



# **ACO GROUP BERHAD**

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

**(Incorporated in Malaysia)**

## **Interim Financial Report For the Second Quarter Ended 31 August 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 SECOND QUARTER ENDED 31 AUGUST 2021<sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2021 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.08.2020 Unaudited RM'000	CURRENT YEAR-TO- DATE 31.08.2021 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.08.2020 Unaudited RM'000
Revenue	18,218	26,819	55,608	38,612
Cost of sales	(15,000)	(21,957)	(46,730)	(30,795)
<b>Gross profit</b>	<b>3,218</b>	<b>4,862</b>	<b>8,878</b>	<b>7,817</b>
Other income	236	434	411	700
Administrative expenses	(2,836)	(3,548)	(5,834)	(7,532)
<b>Profit from operations</b>	<b>618</b>	<b>1,748</b>	<b>3,455</b>	<b>985</b>
Finance costs	(228)	(254)	(469)	(436)
Share of results of an associate	424	-	991	-
<b>Profit before tax</b>	<b>814</b>	<b>1,494</b>	<b>3,977</b>	<b>549</b>
Income tax expense	(222)	(415)	(914)	(485)
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>	<b>592</b>	<b>1,079</b>	<b>3,063</b>	<b>64</b>
<b>Profit attributable to:</b>				
Owner of the company	592	1,079	3,063	64
	<u>592</u>	<u>1,079</u>	<u>3,063</u>	<u>64</u>
Basic and diluted earnings per share (sen) <sup>(2) (3)</sup>	0.17	0.37	0.90	0.02

# **ACO GROUP BERHAD**

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## **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 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 financial 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 AUGUST 2021<sup>(1)</sup>

	<b>UNAUDITED</b> <b>31.08.2021</b> <b>RM'000</b>	<b>AUDITED</b> <b>28.02.2021</b> <b>RM'000</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	17,112	17,554
Right-of-use assets	15,409	4,573
Investment properties	4,600	4,600
Investment in an associate	9,023	8,032
	<u>46,144</u>	<u>34,759</u>
<b>Current Assets</b>		
Inventories	41,027	38,869
Trade and other receivables	30,403	36,051
Prepayments	369	415
Current tax assets	215	142
Cash and short-term deposits	25,734	25,708
	<u>97,748</u>	<u>101,185</u>
<b>Current Liabilities</b>		
Trade and other payables	28,592	36,418
Lease liabilities	216	224
Current tax liabilities	1,091	1,098
Loans and borrowings	18,095	16,892
	<u>47,994</u>	<u>54,632</u>
<b>Net current assets</b>	49,754	46,553
	<u>95,898</u>	<u>81,312</u>
<b>Financed by:</b>		
Share capital	67,149	62,910
Reserves	12,795	9,732
	<u>79,944</u>	<u>72,642</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	362	362
Lease liabilities	158	257
Loans and borrowings	15,434	7,304
Trade and other payables	-	747
	<u>15,954</u>	<u>8,670</u>
	<u>95,898</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

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(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER AND ENDED 31 AUGUST 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>

Note:-

- (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.

# ACO GROUP BERHAD

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

(Incorporated in Malaysia)

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

	< -- ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY -->			
	< --- NON-DISTRIBUTABLE --- >		DISTRIBUTABLE	
	SHARE CAPITAL	REORGANISA-	RETAINED	TOTAL
	RM'000	TION RESERVE	EARNINGS	RM'000
		RM'000	RM'000	
<b>Balance as at 1 March 2021</b>	62,910	(27,861)	37,593	72,642
Total comprehensive profit for the period	-	-	3,063	3,063
Transactions with owners:				
Issue of ordinary shares of the Company	-	-	-	-
Share issuance expenses	(109)	-	-	(109)
Private Placement	4,348	-	-	4,348
Interim Dividend	-	-	-	-
<b>Balance as at 31 August 2021 (Unaudited)</b>	<b>67,149</b>	<b>(27,861)</b>	<b>40,656</b>	<b>79,944</b>

Note:-

- (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.

# 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 AUGUST 2021

	CURRENT YEAR- TO-DATE 31.08.2021 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.08.2020 Unaudited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	3,977	549
Adjustments for:		
Discount on lease liabilities payments	-	(14)
Depreciation on property, plant and equipment	488	504
Depreciation on right-of-use assets	473	341
Reversal of impairment losses on trade receivables	(103)	(23)
Bad debts recoverable	(3)	(12)
Finance costs	327	436
Interest income	(96)	(118)
Share of results of an associate	(991)	-
Operating profit/(loss) before changes in working capital	4,072	1,663
Changes in working capital:		
Inventories	(2,157)	(1,383)
Trade and other receivables	6,917	2,617
Prepayments	46	365
Trade and other payables	(8,593)	(3,809)
Net cash generated from/(used in) operations	285	(547)
Income tax paid	(994)	(257)
Income tax refund	-	99
Interest received	96	118
Interest paid	(7)	(32)
<b>Net cash flows used in operating activities</b>	(620)	(619)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(46)	(69)
Purchase of right-of-use assets	(2,248)	-
Renovation in progress	(1,163)	-
<b>Net cash flows used in investing activity</b>	(3,457)	(69)

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# ACO GROUP BERHAD

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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 AUGUST 2021

	<b>CURRENT YEAR- TO-DATE 31.08.2021 Unaudited RM'000</b>	<b>PRECEDING YEAR- TO-DATE 31.08.2020 Unaudited RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	4,240	15,602
Proceeds from term loans	400	-
Repayment of term loans	(804)	(44)
Repayment of finance lease liabilities	(167)	(174)
Proceeds from banker's acceptances	6,125	2,727
Repayment of banker's acceptances	(4,637)	(1,059)
Proceeds from trust receipts	18,352	9,444
Repayment of trust receipts	(18,090)	(9,398)
Payment of lease liabilities	(117)	(112)
Interest paid	(311)	(255)
<b>Net cash flows from financing activities</b>	<b>4,991</b>	<b>16,731</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>914</b>	<b>16,043</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>24,820</b>	<b>2,799</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>25,734</b>	<b>18,842</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-</b>		
Cash and bank balances	24,622	19,587
Fixed deposits with licensed banks	1,112	1,087
Bank overdraft	-	(812)
	<b>25,734</b>	<b>19,862</b>
Less: Deposits pledged	(1,020)	(1,020)
	<b>24,714</b>	<b>18,842</b>

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	(109)	-
Private placement <sup>(1)</sup>	4,348	14,495
At 31 August 2021	<u>67,149</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 August 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	45,646	9,962	-	55,608
Internal-segment revenue	6,074	-	(6,074)	-
External revenue	<u>51,720</u>	<u>9,962</u>	<u>(6,074)</u>	<u>55,608</u>
<b>Segment profit</b>	7,914	964	-	8,878
Other income				411
Administrative expenses				(5,834)
Finance costs				(469)
Share of results of an associate				991
Income tax expense				(914)
Profit for the financial period				<u>3,063</u>

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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 August 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	30,132	8,480	-	38,612
Internal-segment revenue	3,607	-	(3,607)	-
External revenue	<u>33,739</u>	<u>8,480</u>	<u>(3,607)</u>	<u>38,612</u>
<b>Segment profit</b>	6,409	1,408	-	7,817
Other income				700
Administrative expenses				(7,532)
Finance costs				(436)
Income tax expense				(485)
Loss for the financial period				<u>64</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**

The Group's wholly-owned subsidiary, ACO Holdings Sdn. Bhd. ("ACO Holdings") had on 18 October 2021, entered into a Shares Sale and Subscription Agreement ("SSSA") with Lee Yuen How ("The Promoter") and EV Connection Sdn Bhd ("EVC"), for the purchase of 10,000 issued ordinary shares from the Promoter for a cash consideration of RM90,000.00 and a subscription of 100,000 new ordinary shares in EVC for a cash consideration of RM910,000.00 ("Purchase and Subscription of EVC"). Upon completion of the SSSA, the Company will be the legal and beneficial owner of ten percent (10%) of the enlarged issued share capital of EVC.

### **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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## 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 31.08.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2020 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.08.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2020 Unaudited RM'000
<b>Entity owned by persons connected to a Director</b>				
Sales of goods	-	-	-	3
<b>Associated Company</b>				
Sales of goods	407	-	892	-
Purchase of goods	42	-	122	-

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

### B1 Review of performance

The Group's revenue of RM18.218 million for the current financial quarter was 32.1% or RM8.601 million lower than that of the preceding year corresponding quarter. The results in the current financial quarter was lower due to the implementation of a full lockdown in June 2021 and various phases of Movement Control Order ("MCO") imposed in the following months in response to the rising cases of COVID-19 pandemic.

The decrease in revenue has resulted in the Group's gross profit ("GP") to drop from RM4.862 million in the preceding year corresponding quarter to RM3.218 million in the current financial quarter under review.

The Group has achieved a profit before tax ("PBT") of RM0.814 million in the current financial quarter, whereby RM0.424 million was contributed from the share of results of an associate company. The PBT of RM0.814 million represents a decrease of RM0.680 million as compared to the PBT recorded in the preceding year corresponding quarter of RM1.494 million which experienced a rebound in business activities after the first MCO was lifted.

Overall, the Group recorded a revenue of RM55.608 million during the first six months of the financial period ending 31 August 2021. The PBT of RM3.977 is significantly higher than the preceding cumulative year to date of RM0.985 million due to a higher GP achieved in the current financial period ending 31 August 2021 and a one-off listing expenses amounted approximately RM1.997 million incurred in the preceding cumulative year to date.

### B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER 31.08.2021 RM'000	PRECEDING QUARTER 31.05.2021 RM'000	RM'000	%
Revenue	18,218	37,390	(19,172)	(51.3%)
PBT	814	3,163	(2,349)	(74.3%)

For the quarter under review, the Group's revenue was down by RM19.172 million or 51.3% to RM18.218 million, which was lower as compared to the RM37.390 million achieved in the preceding financial quarter ended 31 May 2021. Meanwhile, the PBT of RM0.814 million was approximately a 74.3% drop from the preceding financial quarter's PBT of RM3.163 million. The drop in revenue and PBT was mainly due to restrictions of business activities and operations during the quarter under review as a result of the implementation of a full lockdown in June 2021 and various phases of MCO imposed in the following months in response to the rising cases of COVID-19 pandemic.

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

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

### **B3 Prospects**

Supported by the National Recovery Plan (“NRP”) and a step-up in vaccination efforts, the Malaysian economy is showing signs of rebound as various economic sectors reopens and pandemic related restrictions eases. However, the pace and strength of the recovery remains closely tied to the domestic and global developments surrounding the COVID-19 pandemic.

The Group resumed its full operation on 27 September 2021 and is encouraged by the increase and improvement in business activities from its customers. The Group looks forward to recovering its momentum and closing the gaps caused by the lockdowns in the previous quarter. Besides ensuring operational efficiency, the Group also sought other investment opportunities, such as the proposed acquisition and subscription of 10% stake acquisition in EVC as announced by the Company on 18 October 2021. EVC is a one-stop electric mobility service provider as well as a provider of solar engineering, procurement, construction and commissioning solutions. One of the collaboration efforts with EVC is the installation of a direct-current (“DC”) fast-charging station at the Company’s new headquarter which allows electric vehicle owners to drive-in to charge their vehicles in what is set to be one of the fastest charging stations in Malaysia and the first of its kind in Johor. The Group believes in the rising growth prospects of both the electric vehicles and the increase of demands for such related electrical equipment in the near future.

Over at the East Coast region, the performance of the Group’s associate remains strong and continues to deliver promising results. Though not spared from the nationwide lockdowns and subsequent restriction measures, operation in this region was able to commence businesses earlier in line with the NRP. The Group is confident in Focus Electrical’s consistent contribution to its profits and the shareholders’ funds.

The setting-up and renovation works of the Company’s new headquarter has recommenced in early September following the upliftment of the lockdown and subsequent restriction measures. The renovation is expected to complete by December 2021 as planned and the relocation is scheduled to follow right after. A new sales outlet which will be established within the same vicinity is expected to be ready in the fourth quarter of the financial year ending 28 February 2022 and is expected to commence business in the new financial year 2023. The Group hopes to expand its business capacity and expands its operational efficiency once the new facility is in operation.

Despite the foregoing, the Board remains cautious on the prospects of the Group amidst the continuing global economic uncertainty. Barring any unforeseen circumstances, the Board is of the view that the Group’s overall performance will improve in view of the easing of restrictions and opening up of more economic sectors allowing businesses to operate after achieving high vaccination rate against COVID-19. The Group will remain observant, vigilant and focus on sustaining its financial performance and operational efficiency in what remains as a challenging time as impacts of the pandemic still lingers.

### **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 31.08.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2020 Unaudited RM'000	CURRENT YEAR TO-DATE 31.08.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2020 Unaudited RM'000
In respect of the current period:				
Income tax expense	<u>222</u>	<u>415</u>	<u>914</u>	<u>485</u>
Effective tax rate (%)	<u>27%</u>	<u>28%</u>	<u>23%</u>	<u>88%</u>

The effective tax rates for the current quarter ended 31 August 2021 were higher than the statutory tax rate mainly due to non-deductible expenses and it remained comparable to the effective tax rate for the preceding corresponding quarter ended 31 August 2020. The significantly higher preceding year-to-date's effective tax rate was due to a one-off listing expenses which are non-deductible expenses.

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

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

(Incorporated in Malaysia)

## **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:

- (i) 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 30 September 2021, applied for a further extension of time of 6 months until 15 April 2022 to implement and complete the Private Placement. The application for extension of time was approved by Bursa Securities via its letter dated 20 October 2021 (which was received on 21 October 2021).

- (ii) On 18 October 2021, the Group’s wholly-owned subsidiary, ACO Holdings had entered into a SSSA with the Promoter of EVC and EVC, for the Purchase and Subscription of EVC which is currently pending completion.

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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 August 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	1,013	1,487	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>9,025</u>	<u>7,215</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	6,370	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	1,939	Within 12 months
Estimated expenses in relation to the Proposals	650	505	Upon completion of the Proposal
	<u>22,600</u>	<u>10,844</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))

(Incorporated in Malaysia)

## 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	5,051	-	5,051
Trust receipts	11,796	-	11,796
Hire purchases	277	257	534
Overdraft	-	-	-
Term loans	971	15,177	16,148
	<u>18,095</u>	<u>15,434</u>	<u>33,529</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 31.08.2021	PRECEDING CORRESPON -DING QUARTER 31.08.2020	CURRENT YEAR TO-DATE 31.08.2021	PRECEDING YEAR-TO-DATE 31.08.2020
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>592</u>	<u>1,079</u>	<u>3,063</u>	<u>64</u>
Weighted average number of shares in issue ('000)	<u>340,178</u>	<u>294,641</u>	<u>340,178</u>	<u>294,641</u>
Basic and diluted earnings per share (sen) <sup>(1) (2)</sup>	<u>0.17</u>	<u>0.37</u>	<u>0.90</u>	<u>0.02</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 financial 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 31.08.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2020 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.08.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2020 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	228	254	469	436
Depreciation on property, plant and equipment	244	252	488	504
Depreciation on right-of-use assets	236	171	472	341
Equipment rental expenses	8	19	17	34
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and after crediting:				
Interest income	80	80	150	118
Trade credit insurance compensation	38	405	38	477
Rental income	51	43	102	97
Bad debts recoverable	3	6	3	12
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By Order of the Board

Date: 27 October 2021