



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED
31 DECEMBER 2023**

ALCOM GROUP BERHAD (201701047083 (1261259-V))

Condensed Consolidated Statement of Comprehensive Income for the 4th quarter and Financial Year ended 31 December 2023 (Unaudited)

	Quarter ended 31 December 2023 RM'000	Quarter ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
Revenue	147,236	212,233	660,178	976,014
Expenses excluding tax	(147,622)	(189,418)	(641,500)	(874,877)
Other operating income	1,116	573	4,122	2,392
Profit before tax	730	23,388	22,800	103,529
Taxation	(1,172)	(5,407)	(7,130)	(25,907)
Net (loss)/profit	(442)	17,981	15,670	77,622
Other comprehensive expense, net of tax : <u>Item that will not be classified subsequently to profit or loss</u>				
Actuarial loss on gratuity scheme	(249)	-	(249)	-
Taxation relating to component of other comprehensive expense	60	-	60	-
Other comprehensive expense, net of tax	(189)	-	(189)	-
Total comprehensive (expense)/income	(631)	17,981	15,481	77,622
(Loss)/profit attributable to:				
- Owners of the Company	(423)	17,925	16,041	77,509
- Non-Controlling Interests	(19)	56	(371)	113
	(442)	17,981	15,670	77,622
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(612)	17,924	15,852	77,565
- Non-Controlling Interests	(19)	57	(371)	57
	(631)	17,981	15,481	77,622
Basic (loss)/earnings per ordinary share (sen)	(0.46)	13.34	11.80	57.70

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to this interim financial statements.)

ALCOM GROUP BERHAD (201701047083 (1261259-V))**Condensed Consolidated Statement of Financial Position as at 31 December 2023 (Unaudited)**

	UNAUDITED As At 31 December 2023 RM'000	AUDITED As At 31 December 2022 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	91,175	52,860
Right-of-use assets	14,240	15,292
Intangible assets	2,775	2,429
Deferred tax assets	3,151	1,693
	<u>111,341</u>	<u>72,274</u>
CURRENT ASSETS		
Inventories	132,761	197,329
Contract assets	2,256	7,972
Contract costs	-	9,856
Trade receivables	45,641	66,266
Other receivables and prepayments	17,316	16,768
Tax recoverable	7,363	2,374
Cash and bank balances	149,100	127,790
	<u>354,437</u>	<u>428,355</u>
TOTAL ASSETS	<u><u>465,778</u></u>	<u><u>500,629</u></u>
CAPITAL AND RESERVES		
Share capital	104,778	104,778
Treasury shares		
Retained earnings	137,784	125,290
Equity attributable to owners of the Company	<u>242,562</u>	<u>230,068</u>
Non-controlling interests	(111)	260
TOTAL EQUITY	<u>242,451</u>	<u>230,328</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	31,692	38,785
Provision for gratuity scheme	3,184	3,321
Lease liabilities	1,001	1,596
Deferred tax liabilities	703	868
	<u>36,580</u>	<u>44,570</u>
CURRENT LIABILITIES		
Loans and borrowings	137,293	114,694
Lease liabilities	1,120	1,397
Provision for gratuity scheme	681	662
Trade payables	26,656	45,638
Other payables and accruals	17,677	31,199
Contract liabilities	2,826	26,811
Derivative financial instruments	489	23
Provision for taxation	5	5,307
	<u>186,747</u>	<u>225,731</u>
TOTAL LIABILITIES	<u>223,327</u>	<u>270,301</u>
TOTAL EQUITY AND LIABILITIES	<u><u>465,778</u></u>	<u><u>500,629</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 2022 and the accompanying explanatory notes to this interim financial statements.)

ALCOM GROUP BERHAD (201701047083 (1261259-V))
Condensed Consolidated Statement of Changes In Equity for the Financial Year ended
31 December 2023 (Unaudited)

	← Attributable to Owners of the Company →			Non-controlling interests RM'000	Total equity RM'000
	Non-Distributable	Distributable	Total		
	Share capital RM'000	Retained earnings RM'000	RM'000		
Balance as at 1 January 2023	104,778	125,290	230,068	260	230,328
<u>Total comprehensive income:</u>					
Profit/(loss) for the year	-	16,041	16,041	(371)	15,670
Actuarial loss on gratuity scheme, net of tax	-	(189)	(189)	-	(189)
Total comprehensive income for the year	-	15,852	15,852	(371)	15,481
Dividends to owners of the Company	-	(3,358)	(3,358)	-	(3,358)
Balance as at 31 December 2023	104,778	137,784	242,562	(111)	242,451
Balance as at 1 January 2022	104,778	51,136	155,914	-	155,914
<u>Total comprehensive income:</u>					
Profit for the year	-	77,509	77,509	113	77,622
Total comprehensive income for the year	-	77,509	77,509	113	77,622
Dividends to owners of the Company	-	(3,358)	(3,358)	-	(3,358)
Partial disposal of interest in a subsidiary	-	3	3	147	150
Total transactions with owners of the Group	-	(3,355)	(3,355)	147	(3,208)
Balance as at 31 December 2022	104,778	125,290	230,068	260	230,328

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to this interim financial statements.)

ALCOM GROUP BERHAD (201701047083 (1261259-V))**Condensed Consolidated Statement of Cash Flows for the Financial Year ended 31 December 2023 (Unaudited)**

	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,800	103,529
Adjustments for:-		
Allowance for inventory write-down	1,334	1,422
Amortisation of intangible assets	171	220
Depreciation of:		
- Property, plant and equipment	9,056	8,825
- Right-of-use assets	1,750	1,696
Gain on disposal of property, plant and equipment	(216)	(274)
Interest expenses	8,583	9,921
Interest expenses on lease liabilities	114	-
Interest income	(2,382)	(621)
Net fair value loss on forward foreign exchange contracts	465	535
PPE written off	26	-
Provision for gratuity scheme	310	354
Net loss on impairment of financial assets	150	77
Unrealised foreign exchange (gain)/loss	(1,426)	475
	40,735	126,159
Changes in Working Capital:-		
Inventories	64,110	102,032
Receivables	14,105	(10,125)
Payables	(17,977)	(15,123)
Contract assets	4,823	(4,739)
Contract costs	9,712	7,655
Contract liabilities	(37,818)	(8,442)
Cash generated from operations	77,690	197,417
Gratuity paid	(676)	(1,141)
Interest paid	(114)	(146)
Tax paid	(18,984)	(22,645)
Net cash from operating activities	57,916	173,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- Property, plant and equipment	(42,561)	(8,887)
- Intangible assets	(517)	(91)
Proceeds from disposal of:		
- Property, plant and equipment	218	351
- Subsidiary	-	150
Interest income received	2,074	621
Net cash used in investing activities	(40,786)	(7,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in deposits pledged	1,148	-
Dividends paid	(3,358)	(3,358)
Net drawdown/(repayment) of loans and borrowings	15,506	(87,948)
Payment of lease liabilities	(1,571)	(1,466)
Interest paid	(5,808)	(9,775)
Net cash from/(used in) financing activities	5,917	(102,547)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	23,047	63,082
Foreign exchange differences	(589)	26
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	126,642	63,534
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	149,100	126,642

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to this interim financial statements.)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the Group's financial statements for financial year ended 31 December 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

A2. Accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2022 except for the adoption of the following accounting standards, interpretations and amendments to published standards with effect from 1 January 2023:

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

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

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

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

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

A2. Accounting policies (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments once they become effective, except for those marked as (“*”) which are not applicable to the Group and to the Company.

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

A3. Audit Report of the preceding annual Financial Statements

The audit report of the Group’s preceding annual Financial Statements was not subject to any qualification.

A4. Comments about Seasonal or Cyclical Factors

One of the products’ category that the Group manufactures and sells is finstock (both bare fin and coated fin). These products are supplied to air conditioning manufacturers, in which the sector demand is subject to seasonal fluctuations.

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

During the current quarter and financial 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

A first and final single-tier dividend of 2.5 sen per share for the financial year ended 31 December 2022 was paid on 28 July 2023.

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 Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2023

A9. Segmental information

The Group which operates in Malaysia was involved in 4 segments, principally:

- 1) Manufacturing - manufacturing and trading of aluminium products
- 2) Property development - development of properties
- 3) Construction - property construction works and supply and installation of roofing systems
- 4) Investment holding

Segmental earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the financial year ended 31 December 2023 were as follows:-

	Manufacturing	Property Development	Construction	Investment Holding	Inter Segment Elimination	Group
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<i>Segment EBITDA</i>	12,483	25,005	1,088	5,349	(3,832)	40,093
Included in the measure of segment EBITDA are:						
- Revenue from external customers	529,736	119,973	10,469	-	-	660,178
- (Allowance)/reversal of inventory write-down	(1,375)	-	42	-	-	(1,334)

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.

A11. Capital Commitments

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

	Group
	31 December 2023
	RM'000
- Contracted	168,043
- Not Contracted	108,806
Total Capital Commitment	<u>276,849</u>

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.

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A13. Changes in the composition of the Group

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

A14. Changes in contingent liabilities or contingent assets

The contingent liabilities as at 31 December 2023 were as follows:

<u>Unsecured contingent liabilities</u>	Company 31 December 2023 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	686,512

A15. Related party disclosures

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

	Group	
	Quarter ended 31 December 2023 RM'000	Year ended 31 December 2023 RM'000
	Sales of Finished Goods	-

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

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

B1. Review of Group Performance

Financial review of the fourth quarter ended 31 December 2023 (“Q4 FY2023”) compared with the corresponding quarter in Financial Year 2022 (“Q4 FY2022”)

	Q4 FY2023	Q4 FY2022	Change %
	RM'000	RM'000	
Revenue	147,236	212,232	-31
Profit Before Interest and Tax	1,971	25,436	-92
Profit Before Tax	730	23,388	-97

The Group’s revenue for Q4 FY2023 decreased by 31% compared to Q4 FY2022. Of the RM147.24 million revenue recorded in Q4 FY2023, approximately 99% was generated from the manufacturing segment and the remaining 1% was generated from its property development and construction segments. These percentages in Q4 FY2022 were 51% and 49% respectively. No external revenue was recorded by the investment holding segment in both these quarters.

The manufacturing segment registered a revenue in Q4 FY2023 of RM145.35 million, an increase of 34% as compared to Q4 FY2022 which registered a revenue of RM108.78 million. This increase was attributable to a 45% surge in shipment volume mainly in the export of specialty and coated fin products to the United States and India markets respectively. This was further bolstered by a stronger USD currency vis-à-vis the Ringgit Malaysia; the USD currency was approximately 2% stronger in Q4 FY2023 versus Q4 FY2022.

The property development segment did not recognise any revenue in Q4 FY2023 as compared to RM97.99 million attained in Q4 FY2022 for its maiden EmHub project. This was because there were no units sold in the current quarter as the EmHub project was already almost fully sold during the construction period due to strong market demand, with the vacant possession of Hub 2 (i.e. the second phase of the 2 phases of the project) being successfully handed over in August 2023.

Meanwhile, the construction segment’s external revenue registered a decrease from RM5.41 million in Q4 FY2022 to RM1.79 million in Q4 FY2023, mainly attributable to its roofing and cladding projects.

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 Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2023

B1. Review of Group Performance (continued)

Financial review of the fourth quarter ended 31 December 2023 (“Q4 FY2023”) compared with the corresponding quarter in Financial Year 2022 (“Q4 FY2022”) (continued)

The Group registered a profit before tax of RM0.75 million in Q4 FY2023 as compared to Q4 FY2022's profit before tax of RM23.39 million. The segmental breakdown was as follows:

	Q4 FY2023	Q4 FY2022	Change %
	RM'000	RM'000	
Manufacturing Segment	3,521	(1,435)	345
Property Development Segment	(3,031)	19,625	-115
Construction Segment	667	3,873	-83
Investment Holding Segment	6,346	6,148	3
Inter-Segment Elimination	(6,773)	(4,823)	-40
Group Total	730	23,388	-97

The manufacturing segment registered a profit before tax in Q4 FY2023 of RM3.52 million versus Q4 FY2022's loss before tax of RM1.43 million. The profit before tax was mainly contributed by higher contribution resulting from higher revenue due to the increase in sales volume.

The property development segment recorded a loss before tax of RM3.03 million in Q4 FY2023 compared with Q4 FY2022's profit before tax of RM19.63 million. This loss arose because there was no revenue recognised during Q4 FY2023 from its EmHub project as the said project was almost fully sold and was fully handed over in August 2023, coupled with lower interest income but partially offset by lower administrative and marketing expenses as compared to Q4 FY2022.

For the construction segment, it recorded a profit before tax of RM0.67 million in Q4 FY2023, which represented a decrease of 83%, compared with Q4 FY2022. This decrease was due mainly to the completion of the construction of the Group's internal EmHub project in May 2023.

B2. Financial review of the fourth quarter ended 31 December 2023 (“Q4 FY2023”) compared with the immediate preceding quarter ended 30 September 2023 (“Q3 FY2023”)

	Q4 FY2023	Q3 FY2023	Change %
	RM'000	RM'000	
Revenue	147,236	147,472	-0.2
Profit Before Interest and Tax	1,971	8,510	-77
Profit Before Tax	730	6,658	-89

The Group recorded a revenue of RM147.24 million in Q4 FY2023 which was lower by 0.2% as compared to the revenue of RM147.47 million registered in Q3 FY2023. This decrease was largely attributable to the property development segment.

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2023

B2. Financial review of the fourth quarter ended 31 December 2023 (“Q4 FY2023”) compared with the immediate preceding quarter ended 30 September 2023 (“Q3 FY2023”) (continued)

The manufacturing segment registered a revenue of RM145.35 million in Q4 FY2023 compared to its Q3 FY2023’s attainment of RM119.93 million. This increase was a result of higher shipment volumes of approximately 24% mainly in the export of the specialty and coated fin products to the United States and India markets respectively. In addition, higher revenue was also attributable to the strengthening of USD currency by approximately 2% in Q4 FY2023 versus Q3 FY2023. No external revenue was recorded in the investment holding segment.

The property development segment did not recognise any revenue in Q4 FY2023 as compared to RM26.90 million attained in Q3 FY2023 for its maiden EmHub project. This was because there were no units sold in the current quarter as there were not many unsold units left owing to the high market demand. For the construction segment, it recorded a higher external revenue of RM1.79 million compared with Q3 FY2023’s external revenue of RM0.72 million, mainly attributable to its roofing and cladding projects.

The Group registered a profit before tax of RM0.75 million in Q4 FY2023 as compared to RM6.66 million in Q3 FY2023. The segmental breakdown was as follows:

	Q4 FY2023	Q3 FY2023	Change %
	RM’000	RM’000	
Manufacturing Segment	3,521	153	2,201
Property Development Segment	(3,031)	7,400	-141
Construction Segment	667	(839)	179
Investment Holding Segment	6,346	(369)	1,820
Inter-Segment Elimination	(6,773)	313	-2,264
Group Total	730	6,658	-89

The manufacturing segment registered a profit before tax in Q4 FY2023 of RM3.52 million versus Q3 FY2023’s profit before tax of RM0.15 million. This higher profit before tax was mainly attributable to higher contribution resulting from higher revenue due to the increase in sales volume.

The property development segment recorded a loss before tax of RM3.03 million in Q4 FY2023 compared with Q3 FY2023’s profit before tax of RM7.40 million. This loss arose because there was no revenue recognised during Q4 FY2023 from its EmHub project, which was fully completed and handed over in Q3 FY2023. The current quarter was also impacted by lower interest income and higher marketing expenses for branding initiatives, but partially offset by lower administrative expenses. On the other hand, the construction segment recorded a pre-tax profit of RM0.67 million in Q4 FY2023 versus Q3 FY2023’s loss before tax of RM0.84 million, due mainly to the cost savings achieved in the construction of the Group’s internal EmHub project.

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 Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2023

B3. Financial review of Financial Year ended 31 December 2023 (“FY2023”) versus Financial Year ended 31 December 2022 (“FY2022”)

	FY2023	FY2022	Change %
	RM'000	RM'000	
Revenue	660,178	976,014	-32
Profit Before Interest and Tax	29,116	112,830	-74
Profit Before Tax	22,800	103,529	-78

The Group’s revenue for FY2023 decreased by RM315.84 million or 32% to RM660.18 million as compared to FY2022. Of the RM660.18 million revenue, RM531.64 million was attributable from the manufacturing segment with the remaining RM128.29 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 RM117.31 million in revenue to RM531.64 million for FY2023 as compared to FY2022’s attainment of RM648.95 million. This 18% decrease was the result of lower shipment volumes of the specialty and bare fin products to the United States and India markets respectively. In addition, revenue was also impacted by a lower base metal price which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium; it was approximately 17% lower in FY2023 versus FY2022. This was partially offset by the strengthening of the USD currency by approximately 4% in FY2023 versus FY2022.

The property development segment registered a RM189.20 million decrease in revenue to RM119.97 million for FY2023 when compared to FY2022’s revenue of RM309.17 million. This 61% decrease was mainly attributable to the lower number of units sold as there were not many unsold units left owing to the high market demand. In addition, both Hub 1 and Hub 2 were successfully handed over in March 2023 and August 2023 respectively.

The construction segment posted a decrease in external revenue from RM20.21 million in FY2022 to RM10.47 million in FY2023, due mainly to the slower construction progress at its roofing projects.

The Group registered a profit before tax of RM23.13 million for FY2023 as compared to FY2022’s profit before tax of RM103.53 million. The segmental breakdown was as follows:-

	FY2023	FY2022	Change %
	RM'000	RM'000	
Manufacturing Segment	(4,581)	15,264	-130
Property Development Segment	25,055	75,883	-67
Construction Segment	768	11,502	-93
Investment Holding Segment	5,390	5,258	3
Inter Segment Elimination	(3,832)	(4,378)	12
Group Total	22,800	103,529	-78

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2023

B3. Financial review of Financial Year ended 31 December 2023 (“FY2023”) versus Financial Year ended 31 December 2022 (“FY2022”) (continued)

The manufacturing segment recorded a loss before tax of RM4.26 million in FY2023 versus FY2022's profit before tax of RM15.26 million. This loss before tax was mainly attributable to the loss in contribution resulting from lower revenue due to a 10% reduction in shipment volume, coupled with higher energy costs and repairs and maintenance expenses.

The property development segment's pre-tax profit had decreased by 67% to RM25.06 million in FY2023 mainly attributable to the lower revenue recognized in FY2023 and the handover of Hub 1 and Hub 2 in the current year, coupled with higher administrative expenses and lower interest income from financial institution, but partially offset by lower marketing expenses and substantially lower interest cost.

Meanwhile, the construction segment recorded an 93% decrease in profit before tax to RM0.77 million in FY2023 compared with FY2022, due largely to the completion of the construction of the Group's internal EmHub project in May 2023.

B4. Commentary on Prospects

According to the World Economic Outlook Update issued by the International Monetary Fund on 30 January 2024, global growth, estimated at 3.1 percent in 2023, is projected to remain at 3.1 percent in 2024. However, the unresolved ongoing wars and conflicts, persistent inflation, soaring shipping costs due to disruption to key shipping routes caused by the Red Sea crisis and deepening property sector woes in China continue to dampen the recovery of economic activity. Amidst this market uncertainty, the manufacturing segment of the Group, which is largely export oriented and benefitting from the strengthening of the USD currency, will continue with its efforts in making its operations more efficient and undertaking various measures to reduce operating costs and increase revenue in order to achieve sustainable growth.

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

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

B5. Variance of Actual Profit from Forecast Profit

Not applicable.

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B6. Profit for the Period under Review

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

	Fourth Quarter ended 31 December 2023 RM'000	Year ended 31 December 2023 RM'000
Interest income	(619)	(2,382)
Interest expense	1,829	9,152
Interest expense on lease liabilities	30	114
Amortisation of intangible assets	37	171
Allowance for inventory write-down	1,062	1,334
(Reversal of)/allowance for doubtful debts	(17)	150
Depreciation of:		
- Property, plant and equipment	2,134	9,056
- Right-of-use assets	408	1,750
Foreign exchange loss/(gain):		
- Realised	715	241
- Unrealised	(1,566)	(1,426)
Net fair value loss on derivatives	507	465
Gain on disposal of property, plant and equipment	(2)	(216)
Property, plant and equipment written off	25	26

B7. Taxation

	Fourth Quarter ended		Year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Current Tax				
- current year	(670)	(5,021)	(8,753)	(24,448)
Deferred Taxation				
- Origination and reversal of temporary differences	(502)	(386)	1,623	(1,458)
	(1,172)	(5,407)	(7,130)	(25,907)

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

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B8. Status of Corporate Proposals

On 14 April 2023, the Company announced that AG Avenue Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (“SPA”) with 88 Legacy Sdn. Bhd., a wholly-owned subsidiary of Malaysia Building Society Berhad for the acquisition of 2 parcels of contiguous leasehold vacant commercial land held under the land title no. PM 416, Lot 31632 and PM 417, Lot 31633, located in Mukim Kapar, Tempat Bukit Raja, Daerah Klang, Negeri Selangor, measuring an aggregate of approximately 7.08 acres (equivalent to approximately 28,651 square metres), for a total purchase consideration of RM56,000,000 (hereinafter referred to as “the Proposed Acquisition”). The Proposed Acquisition was approved by shareholders on 26 July 2023. On 26 September 2023, both parties mutually agreed to the extension of the Conditions Precedent (“CP”) Period as stated in the SPA for a further period of 3 months from 14 October 2023 to 15 January 2024 to fulfil the CP. On 3 January 2024, both parties mutually agreed on the further extension of the CP Period for a period of 5 months from 16 January 2024 to 18 June 2024 to accord the parties an additional period of 5 months to fulfil the CP. As at the date of this announcement, the Proposed Acquisition is pending completion as the CP of the SPA have yet to be fulfilled.

Other than the above, there was no other corporate exercise proposal announced that has not been completed as at the date of this announcement.

B9. Group Borrowings

The Group’s borrowings as at 31 December 2023 were as follows:

	Long-Term RM’000	Short-Term RM’000	Total RM’000
<u>Secured</u>			
-Term Loans	31,511	7,001	38,512
-Finance lease liabilities	181	92	273
-Revolving credit	-	73,000	73,000
-Trade lines	-	57,200	57,200
<u>Unsecured</u>			
- Corporate credit card facility from a financial institution	-	-	-
	31,692	137,293	168,985

B10. Derivative Financial Instruments

As at 31 December 2023, 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	37,453	36,965
- Receivable	-	-9

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B11. Changes in Material Litigation

Not applicable.

B12. Dividends

The board is recommending a first and final single-tier dividend of 4.0 sen per share amounting to RM5,373,234 in respect of FY2023 (FY2022: first and final single-tier dividend of 2.5 sen per share). The aforesaid dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

B13. Earnings Per Share

	Fourth Quarter ended 31 December 2023	Fourth Quarter ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Net (loss)/profit attributable to owners of the Company (RM'000)	(422)	17,925	16,041	77,509
Weighted average number of ordinary shares in issue ('000)	134,331	134,331	134,331	134,331
Basic (loss)/earnings per share (sen)	(0.46)	13.34	11.80	57.70

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 27 February 2024.

BY ORDER OF THE BOARD
 27 February 2024