



ACO GROUP BERHAD

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

Interim Financial Report for the Second Quarter and Period Ended 31 August 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 SECOND QUARTER ENDED 31 AUGUST 2020⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2020 RM'000	PRECEDING CORRESPONDING QUARTER ⁽²⁾ 31.08.2019 RM'000	CURRENT YEAR-TO-DATE 31.08.2020 RM'000	PRECEDING YEAR-TO-DATE ⁽²⁾ 31.08.2019 RM'000
Revenue	26,819	N/A	38,612	N/A
Cost of sales	(21,957)	N/A	(30,795)	N/A
Gross profit	4,862	N/A	7,817	N/A
Other income	434	N/A	700	N/A
Administrative expenses	(3,548)	N/A	(7,532)	N/A
Profit from operations	1,748	N/A	985	N/A
Finance costs	(254)	N/A	(436)	N/A
Profit before tax	1,494	N/A	549	N/A
Income tax expense	(415)	N/A	(485)	N/A
Profit for the financial period, representing total comprehensive income for the financial period	1,079	N/A	64	N/A
Profit attributable to :				
Owner of the company	1,079	N/A	64	N/A
Basic and diluted earnings per share (sen) ⁽⁴⁾	0.37 ⁽³⁾	N/A	0.02 ⁽³⁾	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 SECOND QUARTER ENDED 31 AUGUST 2020⁽¹⁾

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 Company's Audited Financial Statements for the financial year ended 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.
 - (2) No comparative figures for the preceding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020 and there is no interim financial report prepared for the comparative preceding quarter period.
 - (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 current 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))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2020⁽¹⁾

	UNAUDITED 31.08.2020 RM'000	AUDITED 29.02.2020 RM'000
Non-Current Assets		
Property, plant and equipment	17,720	18,127
Right-of-use assets	4,903	5,310
Investment properties	6,450	6,450
	29,073	29,887
Current Assets		
Inventories	36,764	35,381
Trade and other receivables	30,295	32,877
Prepayments	556	921
Current tax assets	593	22
Cash and cash equivalents	20,674	5,855
	88,882	75,056
Current Liabilities		
Trade and other payables	27,400	31,063
Lease liabilities	227	240
Current tax liabilities	1,854	956
Loans and borrowings	19,309	18,812
	48,790	51,071
Net current assets	40,092	23,985
	69,165	53,872
Financed by:		
Share capital	51,903	36,301
Reserves	7,892	7,828
	59,795	44,129
Non-current liabilities		
Deferred tax liabilities	362	362
Lease liabilities	371	520
Loans and borrowings	8,637	8,861
	9,370	9,743
	69,165	53,872
Number of issued shares ('000)	300,000	242,000
Net assets per share (RM)	0.20	0.18

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 Company's Audited Financial Statements for the financial year ended 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.

ACO GROUP BERHAD

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2020⁽¹⁾

<----- ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY ----->

<----- NON-DISTRIBUTABLE -----> DISTRIBUTABLE

	SHARE CAPITAL RM'000	REORGANISA- TION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as at 1 March 2020	36,301	(27,861)	35,689	44,129
Total comprehensive profit for the period	-	-	64	64
Transactions with owners:				
Issue of ordinary shares of the Company	16,240	-	-	16,240
Share issuance expenses	(638)	-	-	(638)
Balance as at 31 August 2020	<u>51,903</u>	<u>(27,861)</u>	<u>35,753</u>	<u>59,795</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 Company's Audited Financial Statements for the financial year ended 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.

ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2020⁽¹⁾

	CURRENT YEAR- TO-DATE 31.08.2020 RM'000	PRECEDING YEAR- TO-DATE ⁽²⁾ 31.08.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	549	N/A
Adjustments for:		
Discount on lease liabilities payments	(14)	N/A
Depreciation on property, plant and equipment	504	N/A
Depreciation on right-of-use assets	341	N/A
Finance costs	436	N/A
Interest income	(118)	N/A
Bad debts recoverable	(12)	N/A
Reversal of allowance for impairment loss on trade receivables	(23)	N/A
Operating Profit before working capital changes	1,663	N/A
Changes in working capital:		
Inventories	(1,383)	N/A
Trade and other receivables	2,617	N/A
Prepayments	365	N/A
Trade and other payables	(3,809)	N/A
Net cash used in operations	(547)	N/A
Income tax paid	(257)	N/A
Income tax refund	99	N/A
Interest received	118	N/A
Interest paid	(32)	N/A
Net cash flows used in operating activities	(619)	N/A
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(69)	N/A
Net cash flows used in investing activity	(69)	N/A

ACO GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2020⁽¹⁾

	CURRENT YEAR- TO-DATE 31.08.2020 RM'000	PRECEDING YEAR- TO-DATE ⁽²⁾ 31.08.2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	15,602	N/A
Repayment of term loans	(44)	N/A
Repayment of finance lease liabilities	(174)	N/A
Proceeds from banker's acceptances	2,727	N/A
Repayment of banker's acceptances	(1,059)	N/A
Proceeds from trust receipts	9,444	N/A
Repayment of trust receipts	(9,398)	N/A
Interest paid	(255)	N/A
Payment of lease liabilities	(112)	N/A
Subscription of shares by non-controlling interest in a subsidiary		
Net cash flows from financing activities	16,731	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,043	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,799	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18,842	N/A
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD :-		
Cash and bank balances	19,587	N/A
Fixed deposits with licenced banks	1,087	N/A
Bank overdraft	(812)	N/A
	19,862	N/A
Less: Deposits pledged	(1,020)	N/A
	18,842	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 Company's Audited Financial Statements for the financial year ended 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) No comparative figures for the preceding year-to-date are available as the Company was only listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020 and there is no interim financial report prepared for the comparative preceding quarter period.

N/A Not applicable.

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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 ACE Market Listing Requirements ("Listing Requirements").

This interim financial report for the second quarter ended 31 August 2020 is announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). There is no comparative figures for the preceding year-to-date available as the company was only listed on the ACE Market of Bursa Malaysia Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding corresponding quarter.

This interim financial report should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 29 February 2020 and the accompanying explanatory 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 Audited Financial Statements of the Company for the financial year ended 29 February 2020, save for the early adoption of the following amendment which is applicable to the Group:-

Effective for financial periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases, Covid-19 Related Rent Concessions

The initial application of the amendment above does not have any material impact to this interim financial report of the Group.

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 2022

Amendments to MFRS 3 - Business Combinations, Reference to the Conceptual Framework

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest rate Benchmark Reform

Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current

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

Effective for financial periods beginning on or after 1 January 2023

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.

A3 Auditors' report on preceding annual financial statements

The auditors' report for the financial year ended 29 February 2020 was not subject to any qualifications.

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.

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

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 save for the below:-

	AMOUNT RM'000	NUMBER OF SHARES '000
Issued and fully paid shares		
At 1 March 2020	36,301	242,000
Issue of ordinary shares of the Company	16,240	58,000
Share issuance expenses	(638)	-
At 31 August 2020	51,903	300,000

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 under review is as follows:

BUSINESS SEGMENT	INDUSTRIAL		MANAGEMENT	ADJUSTMENT	TOTAL
	USERS	RESELLERS	FEES	AND ELIMINATIONS	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Revenue from external customers	30,132	8,480	-	-	38,612
Inter-segment revenue	3,607	-	-	(3,607)	-
External revenue	33,739	8,480	-	(3,607)	38,612
Segment profit	6,409	1,408	-	-	7,817
Other income					700
Unallocated expenses					(7,532)
Finance Costs					(436)
Income Tax Expense					(485)
Profit for the financial year-to-date					64

There is no comparative figures for the preceding year-to-date available as the company was only listed on the ACE Market of Bursa Malaysia Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding corresponding quarter.

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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

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, save for the following:-

- (i) On 23 July 2020, the Company's wholly-owned subsidiary company, Actgen Industry Sdn. Bhd. had on 23 July 2020, entered into a Sale and Purchase Agreement ("SPA") with Plascable Polymer Sdn. Bhd, the subsidiary of Plastrade Technology Berhad, for the purchase of the remaining unexpired lease term for a period of approximately 40 years, expiring on 31 January 2060 ("Lease") of a parcel of freehold industrial land held under H. S. (D) 493851, PTD 76050, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor ("Lease Land") together with a single-storey detached factory with three-storey office building, one and half-storey detached factory, a single-storey detached warehouse, a Tenaga Nasional Berhad ("TNB") sub-station, a guardhouse and a water tank erected thereon (collectively referred to as "Property") for a cash consideration of RM10.65 million ("Purchase Consideration").
- (ii) On 17 September 2020, the Company announced a proposed private placement of up to 56.5 million new ordinary shares in ACO ("ACO Share(s)" or "Share(s)"), representing approximately 18.83% of the existing total number of issued shares; and on 16 October 2020, Bursa Securities had approved the listing and quotation of up to 56.5 million new ACO Shares to be issued pursuant to the proposed private placement;
- (iii) On 17 September 2020, the Company's wholly-owned subsidiary, ACO Holdings Sdn. Bhd. had entered into a conditional Shares Sales Agreement ("SSA") with Wong Kim Lian, Ong Teik Leong and Tan How Ching for the acquisition of 49% equity interest in Focus Electrical Malaysia Sdn Bhd for a purchase consideration of RM7.35 million to be satisfied via a combination of cash consideration of RM5.88 million and issuance of 3.5 million new ACO Shares at an issue price of RM0.42 per ACO Share. On 16 October 2020, Bursa Securities had approved the listing and quotation of 3.5 million new ACO Shares to be issued pursuant to the proposed acquisition.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial current 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

As at 31 August 2020, the Group has no other capital commitments during the current financial quarter under review save as disclosed below:-

	AS AT 31.08.2020 RM'000
Approved but not contracted for:-	
Property, plant and equipment	<u>10,650</u>

A14 Contingent assets and contingent liabilities

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

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 with related parties of the Group during the current financial period under review.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2020 RM'000	PRECEDING CORRESPONDING QUARTER 31.08.2019 RM'000	CURRENT YEAR-TO-DATE 31.08.2020 RM'000	PRECEDING YEAR-TO-DATE 31.08.2019 RM'000
Entity owned by persons connected to a director				
Sales of goods	-	N/A	3	N/A

There is no comparative figures for the preceding year-to-date available as the company was only listed on the ACE Market of Bursa Malaysia Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding corresponding quarter.

ACO GROUP BERHAD

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

B1 Review of performance

The Group recorded a revenue of RM26.819 million and profit before tax of RM1.494 million for the current financial quarter ended 31 August 2020. Although there is a weaker consumer sentiment during the imposition of the Movement Control Order ("MCO") as announced by the Government to curb the spread of COVID-19 pandemic, the Company had resumed its business operations on 4 May 2020 and there has been increase in sales and earnings recorded by the Company during the financial quarter under review.

The Group recorded a revenue of RM38.612 million and profit before tax of RM0.549 million in the current year-to-date. The Group's revenue segment consists of RM30.132 million or 78.0% sales to industrial users and RM8.480 million or 22.0% sales to resellers. The Group recorded a gross profit of RM7.817 million, translating to a gross profit margin of 20.2%. During the six month period, a one-off listing expenses amounting to RM0.638 million was recognized. Profit after tax for the current year-to-date stood at RM0.064 million.

No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER			
	CURRENT QUARTER	PRECEDING QUARTER	Variance	
	31.08.2020	31.05.2020	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	26,819	11,793	15,026	127.4%
Profit / (Loss) before tax	<u>1,494</u>	<u>(945)</u>	2,439	258.1%

The Group's revenue for the current financial quarter ended 31 August 2020 increased by RM15.026 million or 127.4% to RM26.819 million as compared to RM11.793 million in the preceding financial quarter ended 31 May 2020. The revenue recovered substantially from the COVID-19 pandemic impact suffered in the immediate preceding quarter was due to business closure during the MCO from 18 March 2020 to 3 May 2020.

Following the recovery in sales coupled with effective cost reduction measures, the Group managed to turnaround and achieve a PBT of RM1.494 million for the current financial quarter, which represents an increase of RM2.439 million or 258.1% as compared to RM0.945 million loss before tax in the preceding financial quarter ended 31 May 2020.

B3 Prospects

The operating environment has been challenging during the current period and year-to-date due to the unprecedented challenges brought forward by the COVID-19 pandemic coupled with the slowdown in economy globally and domestically. The Group's sales have increased progressively since the start of the Recovery MCO. The Group is cautious on its outlook for the financial year 2020/2021 but remains positive on the long-term potential of the Group.

Despite such challenging situation, the Group, through its wholly-owned subsidiary, ACO Holdings Sdn Bhd ("ACO"), managed to enter into a proposed acquisition to acquire 49% equity interest in Focus Electrical Malaysia Sdn. Bhd ("FEMSB"), one of the major distributor of electrical products and accessories in the East Coast. This is in-line with the Group's expansion strategy to enter into the East Coast region as it enables ACO to leverage on the existing customer base, distribution networks and logistics facilities of FEMSB.

The proposed acquisition will be satisfied by a combination of cash of RM5.88 million and issuance of new shares in ACO Group for the remaining RM1.47 million. Upon completion of the proposed acquisition, ACO and the current shareholders of FEMSB will collectively inject new capital amounting to RM13.0 million by way of subscribing for new ordinary shares in FEMSB. The capital injection will be contributed in proportion of their respective shareholdings and as a result, ACO will inject new capital worth RM6.37 million into FEMSB.

In addition, the Group had also announced a proposed private placement of up to 56.5 million new ordinary shares, representing 18.83% of its total number of issued shares. Part of the proceeds raised from the proposed private placement is to finance the proposed acquisition of FEMSB and the subsequent working capital injection. Further details on the utilisation of proceeds should be read together with the announcement made by the Company dated 17 September 2020 on Bursa Securities. The proposed acquisition and private placement exercises are expected to be completed by the fourth quarter of 2020.

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

B3 Prospects (Cont'd)

The Board remains cautiously optimistic of the the Group's business expansion and growth in the near term taking into consideration the risks brought forward by the COVID-19. On 14 October 2020, the Government had enforced a Conditional MCO ("CMCO") on Selangor, Kuala Lumpur and Putrajaya which prohibited inter-district movement. In addition, workers in the public and private sectors under the CMCO region involved in management and supervisory were instructed to work from home from 22 October 2020 onwards, to reduce the number of workers at premises. As for the southern region, business is very much affected by the closure of the Malaysia - Singapore border in an effort to curb the spread of the pandemic. The reopening of the border is an important booster to the overall economy, especially in Johor Bahru. In midst of these unprecedented situations, the Group will pursue to apply its expansion strategies accordingly in a cautious manner, supported by our IPO proceeds as disclosed in Note B7.

B4 Profit forecast

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

B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2020 RM'000	PRECEDING CORRESPONDING QUARTER 31.08.2019 RM'000	CURRENT YEAR-TO-DATE 31.08.2020 RM'000	PRECEDING YEAR-TO-DATE 31.08.2019 RM'000
In respect of the current period:				
Malaysian income tax	415	N/A	485	N/A
Effective tax rate (%)	28%	N/A	88%	N/A

The effective tax rate of the Group for the financial year-to-date was significantly higher than the statutory tax rate of 24% mainly due to a one-off listing expenses recorded in the previous quarter earnings which are non-deductible expenses for tax purposes.

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

No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

B6 Status of corporate proposals

Save as disclosed in Note A10, there are no other corporate proposals announced by the Company but not completed as at date of this report.

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

B7 Utilisation of proceeds raised from public issue

In Conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020, the gross proceeds raised from the public issue amounting to RM16.240 million and status of utilisation as at 31 August 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	4,240	Within 12 months
Estimated listing expenses	3,300	3,300	Within 3 months
	<u>16,240</u>	<u>7,540</u>	

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

B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

	PAYABLE WITHIN 12 MONTHS	PAYABLE AFTER 12 MONTHS	TOTAL OUTSTANDING
	RM'000	RM'000	RM'000
Secured borrowings			
Banker's acceptances	5,404	-	5,404
Trust receipts	12,126	-	12,126
Hire purchases	349	509	858
Overdraft	812	-	812
Term loans	618	8,128	8,746
	<u>19,309</u>	<u>8,637</u>	<u>27,946</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

On 22 October 2020, the Board has approved the declaration and payment of first interim dividend of 0.30 sen per ordinary share in respect of the financial year ending 28 February 2021. The entitlement to dividend to be determined based on the Record of Depositors as at 16 November 2020 whilst the payment will be made on 30 November 2020.

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

B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	PRECEDING CORRESPONDING QUARTER	CURRENT YEAR-TO-DATE	PRECEDING YEAR-TO-DATE
	31.08.2020	31.08.2019	31.08.2020	31.08.2019
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	1,079	N/A	64	N/A
Weighted average number of shares in issue ('000)	294,641	N/A	294,641	N/A
Basic and diluted earnings per share (sen)	0.37	N/A	0.02	N/A

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 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 corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

N/A Not applicable.

B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER	PRECEDING CORRESPONDING QUARTER	CURRENT YEAR-TO-DATE	PRECEDING YEAR-TO-DATE
	31.08.2020	31.08.2019	31.08.2020	31.08.2019
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	254	N/A	436	N/A
Depreciation on property, plant and equipment	252	N/A	504	N/A
Depreciation on right-of-use assets	171	N/A	341	N/A
Equipment rental expenses	19	N/A	34	N/A
and after crediting:				
Interest income	80	N/A	118	N/A
Trade credit insurance compensation	405	N/A	477	N/A
Rental income	43	N/A	97	N/A
Bad debts recoverable	6	N/A	12	N/A

No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.