



# **ACO GROUP BERHAD**

**Company No. 201901020410 (1329739-A)  
(Incorporated in Malaysia)**

## **Interim Financial Report for the Quarter and Year Ended 29 February 2020**

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))  
(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FINAL QUARTER ENDED 29 FEBRUARY 2020<sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	TO DATE <sup>(2)</sup>
	29.02.2020	28.02.2019	29.02.2020	28.02.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	30,447	N/A	134,531	N/A
Cost of Sales	(24,054)	N/A	(108,564)	N/A
<b>Gross Profit</b>	<b>6,393</b>	<b>N/A</b>	<b>25,967</b>	<b>N/A</b>
Other Income	230	N/A	1,319	N/A
Administrative Expenses	(4,273)	N/A	(15,964)	N/A
<b>Profit from operations</b>	<b>2,350</b>	<b>N/A</b>	<b>11,322</b>	<b>N/A</b>
Finance Costs	(370)	N/A	(1,375)	N/A
<b>Profit before tax</b>	<b>1,980</b>	<b>N/A</b>	<b>9,947</b>	<b>N/A</b>
Income tax expense	(188)	N/A	(2,112)	N/A
<b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b>	<b>1,792</b>	<b>N/A</b>	<b>7,835</b>	<b>N/A</b>
<b>Profit attributable to :</b>				
Owner of the Company	1,741	N/A	7,667	N/A
Non-controlling interests	51	N/A	168	N/A
	<u>1,792</u>	<u>N/A</u>	<u>7,835</u>	<u>N/A</u>
Basic and diluted earnings per share (sen) <sup>(4)</sup>	0.72 <sup>(3)</sup>	N/A	3.17 <sup>(3)</sup>	N/A

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))  
(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FINAL QUARTER ENDED 29 FEBRUARY 2020 <sup>(1)</sup>

### Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report for the financial period ended 30 November 2019 as disclosed in the Prospectus of the Company dated 27 February 2020 and the accompanying explanatory notes attached to this interim financial report.
  - (2) No comparative figures for the preceding year's quarter and year-to-date are available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").
  - (3) Computation on basic earnings per share is based on the Company's weighted average number of ordinary shares during the period under review.
  - (4) The diluted earnings per share of the Group for the quarter and year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.
- N/A Not applicable.

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# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))  
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020<sup>(1)</sup>

	29.02.2020 RM'000	28.02.2019 RM'000
<b>Non Current Assets</b>		
Property, plant and equipment	23,498	22,107
Investment properties	6,450	6,300
	<u>29,948</u>	<u>28,407</u>
<b>Current Assets</b>		
Inventories	35,381	29,623
Trade and other receivables	33,795	30,598
Tax recoverable	22	87
Asset classified as held for sale	-	1,711
Cash and cash equivalents	5,855	9,711
	<u>75,053</u>	<u>71,730</u>
<b>Current Liabilities</b>		
Trade and other payables	31,059	35,516
Lease liabilities	242	-
Tax payables	956	693
Loans and borrowings	18,825	17,213
	<u>51,082</u>	<u>53,422</u>
<b>Net Current Assets</b>	23,971	18,308
	<u>53,919</u>	<u>46,715</u>
<b>Financed by:</b>		
Share capital	36,301	2,500 <sup>(2)</sup>
Capital contribution	-	5,000 <sup>(2)</sup>
Reserves	7,828	27,819
	<u>44,129</u>	<u>35,319</u>
Non-controlling interests	-	974 <sup>(3)</sup>
	<u>44,129</u>	<u>36,293</u>
<b>Non Current Liabilities</b>		
Trade and other payables	-	600
Deferred tax liabilities	362	695
Lease liabilities	580	-
Loans and borrowings	8,848	9,127
	<u>9,790</u>	<u>10,422</u>
	<u>53,919</u>	<u>46,715</u>
<b>Number of issued shares ('000)</b>	242,000 <sup>(4)</sup>	2,500 <sup>(2)</sup>
<b>Net assets per share (RM)</b>	<u>0.18</u>	<u>14.13</u>

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))  
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT 29 FEBRUARY 2020<sup>(1)</sup>

### Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report for the financial period ended 30 November 2019 as disclosed in the Prospectus of the Company dated 27 February 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) The share capital and capital contribution of the Group as at 28 February 2019 relates to the share capital of Aco Holdings Sdn. Bhd. ("ACO Holdings"), a wholly-owned subsidiary of the Company of which the Company acquired on 22 January 2020 via the shares issuance.
- (3) The non-controlling interest ("NCI") of the Group as at 28 February 2019 relates to the remaining NCI not already owned by ACO Holdings, a wholly-owned subsidiary of the Company of which the Company acquired on 22 January 2020 via the shares issuance.
- (4) The 242,000,000 issued shares pursuant to the Internal Reorganisation in conjunction with the Listing of the Company.

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# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FINAL QUARTER ENDED 29 FEBRUARY 2020<sup>(1)</sup>

	←----- Attributable to Equity Holders of the Company ----->						Non-controlling interests RM'000	Total Equity RM'000
	←----- Non-Distributable ----->			<- Distributable ->				
	Share capital RM'000	Capital contribution RM'000	Merger deficit reserve RM'000	Retained earnings RM'000	Total RM'000			
<b>Balance as at 1 March 2019</b>	2,500 <sup>(2)</sup>	5,000 <sup>(2)</sup>	-	27,819	35,319	974 <sup>(3)</sup>	36,293	
Total comprehensive income for the year	-	-	-	7,667	7,667	168	7,835	
Transactions with owners:								
Issue of ordinary shares of the Company	1	-	-	-	1	-	1	
Acquisition of subsidiaries	35,320	-	(35,360)	40	-	-	-	
Acquisition of non-controlling interests	980	-	-	162	1,142	(1,142)	-	
Adjustment on the acquisition of subsidiaries	(2,500)	(5,000)	7,500	-	-	-	-	
<b>Balance as at 29 February 2020</b>	<u>36,301</u>	<u>-</u>	<u>(27,860)</u>	<u>35,688</u>	<u>44,129</u>	<u>-</u>	<u>44,129</u>	

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report for the financial period ended 30 November 2019 as disclosed in the Prospectus of the Company dated 27 February 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) The share capital and capital contribution of the Group as at 1 March 2019 relates to the share capital and capital contribution of Aco Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company of which the Company acquired on 22 January 2020 via the shares issuance.
- (3) The non-controlling interest ("NCI") of the Group as at 1 March 2019 relates to the remaining NCI not already owned by ACO Holdings, a wholly-owned subsidiary of the Company of which the Company acquired on 22 January 2020 via the shares issuance.

# ACO GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE FINAL QUARTER ENDED 29 FEBRUARY 2020<sup>(1)</sup>

	CURRENT YEAR TO DATE 29.02.2020 RM'000	PRECEDING YEAR TO DATE <sup>(2)</sup> 28.02.2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,947	N/A
Adjustments for:		
Depreciation on property, plant and equipment	1,165	N/A
Depreciation on right-of-use assets	543	N/A
Gain on disposal of property, plant & equipment	(32)	N/A
Gain on disposal of asset classified as held for sale	(438)	N/A
Property, plant and equipment written off	64	N/A
Fair value gains on investment properties	(150)	N/A
Finance costs	1,375	N/A
Interest income	(44)	N/A
Bad debts recoverable	(29)	N/A
Allowance for impairment loss	286	N/A
Reversal of allowance for impairment loss	(212)	N/A
Operating profit before working capital changes	12,475	N/A
Changes in working capital:		
Inventories	(5,758)	N/A
Trade and other receivables	(3,242)	N/A
Trade and other payables	(5,057)	N/A
Net cash used in operations	(1,582)	N/A
Income tax paid	(2,136)	N/A
Income tax refund	19	N/A
Interest received	44	N/A
Interest paid	(310)	N/A
<b>Net Cash Flows Used In Operating Activities</b>	<b>(3,965)</b>	<b>N/A</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,592)	N/A
Purchase of right-of-use assets	(72)	N/A
Proceeds from disposal of property, plant and equipment	33	N/A
Proceeds from disposal of asset classified as held for sale	2,150	N/A
Increase in pledged deposits placed with licensed banks	(60)	N/A
Interest received	44	N/A
<b>Net Cash Flows From Investing Activities</b>	<b>503</b>	<b>N/A</b>

# ACO GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FINAL QUARTER ENDED 29 FEBRUARY 2020<sup>(1)</sup>

	CURRENT YEAR TO DATE 29.02.2020 RM'000	PRECEDING YEAR TO DATE <sup>(2)</sup> 28.02.2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in loans and borrowings	(24)	N/A
Proceeds from issuance of shares	1	N/A
Finance cost paid	(1,109)	N/A
Payment of lease liabilities	(349)	N/A
<b>Net Cash Flows Used In Financing Activities</b>	<b>(1,481)</b>	<b>N/A</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	(4,943)	N/A
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		
	7,742	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		
	2,799	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR:-</b>		
Cash and bank balances	4,786	N/A
Fixed deposits with licenced banks	1,069	N/A
Bank overdraft	(2,036)	N/A
	3,819	N/A
Less: Deposits pledged	(1,020)	N/A
	2,799	N/A

### Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Cash Flow Statement are disclosed in Note A1 and should be read in conjunction with the Accountants' Report for the financial period ended 30 November 2019 as disclosed in the Prospectus of the Company dated 27 February 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) No comparative figures for the preceding year-to-date is available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

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# ACO GROUP BERHAD

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## A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

### A1 Basis of preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and rule 9.22 of the Listing Requirements.

This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

This interim financial report should be read in conjunction with the Accountants' Report for the financial period ended 30 November 2019 as disclosed in the Prospectus of the Company dated 27 February 2020 and the accompanying notes attached to this interim financial report.

### A2 Significant Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those as disclosed in the Accountants' Report in the Prospectus of the Company dated 27 February 2020. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

New MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") adopted during the financial year

#### New MFRS

MFRS 16      Leases

#### Amendments/Improvements to MFRSs

MFRS 3      Business Combinations  
MFRS 9      Financial Instruments  
MFRS 11      Joint Arrangements  
MFRS 112      Incomes taxes  
MFRS 119      Employee Benefits  
MFRS 123      Borrowing Costs  
MFRS 128      Investment in Associates and Joint Ventures

#### New IC Int

IC Int 23      Uncertainty over Income Tax Treatments

#### Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective.

#### Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 3 Business Combination (Definition of Business)  
Amendments to MFRS 101 - Presentation of Financial Statements (Definition of Material)  
Amendments to MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors

#### Effective for financial periods beginning on or after 1 January 2021

MFRS 17 - Insurance Contracts

#### Effective date yet to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS128 - Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

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## A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

### A3 Auditors' report on preceding annual financial statements

ACO Group Berhad was incorporated on 11 June 2019 and acquisition was completed on 22 January 2020, as such, there was no auditors' report on the preceding annual group financial statements. However, the auditor's report for the financial year end 28 February 2019 of ACO Holdings Sdn Bhd was not subject to any qualification.

### A4 Seasonal or cyclical factors

The Group's operations for the current financial quarter under review were not subject to any seasonal or cyclical factors.

### A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence for the financial quarter under review.

### A6 Changes in estimates, significant accounting estimates and judgements

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the financial quarter under review.

### A7 Debt and equity securities

There were no significant issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review except for the below:-

	Amount RM'000	Number of shares '000
Issued and fully paid shares		
At 1 December 2019	1	1
Issue of ordinary shares of the Company	36,300	241,999
At 29 February 2020	<u>36,301</u>	<u>242,000</u>

#### Pre-listing internal restructuring exercise

- (1) On 2 August 2019, the Company entered into a Conditional Share Sale Agreement with Ir. Tang Pee Tee @ Tan Chang Kim, Jin Siew Yen and Tan Yushan for the acquisition of 100% shareholdings in Aco Holdings Sdn. Bhd. with the purchase consideration of RM35,320,350. The said purchase consideration was entirely satisfied by the issuance of 235,469,000 new ordinary shares in the Company at an issue price of RM0.15 per share. The shares issuance and acquisition was completed on 22 January 2020.
- (2) On 2 August 2019, the Company entered into a Conditional Share Sale Agreement with Aco Holdings Sdn. Bhd. and Gan Bee Hong for the acquisition of remaining 20% shareholdings in Electric Master Sdn. Bhd. not owned by Aco Holdings Sdn. Bhd. for a purchase consideration of RM684,750. The said purchase consideration was entirely satisfied by the issuance of 4,565,000 new ordinary shares in the Company at an issue price of RM0.15 per share. The share issuance and acquisition was completed on 22 January 2020.
- (3) On 2 August 2019, the Company entered into a Conditional Share Sale Agreement with Aco Holdings Sdn. Bhd. and Goh Bee Tin for the acquisition of remaining 7.5% shareholdings in Voltage Master Sdn. Bhd. not owned by Aco Holdings Sdn. Bhd. for a purchase consideration of RM131,250. The said purchase consideration was entirely satisfied by the issuance of 875,000 new ordinary shares in the Company at an issue price of RM0.15 per share. The share issuance and acquisition was completed on 22 January 2020.
- (4) On 2 August 2019, the Company entered into a Conditional Share Sale Agreement with Aco Holdings Sdn. Bhd. and Woo Yoong Eng for the acquisition of remaining 10% shareholdings in Maylec Sdn. Bhd. not owned by Aco Holdings Sdn. Bhd. for a purchase consideration of RM163,500. The said purchase consideration was entirely satisfied by the issuance of 1,090,000 new ordinary shares in the Company at an issue price of RM0.15 per share. The share issuance and acquisition was completed on 22 January 2020.

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## A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

### A8 Dividends paid

There was no dividend paid by the Company during the current financial quarter under review.

### A9 Segment information

Segmental reporting of the Group's result for the financial year-to-date is as follows:

Business Segment	Industrial users RM'000	Resellers RM'000	Management Fees RM'000	Adjustment and eliminations RM'000	Total RM'000
<b>Revenue</b>					
Revenue from external customers	100,791	33,740	-	-	134,531
Inter-segment revenue	10,279	-	1,700	(11,979)	-
External revenue	<u>111,070</u>	<u>33,740</u>	<u>1,700</u>	<u>(11,979)</u>	<u>134,531</u>
<b>Segment profit</b>	22,152	3,815	-	-	25,967
Other income					1,319
Unallocated expenses					(15,964)
Finance Costs					(1,375)
Income Tax Expense					(2,112)
Profit for the financial year					<u>7,835</u>

There are no comparative figures for the preceding quarter available as this is the first interim financial report for the final quarter ended 29 February 2020 announced in compliance with the Listing Requirements.

### A10 Significant events subsequent to the end of the interim financial period

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report, except the following:-

- (a) In conjunction with the Company's listing on the ACE Market of Bursa Securities on 18 March 2020, the Company issued its Prospectus dated 27 February 2020 for its initial public offering ("IPO") comprising:-
- (I) Public issue of 58,000,000 new ordinary shares in the Company at an issue price of RM0.28 per share ("IPO Price") allocated in the following manner:-
    - (i) 15,000,000 new ordinary shares in the Company made available for application by the Malaysian public through a balloting process, of which 7,500,000 shares is to be set aside for Bumiputera investors;
    - (ii) 9,000,000 new ordinary shares in the Company made available for application by the eligible directors, employees and persons who have contributed to the success of the Company;
    - (iii) 4,000,000 new ordinary shares in the Company made available by way of private placement to identified investors; and
    - (iv) 30,000,000 new ordinary shares in the Company made available by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

And

- (II) Offer for sale of 25,000,000 existing shares by way of private placement to identified investors at IPO Price.

The Company completed its IPO exercise on 18 March 2020.

# ACO GROUP BERHAD

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## A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

### A10 Significant events subsequent to the end of the interim financial period (Cont'd)

#### (b) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

For the financial year ended 29 February 2020, the COVID-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 29 February 2020.

The Group is unable to reasonably estimate the financial impact of COVID-19 in the subsequent quarter as the situation is still evolving and the outcome remains uncertain. The Group will continuously monitor the impact of COVID-19 and is committed to taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations and financial performance.

### A11 Changes in the composition of the Group

Save for the pre-IPO reorganisation as disclosed under Note A7 above to facilitate the Company's listing as disclosed in the Prospectus dated 27 February 2020, there were no changes in the composition of the Group for the current financial quarter under review.

### A12 Fair value of financial instruments

There were no gain or loss arising from fair value changes for all financial assets and liabilities for the current financial quarter under review.

### A13 Capital commitments

	CURRENT YEAR TO DATE 29.02.2020 RM'000	PRECEDING YEAR TO DATE 28.02.2019 RM'000
Approved but not contracted for:- Property, plant and equipment	17,961	N/A

No comparative figures for the preceding year's to-date is available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

### A14 Contingent assets and contingent liabilities

There were no other contingent assets or contingent liabilities as at the date of this interim financial report.

# ACO GROUP BERHAD

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## A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

### A15 Significant related party transactions

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions and balances with related parties of the Group during the current financial period under review.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 29.02.2020 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 28.02.2019 RM'000	CURRENT YEAR TO DATE 29.02.2020 RM'000	PRECEDING YEAR TO DATE 28.02.2019 RM'000
Entity owned by persons connected to a director				
Sales of goods	6	N/A	19	N/A
Entity in which certain directors have interests				
Disposal of asset classified as held for sale	-	N/A	2,150	N/A
	-	N/A	2,150	N/A

There are no comparative figures for the preceding year's quarter and year-to-date are available as this is the first interim financial report for the final quarter ended 29 February 2020 announced in compliance with the Listing Requirements.

# ACO GROUP BERHAD

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## B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

### B1 Review of performance

The Company recorded revenue of RM30.45 million and profit before tax ("PBT") of RM1.98 million for the current financial quarter ended 29 February 2020. 75.4% of the Group's revenue was derived from industrial users and the remaining 24.6% from resellers. The Group's revenue was derived from the distribution of electrical products and accessories. The Group's profit after tax ("PAT") was at RM1.79 million for the current financial quarter ended 29 February 2020, after recognising one-off listing expenses of approximately RM0.5 million.

For the current financial year ended 29 February 2020 ("FYE 2020"), the Group recorded a revenue of RM134.53 million and PBT of RM9.95 million. Sales to customers from industrial users contributed 74.9% to the Group's revenue, followed by 25.1% from resellers. In addition, the Group recorded PAT of RM7.84 million FYE 2020 and during the year, after the Group recognised one-off listing expenses of approximately RM1.8 million.

There are no comparative figures for the preceding year's quarter and year-to-date are available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

### B2 Variation of results against preceding quarter

There are no comparative figures for the preceding quarter available as this is the first interim financial report for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

### B3 Prospects

The Group is a full-line industrial distributor and operates within the distributive trade industry focusing on electrical products and accessories in Malaysia. As disclosed in the Prospectus of the Company dated 27 February 2020, we will continue to strengthen our core competency in the distribution of electrical products and accessories by expanding our business. Part of our business strategy and future plans is to increase our coverage and market presence via the expansion of new operational facilities and product range.

In view of the unprecedented economic situation posed by COVID-19 which has led to uncertainties in businesses globally, the Board expects a challenging operating environment ahead. Despite that, the Group will continue to carry out its future plans to enhance its business and operational resilience.

In line with efforts to expand the Group's product range, on 19 May 2020, the Group announced the signing of a distribution agreement with an established European lighting brand, SYLVANIA, to distribute its LED lighting products across the Group's distribution channels nationwide.

Furthermore, the outbreak has demonstrated the urgent need for businesses to accelerate digitalisation efforts and adopt new technologies. Upgrading works on the Group's Information Technology System will enable sales activities to be conducted online as well as improve inventory management which will enhance operational efficiency.

The Board is confident that initiatives such as the above will enhance our overall customer satisfaction and buying experience, which is expected to enhance the Group's competitive advantage and market position in the future.

### B4 Profit forecast

The Group did not issue any profit forecast or guarantee during the current financial quarter and financial year under review.

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

(Incorporated in Malaysia)

## B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

### B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 29.02.2020 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 28.02.2019 RM'000	CURRENT YEAR TO DATE 29.02.2020 RM'000	PRECEDING YEAR TO DATE 28.02.2019 RM'000
In respect of the current period:				
Malaysian income tax	435	N/A	2,445	N/A
Deferred tax income	(247)	N/A	(333)	N/A
	<u>188</u>	<u>N/A</u>	<u>2,112</u>	<u>N/A</u>
Effective tax rate (%)	<u>9%</u>	<u>N/A</u>	<u>21%</u>	<u>N/A</u>

The Group's effective tax rate for the financial quarter under review is at 9% which is lower than the statutory tax rate of 24%. The comparatively lower effective tax rate was mainly due to the reversal of deferred tax liabilities, following the disposal of property, plant and equipment.

Income tax expense is recognised based on management's best estimate.

No comparative figures for the preceding year's quarter and year-to-date are available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

### B6 Status of corporate proposals

The Company had on 18 March 2020 successfully listed its entire enlarged issued share capital of RM52,540,850 comprising 300,000,000 shares on the ACE Market of Bursa Securities.

Save as above, there are no other corporate proposals announced by the Company but not completed as at date of this report.

### B7 Utilisation of proceeds raised from public issue

In conjunction with the Company's listing on the ACE Market of Bursa Securities on 18 March 2020, the gross proceeds raised from the Public Issue amounting to RM16,240,000 and status of utilisation as at 29 February 2020 is disclosed in the following manner:-

Purposes	Proposed Utilisation	Actual Utilisation	Estimated time frame for use of proceeds from the listing date
	RM'000	RM'000	
Setting up of new sales outlets and lighting concept store	4,200	-	Within 24 months
Setting up of new head office and distribution centre in Johor	2,500	-	Within 30 months
Purchasing of new trucks and upgrading of IT systems	2,000	-	Within 12 months
Working capital	4,240	-	Within 12 months
Estimated listing expenses	3,300	3,201	Within 3 months
	<u>16,240</u>	<u>3,201</u>	

The utilisation of proceeds as disclosed above should be read together with the Prospectus of the Company dated 27 February 2020.

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## B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

### B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
<b><u>Secured borrowings</u></b>			
Trade facilities	15,816	-	15,816
Hire purchases	351	678	1,029
Overdraft	2,036	-	2,036
Term loans	622	8,170	8,792
	<u>18,825</u>	<u>8,848</u>	<u>27,673</u>

The secured bank borrowings and other facilities are secured by way of :-

- legal charges over freehold land and buildings of subsidiaries;
- legal charges over freehold land and buildings of a related party;
- corporate guarantee by the subsidiaries;
- joint and several guarantee by the Company's directors and key management personnel;
- legal charges over fixed deposits of a subsidiary; and
- legal charges over investment properties.

The bank borrowings and other facilities are denoted in local currency.

### B9 Material litigations

As at the date of this report, the Group is not engaged in any material litigation.

### B10 Proposed dividends

No dividends have been declared or recommended for payment by the Company during the current financial quarter under review.

### B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 29.02.2020	PRECEDING YEAR CORRESPON- DING QUARTER 28.02.2019	CURRENT YEAR TO DATE 29.02.2020	PRECEDING YEAR TO DATE 28.02.2019
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>1,741</u>	<u>N/A</u>	<u>7,667</u>	<u>N/A</u>
Weighted average number of shares in issue ('000)	<u>242,000</u>	<u>N/A</u>	<u>242,000</u>	<u>N/A</u>
Basic and diluted earnings per share (sen)	<u>0.72</u>	<u>N/A</u>	<u>3.17</u>	<u>N/A</u>



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## B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

### B11 Basic and diluted earnings per share (Cont'd)

Notes:

- (1) The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue during the period under review.
- (2) The diluted earnings per share of the Group for the quarter and year-to-date is equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.
- (3) No comparative figures for the preceding year's quarter and year-to-date are available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

### B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 29.02.2020 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 28.02.2019 RM'000	CURRENT YEAR TO DATE 29.02.2020 RM'000	PRECEDING YEAR TO DATE 28.02.2019 RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	370	N/A	1,375	N/A
Depreciation on property, plant and equipment	336	N/A	1,165	N/A
Depreciation on right-of-use assets	146	N/A	543	N/A
Allowance for impairment loss	77	N/A	286	N/A
Rental expenses				
Equipment	3	N/A	76	N/A
Premises	-	N/A	34	N/A
Property, plant and equipment written off	50	N/A	64	N/A
and after crediting:				
Interest income	7	N/A	44	N/A
Rental income	62	N/A	231	N/A
Reversal of allowance for impairment loss	183	N/A	212	N/A
Fair value gains on investment properties	150	N/A	150	N/A
Gain on disposal of property, plant and equipment	1	N/A	32	N/A
Gain on disposal of asset classified as held for sale	-	N/A	438	N/A

No comparative figures for the preceding year's quarter and year-to-date are available as this is the first interim financial report on the consolidated results for the final quarter ended 29 February 2020 announced by the Company in compliance with the Listing Requirements.

By Order of the Board

Date: 28 May 2020