	10,306	10,074	32,461	1,316
	10,306	10,074	32,461	1,316
Basic earnings per ordinary share (sen)	7.72	7.50	24.21	0.98

(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 December 2021 (Unaudited)**

	UNAUDITED As At 31 December 2021 RM'000	AUDITED As At 31 December 2020 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	52,875	57,922
Right-of-use assets	16,234	14,805
Intangible assets	2,558	2,722
Deferred tax assets	3,247	1,979
	<u>74,914</u>	<u>77,428</u>
CURRENT ASSETS		
Inventories	300,782	213,899
Contract assets	3,326	1,628
Contract costs	17,563	22,233
Trade receivables	53,699	26,095
Other receivables and prepayments	26,051	14,980
Tax recoverable	2,304	3,227
Derivative financial instruments	512	570
Cash and bank balances	64,722	48,109
	<u>468,959</u>	<u>330,741</u>
TOTAL ASSETS	<u><u>543,873</u></u>	<u><u>408,169</u></u>
CAPITAL AND RESERVES		
Share capital	104,778	104,778
Retained earnings	51,137	18,676
Total Equity	<u>155,915</u>	<u>123,454</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	136,246	140,311
Provision for gratuity scheme	3,756	4,105
Lease liabilities	2,422	1,087
Deferred tax liabilities	1,116	1,019
	<u>143,540</u>	<u>146,522</u>
CURRENT LIABILITIES		
Loans and borrowings	105,181	32,131
Lease liabilities	1,284	999
Trade payables	76,753	59,028
Other payables and accruals	22,421	17,406
Contract liabilities	35,346	28,342
Derivative financial instruments	-	146
Provision for taxation	3,433	141
	<u>244,418</u>	<u>138,193</u>
TOTAL LIABILITIES	<u>387,958</u>	<u>284,715</u>
TOTAL EQUITY AND LIABILITIES	<u><u>543,873</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 Financial Year ended
31 December 2021 (Unaudited)

	<u>Non-distributable</u>	<u>Distributable</u>	
	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2021	104,778	18,676	123,454
<u>Total comprehensive income:</u>			
Profit for the year	-	32,527	32,527
Actuarial loss on gratuity scheme, net of tax	-	(66)	(66)
Total comprehensive income for the year	-	32,461	32,461
Balance as at 31 December 2021	104,778	51,137	155,915
Balance as at 1 January 2020	104,778	17,360	122,138
<u>Total comprehensive income:</u>			
Profit for the year	-	1,316	1,316
Total comprehensive income for the year	-	1,316	1,316
Balance as at 31 December 2020	104,778	18,676	123,454

(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 Financial Year ended 31 December 2021 (Unaudited)

	12 months ended 31 December 2021 RM'000	12 months ended 31 December 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	45,385	883
Adjustments for:-		
Allowance for inventory write-down	396	1,023
Amortisation of intangible assets	188	742
Depreciation of:		
- Property, plant and equipment	8,810	9,071
- ROU Assets	1,576	1,486
Gain on disposal of property, plant and equipment	(2)	(46)
Interest expenses	7,804	5,059
Interest expenses on lease liabilities	102	160
Interest income	(349)	(580)
Net fair value gain on currency forwards	(88)	(90)
Provision for gratuity scheme	316	408
Net impairment (gain)/loss on financial assets	(203)	109
Unrealised foreign exchange gain	32	(407)
	63,967	17,818
Changes in Working Capital:-		
Inventories	(86,450)	(29,122)
Receivables	(38,277)	(12,119)
Payables	21,944	9,612
Contract assets	(1,698)	430
Contract costs	4,671	1,130
Contract liabilities	7,004	5,614
Cash used in operations	(28,839)	(6,637)
Tax paid	(9,792)	(4,788)
Gratuity paid	(234)	(888)
Net cash used in operating activities	(38,865)	(12,313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- Property, plant and equipment	(3,764)	(3,688)
- Intangible assets	(25)	(24)
Proceed from disposal of:		
- Property, plant and equipment	3	162
Interest income received	351	580
Net cash used in investing activities	(3,435)	(2,970)
CASH FLOWS FROM FINANCING ACTIVITY		
Changes in deposits pledged	(64)	-
Proceeds from borrowings	68,985	21,390
Payment of lease liabilities	(1,487)	(1,471)
Interest paid	(8,641)	(8,186)
Net cash from financing activities	58,793	11,733
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	16,493	(3,550)
Foreign exchange differences	56	(270)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	46,921	50,781
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	63,470	46,961

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

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

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

A2. Accounting policies

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

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

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

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

- (i) MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021**
 - Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021
- (ii) MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022**
 - Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
 - Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
 - Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
 - Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)

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 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- 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
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(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 year and prior year 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.

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

During the current quarter and financial year 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 year 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 year under review.

A8. Dividends paid

No dividend was paid during the current quarter and financial year 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 financial year ended 31 December 2021 were as follows:-

	Manufacturing	Property Development	Construction	Investment Holding	Inter Segment Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment EBITDA	21,670	38,246	7,357	2,396	(6,153)	63,516
Included in the measure of segment EBITDA are:						
- Revenue from external customers	443,483	150,403	5,125	-	-	599,011
- Allowance for inventory writedown	(396)	-	-	-	-	(396)

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 year under review.

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A11. Capital Commitments

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

	Group 31 December 2021 RM'000
- Contracted	2,865
- Not Contracted	1,197
Total Capital Commitment	4,063

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

There were no material events subsequent to the end of the financial year 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 December 2021 were as follows:

<u>Unsecured contingent liabilities</u>	Company 31 December 2021 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	365,432

A15. Related party disclosures

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

	Group	
	Quarter ended 31 December 2021	Year ended 31 December 2021
	RM'000	RM'000
Sales of Finished Goods	707	2,279

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

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

B1. Review of Group Performance

Financial review of the fourth quarter ended 31 December 2021 (“Q4 FY2021”) compared with the immediate preceding quarter ended 30 September 2021 (“Q3 FY2021”)

	Q4 FY2021	Q3 FY2021	Change %
	RM'000	RM'000	
Revenue	183,323	130,146	41
Profit Before Interest and Tax	16,242	12,230	33
Profit Before Tax	14,168	9,391	51

The Group recorded a revenue of RM183.32 million in Q4 FY2021 which was higher by RM53.17 million compared to the revenue of RM130.15 million registered in Q3 FY2021. This 41% increase was largely attributable to the manufacturing segment and the property development segment.

The manufacturing segment registered a revenue of RM125.22 million in Q4 FY2021 compared to its Q3 FY2021's attainment of RM99.68 million. This increase was attributable to base metal costs which trended higher as well as increased shipments. Base metal costs which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium was 15% higher in Q4 FY2021 as compared to Q3 FY2021 whilst the increased shipment volumes was for the speciality and fin products to export markets; namely United States, India and Europe.

The property development segment experienced an increase in its revenue to RM55.54 million in Q4 FY2021 for its maiden EmHub project; an increase of approximately 85% as compared to Q3 FY2021's revenue of RM30.06 million. This increase was due mainly to the increase in the number of units sold and the substantial progress in construction works which have resulted in a higher percentage of revenue being recognized during Q4 FY2021. For the construction segment, it recorded a higher external revenue of RM2.57 million compared with Q3 FY2021's external revenue of RM0.41 million due mainly to quicker site progress at its roofing and cladding projects. No external revenue was recorded in the investment holding segment.

The Group registered a profit before tax of RM14.17 million in Q4 FY2021 as compared to RM9.39 million in Q3 FY2021; the segmental breakdown were as follows:-

	Q4 FY2021	Q3 FY2021	Change %
	RM'000	RM'000	
Manufacturing Segment	(352)	4,727	-107
Property Development Segment	13,354	4,059	229
Construction Segment	1,972	1,284	54
Investment Holding Segment	3,105	(233)	1,433
Inter-Segment Elimination	(3,911)	(446)	-777
Group Total	14,168	9,391	51

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B1. Review of Group Performance (continued)

Financial review of the fourth quarter ended 31 December 2021 (“Q4 FY2021”) compared with the immediate preceding quarter ended 30 September 2021 (“Q3 FY2021”) (continued)

Despite the higher revenue, the manufacturing segment was impacted by higher costs which pushed it to register a pre-tax loss compared to pre-tax profit in Q3 FY2021. These increases were incurred mainly for outward freight, melt loss, interest charges, imported reroll to supplement in-house production as well as repairs and maintenance expenses. Additionally, there was a lower metal price lag* gain in Q4 FY2021 compared to Q3 FY2021 and a one-off inventory adjustment loss following the annual physical metal stock count during the quarter.

The property development segment’s pre-tax profit had increased significantly mainly due to the higher sales attained and the accelerated construction progress which have led to the higher recognition of progressive profits during Q4 FY2021, coupled with lower interest costs and marketing expenses incurred but offset partially by higher staff costs. 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 Q4 FY2021.

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

B2. Financial review of the fourth quarter ended 31 December 2021 (“Q4 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q4 FY2020”)

	Q4 FY2021	Q4 FY2020	Change %
	RM’000	RM’000	
Revenue	183,323	109,633	67
Profit Before Interest and Tax	16,242	9,514	71
Profit Before Tax	14,168	8,591	65

The Group’s revenue for Q4 FY2021 increased by 67% compared to Q4 FY2020. Of the RM183.32 million revenue recorded in Q4 FY2021, 68% was generated from the manufacturing segment and the remaining 32% was generated from its property development and construction segments. These percentages in Q4 FY2020 were 71% and 29% respectively. No external revenue was recorded by the investment holding segment in both these quarters.

The manufacturing segment registered a revenue in Q4 FY2021 of RM125.22 million; an increase of 61% as compared to Q4 FY2020 which registered a revenue of RM77.58 million. The overall surge in volume was 17% with a marked increase in exports to the United States market.

The property development segment posted a revenue of RM55.54 million in Q4 FY2021, which was a significant increase of RM25.60 million as compared to RM29.94 million attained in Q4 FY2020 for its maiden EmHub project. This substantial increase was mainly attributable to the threefold increase in number of units sold. The bulk of the sales in the current quarter had come from Hub 2 (the second phase of its EmHub project), which was launched in April 2021. Hub 1 also saw an increase in the number of units sold, thanks to its strategic digital marketing efforts.

The construction segment’s external revenue registered a marginal increase from RM2.11 million in Q4 FY2020 to RM2.57 million in Q4 FY2021, which was generated from its roofing and cladding business.

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B2. Financial review of the fourth quarter ended 31 December 2021 (“Q4 FY2021”) compared with the corresponding quarter in Financial Year 2020 (“Q4 FY2020”) (continued)

The Group registered a profit before tax of RM14.17 million in Q4 FY2021 as compared to RM8.59 million in Q4 FY2020; the segmental breakdown were as follows:-

	Q4 FY2021	Q4 FY2020	Change %
	RM'000	RM'000	
Manufacturing Segment	(352)	(1,915)	82
Property Development Segment	13,354	10,103	32
Construction Segment	1,972	1,453	36
Investment Holding Segment	3,105	1,088	185
Inter-Segment Elimination	(3,911)	(2,138)	-83
Group Total	14,168	8,591	65

The manufacturing segment registered a lower loss before tax in Q4 FY2021 of RM0.35 million versus Q4 FY2020's loss before tax of RM1.92 million. This improved result was mainly due to an increased contribution from the higher shipment volume, offset partly by higher costs incurred in Q4 FY2021 compared to its corresponding quarter of Q4 FY2020.

For the property development segment, its EmHub project saw significantly higher sales in Q4 FY2021 compared with Q4 FY2020, due mainly to the sales from Hub 2, which was launched in April 2021. Additionally, there were prudent cost controls and lower marketing expenses, net of higher interest costs and staff costs. All these contributed to a higher progressive profit recognition, translating into a profit before tax of RM13.35 million in Q4 FY2021 compared with Q4 FY2020's profit before tax of RM10.10 million. For the construction segment, it recorded a profit before tax of RM1.97 million in Q4 FY2021, arising mainly from the construction progress for the Group's internal EmHub project.

B3. Financial review of Financial Year ended 31 December 2021 (“FY2021”) versus Financial Year ended 31 December 2020 (“FY2020”)

	FY2021	FY2020	Change %
	RM'000	RM'000	
Revenue	599,011	316,402	89
Profit Before Interest and Tax	52,942	5,512	860
Profit Before Tax	45,385	883	5,040

The Group's revenue for FY2021 surged by RM282.61 million or 89% as compared to FY2020 which also exceeded the pre-Covid-19 levels. It is to be noted that the Group's FY2020 result was impacted by the global business downturn due to the Covid-19 pandemic compounded with business operating restrictions and disruptions. Of the RM599.01 million for FY2021 recorded revenue for the Group, RM443.48 million was attributable from the manufacturing segment with the remaining RM155.53 million external revenue being generated from the property development and construction segments. No external revenue was recorded in the investment holding segment.

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B3. Financial review of Financial Year ended 31 December 2021 (“FY2021”) versus Financial Year ended 31 December 2020 (“FY2020”) (continued)

The manufacturing segment recorded an increase of RM185.76 million in revenue for FY2021 as compared to FY2020’s attainment of RM257.72 million. This 72% increase was the result of higher shipment volumes across all product categories for both the domestic and export markets. In addition, higher base metal costs aided this revenue increase; it was 43% higher in FY2021 versus FY2020. This was partially offset by a stronger Ringgit Malaysia vis-à-vis the USD currency; the Ringgit Malaysia was approximately 2% stronger in FY2021 versus FY2020.

The property development segment registered a RM96.19 million increase in revenue for FY2021 when compared to FY2020’s revenue of RM54.21 million. This 177% increase was generated not only from the sales of its Hub 2 which was launched in April 2021, but also from higher sales at its existing Hub 1 owing to its strategic digital marketing efforts. The construction segment posted an increase in external revenue from RM4.47 million in FY2020 to RM5.13 million in FY2021, arising from its roofing and cladding business.

The Group registered a profit before tax of RM45.39 million in FY2021 as compared to RM0.88 million in FY2020; the segmental breakdown were as follows:-

	FY2021	FY2020	Change %
	RM’000	RM’000	
Manufacturing Segment	9,429	(9,333)	201
Property Development Segment	32,854	10,940	200
Construction Segment	6,855	2,482	176
Investment Holding Segment	2,400	435	452
Inter Segment Elimination	(6,153)	(3,641)	-69
Group Total	45,385	883	5,040

The manufacturing segment achieved a profit before tax of RM9.43 million in FY2021 versus a loss before tax of RM9.33 million in FY2020. This substantially improved result was contributed from the significantly higher revenue and a metal price lag* gain as compared to a metal price lag loss in FY2020. In addition, there were higher gross savings, lower depreciation charges and reversals of general provisions for customers’ complaints and for slow moving inventories. These were partially offset by higher costs incurred for external rerolls to supplement in-house production capacity, increased expenses incurred for repairs and maintenance, Covid-19 prevention, contract maintenance, interest charges and a higher provision for staff bonus. In addition, there was an inventory adjustment loss in FY2021 compared to a gain registered in FY2020, following the annual physical metal stock counts.

The property development segment’s significantly improved result in FY2021 was attained because of substantially higher sales and higher construction progress achieved which have enabled more progressive profits to be recognized, coupled with lower staff costs but offset partially by higher finance costs and marketing expenses at its EmHub project. Meanwhile, the construction segment recorded a profit before tax of RM6.86 million mainly generated from the construction progress at the Group’s internal EmHub project.

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

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B4. Commentary on Prospects

With inflationary pressures intensifying, the world sits at an inflection point for the post-pandemic economy. Strategies adopted by policy-makers to deal with inflation will be pivotal as governments and organisations grapple with uncertainty of the unpredictable trajectory of the new virus variant. Furthermore, rising energy costs and an invasion of Ukraine by Russia could further delay the recovery efforts.

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

The traction attained by the Group’s property development segment is expected to continue despite the pandemic as it is in a good position to remain resilient in this current economic landscape through competitive pricing, new aggressive digital marketing campaigns and value engineering activities. The segment could see a hive of activity with the announcement of the prospect of the country’s borders being fully reopened by the National Recovery Council in March 2022 and the opportunity for buyers wanting to secure a lower interest rate as the overnight policy rate is expected to increase in the latter part of 2022. Besides that, the recent rate reduction of the Real Property Gains Tax for individuals also bodes well for the property market.

B5. Variance of Actual Profit from Forecast Profit

Not applicable.

B6. Profit for the Current Quarter and Financial Year under Review

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

	Quarter ended 31 December 2021 RM’000	Year ended 31 December 2021 RM’000
Interest income	(126)	(349)
Interest expense	2,168	7,804
Interest expense on lease liabilities	32	102
Amortisation of intangible assets	47	188
Allowance for inventory writedown	25	396
Reversal of doubtful debts	(5)	(203)
Depreciation		
- Property, plant and equipment	2,193	8,810
- Right-of-use assets	411	1,576
Foreign exchange (gain)/loss		
- Realised	130	(451)
- Unrealised	242	32
Net fair value gain on derivatives	(469)	(88)
Gain on disposal of property, plant and equipment	-	(2)

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2021

B7. Taxation

	Quarter ended		Year ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Current Tax - current year	(5,060)	(725)	(14,028)	(2,768)
Deferred Taxation - Origination and reversal of temporary differences	1,264	2,208	1,170	3,201
	(3,796)	1,483	(12,858)	433

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

B8. Status of Corporate Proposals

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

B9. Group Borrowings

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

	Long-Term RM'000	Short-Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loans	73,522	7,001	80,523
-Finance lease liabilities	461	213	674
-Revolving credit	27,000	55,000	82,000
-Trade lines	-	42,962	42,962
-Bridging loan	35,263	-	35,263
<u>Unsecured</u>			
- Corporate credit card facility from a financial institution	-	5	5
	136,246	105,181	241,427

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B10. Derivative Financial Instruments

As at 31 December 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	25,236	25,268
- Receivable	66,274	65,793

B11. Changes in Material Litigation

Not applicable.

B12. Dividends

The Board is recommending a first and final single-tier dividend of 2.5 sen per share amounting to RM3,358,271 in respect of the FY2021 (FY2020: Nil). The aforesaid dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

B13. Earnings Per Share

	Quarter ended 31 December 2021	Quarter ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Net profit attributable to shareholders (RM’000)	10,372	10,074	32,527	1,316
Weighted average number of ordinary shares in issue (’000)	134,331	134,331	134,331	134,331
Basic earnings per share (sen)	7.72	7.50	24.21	0.98

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 21 February 2022.

BY ORDER OF THE BOARD
21 February 2022