



# **ACO GROUP BERHAD**

**Company No. 201901020410 (1329739-A)**

**(Incorporated in Malaysia)**

## **Interim Financial Report For the First Quarter Ended 31 May 2021**

# 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 FIRST QUARTER ENDED 31 MAY 2021<sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2021 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.05.2020 Unaudited RM'000	CURRENT YEAR-TO- DATE 31.05.2021 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.05.2020 Unaudited RM'000
Revenue	37,390	11,793	37,390	11,793
Cost of sales	(31,730)	(8,838)	(31,730)	(8,838)
<b>Gross profit</b>	<b>5,660</b>	<b>2,955</b>	<b>5,660</b>	<b>2,955</b>
Other income	175	266	175	266
Administrative expenses	(2,998)	(3,984)	(2,998)	(3,984)
<b>Profit from operations</b>	<b>2,837</b>	<b>(763)</b>	<b>2,837</b>	<b>(763)</b>
Finance costs	(241)	(182)	(241)	(182)
Share of results of an associate	567	-	567	-
<b>Profit before tax</b>	<b>3,163</b>	<b>(945)</b>	<b>3,163</b>	<b>(945)</b>
Income tax expense	(692)	(70)	(692)	(70)
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>	<b>2,471</b>	<b>(1,015)</b>	<b>2,471</b>	<b>(1,015)</b>
<b>Profit attributable to:</b>				
Owner of the company	2,471	(1,015)	2,471	(1,015)
	<b>2,471</b>	<b>(1,015)</b>	<b>2,471</b>	<b>(1,015)</b>
Basic and diluted earnings per share (sen) <sup>(2) (3)</sup>	0.74	(0.35)	0.74	(0.35)

# **ACO GROUP BERHAD**

(Company No: 201901020410 (1329739-A))

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## **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31 MAY 2021**

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 28 February 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Computation on basic earnings per share is based on the Company's weighted average number of ordinary shares during the period under review.
- (3) 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.

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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 31 MAY 2021<sup>(1)</sup>

	<b>UNAUDITED 31.05.2021 RM'000</b>	<b>AUDITED 28.02.2021 RM'000</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	17,355	17,554
Right-of-use assets	15,646	4,573
Investment properties	4,600	4,600
Investment in an associate	8,598	8,032
	<u>46,199</u>	<u>34,759</u>
<b>Current Assets</b>		
Inventories	40,723	38,869
Trade and other receivables	37,085	36,051
Prepayments	458	415
Current tax assets	178	142
Cash and short-term deposits	27,649	25,708
	<u>106,093</u>	<u>101,185</u>
<b>Current Liabilities</b>		
Trade and other payables	36,918	36,418
Lease liabilities	228	224
Current tax liabilities	1,274	1,098
Loans and borrowings	18,236	16,892
	<u>56,656</u>	<u>54,632</u>
<b>Net current assets</b>	49,437	46,553
	<u>95,636</u>	<u>81,312</u>
<b>Financed by:</b>		
Share capital	67,162	62,910
Reserves	12,203	9,732
	<u>79,365</u>	<u>72,642</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	362	362
Lease liabilities	204	257
Loans and borrowings	15,705	7,304
Trade and other payables	-	747
	<u>16,271</u>	<u>8,670</u>
	<u>95,636</u>	<u>81,312</u>
Number of issued shares ('000)	345,288	330,793
Net assets per share (RM)	<u>0.23</u>	<u>0.22</u>

Note:-

- (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 28 February 2021 and the accompanying explanatory notes attached to this interim financial report.

# 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 FIRST QUARTER AND ENDED 31 MAY 2021<sup>(1)</sup>

	< -- 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
<b>Balance as at 1 March 2020</b>	36,301	(27,861)	35,689	44,129
Total comprehensive profit for the period/year	-	-	2,846	2,846
Transactions with owners:				
Issue of ordinary shares of the Company	17,711	-	-	17,711
Share issuance expenses	(858)	-	-	(858)
Private Placement	9,756	-	-	9,756
Interim Dividend	-	-	(942)	(942)
<b>Balance as at 28 February 2021 (Audited)</b>	<b>62,910</b>	<b>(27,861)</b>	<b>37,593</b>	<b>72,642</b>

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 28 February 2021 and the accompanying explanatory notes attached to this interim financial report.

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(Company No: 201901020410 (1329739-A))

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER AND ENDED 31 MAY 2021<sup>(1)</sup>

	< -- 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
<b>Balance as at 1 March 2021</b>	62,910	(27,861)	37,593	72,642
Total comprehensive profit for the period/year	-	-	2,471	2,471
Transactions with owners:				
Issue of ordinary shares of the Company	-	-	-	-
Share issuance expenses	(96)	-	-	(96)
Private Placement	4,348	-	-	4,348
Interim Dividend	-	-	-	-
<b>Balance as at 31 May 2021 (Unaudited)</b>	<b>67,162</b>	<b>(27,861)</b>	<b>40,064</b>	<b>79,365</b>

Notes:-

- (2) 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 28 February 2021 and the accompanying explanatory notes attached to this interim financial report.

# ACO GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 MAY 2021

	<b>CURRENT YEAR- TO-DATE 31.05.2021 Unaudited RM'000</b>	<b>PRECEDING YEAR- TO-DATE 31.05.2020 Unaudited RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	3,163	(945)
Adjustments for:		
Discount on lease liabilities payments	-	(8)
Depreciation on property, plant and equipment	244	252
Depreciation on right-of-use assets	237	170
Reversal of impairment losses on trade receivables	(34)	-
Bad debts recoverable	(3)	(6)
Finance costs	241	182
Interest income	(70)	(38)
Share of results of an associate	(567)	-
Operating profit/(loss) before changes in working capital	<u>3,211</u>	<u>(393)</u>
Changes in working capital:		
Inventories	(1,854)	(654)
Trade and other receivables	(997)	4,407
Prepayments	(43)	273
Trade and other payables	(267)	(7,590)
Net cash generated from/(used in) operations	<u>50</u>	<u>(3,957)</u>
Income tax paid	(552)	(158)
Interest received	70	38
Interest paid	(41)	(20)
<b>Net cash flows used in operating activities</b>	<u>(473)</u>	<u>(4,097)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(45)	(52)
Purchase of right-of-use assets	(2,248)	-
<b>Net cash flows used in investing activity</b>	<u>(2,293)</u>	<u>(52)</u>

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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 MAY 2021

	CURRENT YEAR- TO-DATE 31.05.2021 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.05.2020 Unaudited RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	4,253	15,602
Proceeds from term loans	400	-
Repayment of term loans	(589)	(50)
Repayment of finance lease liabilities	(80)	(81)
Proceeds from banker's acceptances	3,845	1,450
Repayment of banker's acceptances	(2,834)	(384)
Proceeds from trust receipts	9,776	4,541
Repayment of trust receipts	(8,928)	(2,841)
Payment of lease liabilities	(58)	(55)
Interest paid	(190)	(117)
<b>Net cash flows from financing activities</b>	<u>5,595</u>	<u>18,065</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,829	13,916
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	24,820	2,799
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>27,649</u>	<u>16,715</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-</b>		
Cash and bank balances	26,545	18,273
Fixed deposits with licensed banks	1,104	1,072
Bank overdraft	-	(1,610)
	<u>27,649</u>	<u>17,735</u>
Less: Deposits pledged	(1,020)	(1,020)
	<u>26,629</u>	<u>16,715</u>

Note:-

- (1) The basis of preparation of 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 28 February 2021 and the accompanying explanatory notes attached to this interim financial report.



# 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 ACE Market Listing Requirements (“Listing Requirements”).

The interim financial report should be read in conjunction with the Company’s Audited Financial Statements for the financial year ended 28 February 2021 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 28 February 2021, save for the early adoption of the following amendment which is applicable to the Group: -

#### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2021**

- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases – Interest Rate Benchmark Reform Phase 2*

#### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 April 2021**

- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

#### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

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 on 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

The auditors' report for the financial year ended 28 February 2021 was not subject to any qualifications.

### A4 Seasonal or cyclical factors

The Group's operations for the current financial quarter/year 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 Debts 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 following:-

	AMOUNT	NO. OF SHARES
	RM'000	'000
Issued and fully paid shares		
At 1 March 2021	62,910	330,793
Issue of ordinary shares of the Company	-	-
Share issuance expenses	(96)	-
Private placement <sup>(1)</sup>	4,348	14,495
At 31 May 2021	<u>67,162</u>	<u>345,288</u>

Note:-

(1) The issue prices for the private placement were disclosed in Note B6 (i) of this report.

### A8 Dividends paid

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

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

### A9 Segment information

Segmental reporting of the Group's result are as follows: -

<b>Current quarter ended 31 May 2021 (Unaudited)</b>	<b>INDUSTRIAL USERS RM'000</b>	<b>RESELLERS RM'000</b>	<b>ADJUSTMENT AND ELIMINATIONS RM'000</b>	<b>TOTAL RM'000</b>
<b>BUSINESS SEGMENT</b>				
<b>Revenue</b>				
Revenue from external customers	31,528	5,862	-	37,390
Internal-segment revenue	3,327	-	(3,327)	-
External revenue	<u>34,855</u>	<u>5,862</u>	<u>(3,327)</u>	<u>37,390</u>
<b>Segment profit</b>	5,105	555	-	5,660
Other income				175
Administrative expenses				(2,998)
Finance costs				(241)
Share of results of an associate				567
Income tax expense				(692)
Profit for the financial period				<u>2,471</u>

# ACO GROUP BERHAD

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

### A9 Segment information

Segmental reporting of the Group's result are as follows: -

**Preceding period ended 31 May 2020 (Unaudited)**

<b>BUSINESS SEGMENT</b>	<b>INDUSTRIAL USERS RM'000</b>	<b>RESELLERS RM'000</b>	<b>ADJUSTMENT AND ELIMINATIONS RM'000</b>	<b>TOTAL RM'000</b>
<b>Revenue</b>				
Revenue from external customers	9,189	2,604	-	11,793
Internal-segment revenue	1,023	-	(1,023)	-
External revenue	<u>10,212</u>	<u>2,604</u>	<u>(1,023)</u>	<u>11,793</u>
<b>Segment profit</b>	2,580	375	-	2,955
Other income				266
Administrative expenses				(3,984)
Finance costs				(182)
Income tax expense				(70)
Loss for the financial period				<u>(1,015)</u>

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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.

### **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**

There were no capital commitments at the end of the quarter under review.

### **A14 Contingent assets and contingent liabilities**

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.05.2020 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.05.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.05.2020 Unaudited RM'000
Entity owned by persons connected to a Director				
Sales of goods	-	3	-	3
Associated Company				
Sales of goods	485	N/A	485	N/A
Purchase of goods	80	N/A	80	N/A

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# ACO GROUP BERHAD

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

### B1 Review of performance

The Group's revenue of RM37.390 million for the current financial quarter was 217.05% or RM25.597 million higher than that of the preceding year corresponding quarter. The results in the preceding year corresponding quarter was significantly lower following business closures and restricted measures put in place when the Movement Control Order ("MCO") was introduced from 18 March 2020 to 3 May 2020.

In tandem with a higher revenue, the Group recorded a higher gross profit ("GP") of RM5.660 million as compared to RM2.955 million in the preceding year corresponding quarter.

With revenue normalised and a further RM0.5 million contribution from the share of results of an associate company, the Group achieved a profit before tax ("PBT") of RM3.163 million in the current financial quarter. This represents an increase of RM4.108 million as compared to the loss before tax recorded in the preceding year corresponding quarter which had a one-off listing expenses amounted to RM1.057 million and the challenge of an overall weaker consumer sentiments resulting from the MCO.

### B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER	PRECEDING QUARTER		
	31.05.2021	28.02.2021		
	RM'000	RM'000	RM'000	%
Revenue	37,390	35,129	2,261	6.4%
PBT	<u>3,163</u>	<u>2,242</u>	921	41.1%

The Group's revenue for the current financial quarter ended 31 May 2021 increased by RM2.261 million or 6.4% to RM37.390 million, which was consistent with the RM35.129 million attained in the preceding financial quarter ended 28 February 2021. The increase in revenue was mainly attributed to the first batch of order from solar panels and inverters. Meanwhile, in line with higher revenue and a reduction in administrative expenses in the current quarter, a PBT of RM3.163 million was achieved. This was approximately 41.1% increase as compared to the preceding financial quarter's PBT of RM2.242 million.

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

### **B3 Prospects**

The Malaysian economy is anticipated to face challenges in preserving the recovery momentum in light of the increasing COVID-19 cases and the impact from the restricted measures implemented. The Movement Control Order (“MCO”) which was first implemented on 18 March 2020 to curb the spread of the pandemic has since been extended at different points in time. Since 18 March 2020, the country had introduced various phases of MCOs. The emergence of new COVID-19 variants and a continued lockdown dim the prospects of recovery in domestic demand. In addition, Bank Negara Malaysia has revised its full-year gross domestic product (“GDP”) growth forecast for Malaysia to between 3.0% and 4.0%.

The prolonged uncertainties and various constraints lead the Group to re-strategise and optimise its business strategy, to remain adaptable yet formidable in sustaining its financial performance and operational efficiency. Any expansion plan will have to be consciously pursued or possibly deferred. The Company shall execute prudent planning in pursuing its expansion plans and will monitor closely when the nation advance into the next phase of the Government’s National Recovery Plan.

The setting-up and renovation works of the Company’s new headquarter has been temporary halted in view of the FMCO. As a result, the expected completion date in the third quarter of the financial year ending 28 February 2022 may be delayed. A new sales outlet and a new distribution centre will be established within the vicinity of the aforementioned new property as planned. Upon its completion, the Group hopes to expand its business capacity and extends its operational efficiency.

Our associate company, Focus Electrical Malaysia Sdn Bhd (“Focus Electrical”) had consistently contributed approximately RM0.6 million in the past two financial quarters respectively, which is in line with the profit guarantee. The Group believes the acquisition of Focus Electrical will continue to enhance the Group’s future profitability and returns on shareholders’ funds as the Group expands its market share and position in the East Coast Region.

The Group will continue to monitor and manage its resources and operations actively to minimise the impact arising from the COVID-19 pandemic, which remains a threat despite efforts in ramping up vaccination roll-outs worldwide. Despite uncertainties about the future course of the pandemic and its further economic and social consequences, the Board believes the Group will continue to sustain its operation and financial performance.

### **B4 Profit forecast**

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

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

### B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.05.2020 Unaudited RM'000	CURRENT YEAR TO-DATE 31.05.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.05.2020 Unaudited RM'000
In respect of the current period:				
Income tax expense	<u>692</u>	<u>70</u>	<u>692</u>	<u>70</u>
Effective tax rate (%)	<u>22%</u>	<u>-7%</u>	<u>22%</u>	<u>-7%</u>

The effective tax rates for the current quarter ended 31 May 2021 were lower than the statutory tax rate mainly due to the effects of share of results of an associate. Meanwhile, the comparatively lower effective tax rate for the preceding corresponding quarter ended 31 May 2020 was mainly due to the non-tax deductible listing expenses of RM1.057 million.

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

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

### **B6 Status of corporate proposals**

Save for the following, there are no other corporate proposals announced but not yet completed as at the date of this report.

On 17 September 2020, the Company had announced a proposed private placement of up to 56.5 million new ordinary shares in ACO (“ACO Share(s)” or “Share(s)”) (“Placement Share(s)”), representing approximately 18.83% of the existing total number of issued shares of ACO (“Private Placement”); and a proposed acquisition of 49% equity interest in Focus Electrical, comprising 1.225 million ordinary shares in Focus Electrical at RM6.00 per Sale Share, by ACO Holdings Sdn Bhd, a wholly-owned subsidiary of ACO, from Wong Kim Lian, Ong Teik Leong and Tan How Ching, for a purchase consideration of RM7.350 million to be satisfied via a combination of cash consideration of RM5.880 million and issuance of 3.50 million new ACO Shares at an issue price of RM0.42 per ACO Share (“Consideration Shares”) (“Acquisition”).

As at the date of this report, a total of 41.788 million Placement Shares had been issued pursuant to the Private Placement, at issue prices ranging from RM0.300 to RM0.365 per Placement Share. As at to-date, a total of eight (8) tranches had been completed and the total amount raised from the placement of 41.788 million Placement Shares was RM14.104 million constituted by approximately 74% of the total Placement Shares.

Given the current market conditions, the Group had on 31 March 2021, applied for an extension of time of 6 months until 15 October 2021 to implement and complete the Private Placement. The application for extension of time was approved by Bursa Securities on 15 April 2021. The Group has also obtained shareholders’ approval during its second Annual General Meeting on 25 August 2021 for a new proposed 20% General Mandate for new shares issuance. The Group shall seek for further extension from Bursa Securities to implement and complete the Private Placement, if necessary.

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# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

(Incorporated in Malaysia)

## 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 Securities on 18 March 2020, the gross proceeds raised from the public issue amounting to RM16.240 million and status of utilisation as at 31 May 2021 is disclosed in the following manner:-

Purposes	REVISED PROPOSED UTILISATION RM'000	ACTUAL UTILISATION RM'000	BALANCE UNUTILISED RM'000	ESTIMATED TIME FRAME FOR USE OF PROCEEDS FROM THE LISTING DATE
Setting up new sales outlets and lighting concept store	4,200	150	4,050	Within 24 months
Setting up works for the new property	2,500	350	2,150	Within 30 months
Purchasing of new trucks and upgrading of IT systems	2,000	322	1,678	Within 24 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>8,362</u>	<u>7,878</u>	

The utilisation of proceeds as disclosed above should be read together with the Prospectus of the Company dated 27 February 2020, as well as the Company's announcement dated 28 October 2020 and 20 May 2021 pertaining to the variation and extension of time for the use of proceeds raised from the Company's initial public offering.

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

(Incorporated in Malaysia)

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

### B7 Utilisation of proceeds raised from the Private Placement

On 17 September 2020, the Company proposed to undertake a private placement of up to 56.500 million new ordinary shares, representing approximately 18.83% of its existing total number of issued shares. As at the date of this report, a total of eight tranches comprising 41.788 million Placement Shares had been issued pursuant to the Private Placement. The total fund raised to-date was approximately RM14.104 million.

The status of utilisation of proceeds based on funds raised from the Private Placement to-date is as follows:-

PURPOSES	PROPOSED	ACTUAL	ESTIMATED TIME FRAME FOR UTILISATION (FROM THE DATE OF LISTING OF THE PLACEMENTS SHARES)
	UTILISATION RM'000	UTILISATION RM'000	
Acquisition of Focus Electrical	5,145	2,030	Within 30 months
Capital injection in Focus Electrical	6,370	3,663	Within 12 months
Repayment of bank borrowings	2,435	-	Within 6 months
Investment in new business	5,000	-	Within 24 months
Working capital	3,000	1,500	Within 12 months
Estimated expenses in relation to the Proposals	650	505	Upon completion of the Proposal
	<u>22,600</u>	<u>7,698</u>	

The utilisation of the proceeds as disclosed above should be read together with the announcement made by the Company dated 17 September 2020 in relation to the Proposals, as well as Company's announcement dated 15 April 2021 pertaining to the extension of time to complete the implementation of the Private Placement.

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

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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 follow: -

	PAYABLE WITHIN 12 MONTHS RM'000	PAYABLE AFTER 12 MONTHS RM'000	TOTAL OUTSTANDING RM'000
<b><u>Secured borrowings</u></b>			
Banker's acceptances	4,574	-	4,574
Trust receipts	12,383	-	12,383
Hire purchases	311	309	620
Overdraft	-	-	-
Term loans	968	15,396	16,364
	<u>18,236</u>	<u>15,705</u>	<u>33,941</u>

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

- Legal charges over freehold land and buildings of subsidiaries;
- Corporate guarantee by the subsidiaries;
- Joint and several guarantees by the Company's director 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.

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

(Incorporated in Malaysia)

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

### 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 QUARTER 31.05.2021	PRECEDING CORRESPON -DING QUARTER 31.05.2020	CURRENT YEAR TO-DATE 31.05.2021	PRECEDING YEAR-TO-DATE 31.05.2020
Net profit / (loss) for the period attributable to ordinary equity holders of the company (RM'000)	<u>2,471</u>	<u>(1,015)</u>	<u>2,471</u>	<u>(1,015)</u>
Weighted average number of shares in issue ('000)	<u>335,068</u>	<u>289,283</u>	<u>335,068</u>	<u>289,283</u>
Basic and diluted earnings per share (sen) <sup>(1) (2)</sup>	<u>0.74</u>	<u>(0.35)</u>	<u>0.74</u>	<u>(0.35)</u>

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 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.

# ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))

(Incorporated in Malaysia)

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

### B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.05.2020 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.05.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.05.2020 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	241	182	241	182
Depreciation on property, plant and equipment	244	252	244	252
Depreciation on right-of-use assets	236	170	236	170
Equipment rental expenses	9	15	9	15
	<hr/>	<hr/>	<hr/>	<hr/>
and after crediting:				
Interest income	70	38	70	38
Trade credit insurance compensation	-	72	-	72
Rental income	51	54	51	54
Bad debts recoverable	3	6	3	6
	<hr/>	<hr/>	<hr/>	<hr/>

By Order of the Board

Date: 25 August 2021