



ACO GROUP BERHAD

Company No. 201901020410 (1329739-A)

(Incorporated in Malaysia)

Interim Financial Report For the Third Quarter Ended 30 November 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 THIRD QUARTER ENDED 30 NOVEMBER 2021⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.11.2021 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 30.11.2020 Unaudited RM'000	CURRENT YEAR-TO- DATE 30.11.2021 Unaudited RM'000	PRECEDING YEAR-TO- DATE 30.11.2020 Unaudited RM'000
Revenue	35,712	36,849	91,320	75,461
Cost of sales	(29,598)	(30,873)	(76,328)	(61,668)
Gross profit	6,114	5,976	14,992	13,793
Other income	259	143	670	843
Administrative expenses	(3,129)	(3,401)	(8,963)	(10,933)
Profit from operations	3,244	2,718	6,699	3,703
Finance costs	(209)	(377)	(678)	(813)
Share of results of an associate	874	-	1,865	-
Profit before tax	3,909	2,341	7,886	2,890
Income tax expense	(873)	(612)	(1,787)	(1,097)
Profit for the financial period, representing total comprehensive income for the financial period	3,036	1,729	6,099	1,793
Profit attributable to:				
Owner of the company	3,036	1,729	6,099	1,793
	<u>3,036</u>	<u>1,729</u>	<u>6,099</u>	<u>1,793</u>
Basic and diluted earnings per share (sen) ^{(2) (3)}	0.89	0.54	1.78	0.56

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 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 30 NOVEMBER 2021⁽¹⁾

	UNAUDITED 30.11.2021 RM'000	AUDITED 28.02.2021 RM'000
Non-Current Assets		
Property, plant, and equipment	17,052	17,554
Right-of-use assets	15,140	4,573
Investment properties	4,600	4,600
Investment in an associate	9,933	8,032
	<u>46,725</u>	<u>34,759</u>
Current Assets		
Inventories	42,018	38,869
Trade and other receivables	35,475	36,051
Prepayments	345	415
Current tax assets	378	142
Cash and short-term deposits	25,081	25,708
	<u>103,297</u>	<u>101,185</u>
Current Liabilities		
Trade and other payables	36,201	36,418
Lease liabilities	204	224
Current tax liabilities	921	1,098
Loans and borrowings	14,282	16,892
	<u>51,608</u>	<u>54,632</u>
Net current assets	51,689	46,553
	<u>98,414</u>	<u>81,312</u>
Financed by:		
Share capital	67,127	62,910
Reserves	15,831	9,732
	<u>82,958</u>	<u>72,642</u>
Non-current liabilities		
Deferred tax liabilities	362	362
Lease liabilities	112	257
Loans and borrowings	14,982	7,304
Trade and other payables	-	747
	<u>15,456</u>	<u>8,670</u>
	<u>98,414</u>	<u>81,312</u>
Number of issued shares ('000)	345,288	330,793
Net assets per share (RM)	<u>0.24</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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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER AND ENDED 30 NOVEMBER 2021⁽¹⁾

	< -- ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY -->			
	< --- NON-DISTRIBUTABLE --- >		DISTRIBUTABLE	
	SHARE CAPITAL	REORGANISA- TION RESERVE	RETAINED EARNINGS	TOTAL
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 March 2020	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)
Balance as at 28 February 2021 (Audited)	62,910	(27,861)	37,593	72,642

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 THIRD QUARTER AND ENDED 30 NOVEMBER 2021⁽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 2021	62,910	(27,861)	37,593	72,642
Total comprehensive profit for the period	-	-	6,099	6,099
Transactions with owners:				
Issue of ordinary shares of the Company	-	-	-	-
Share issuance expenses	(131)	-	-	(131)
Private Placement	4,348	-	-	4,348
Interim Dividend	-	-	-	-
Balance as at 30 November 2021 (Unaudited)	<u>67,127</u>	<u>(27,861)</u>	<u>43,692</u>	<u>82,958</u>

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.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 30 NOVEMBER 2021

	CURRENT YEAR- TO-DATE 30.11.2021 Unaudited RM'000	PRECEDING YEAR- TO-DATE 30.11.2020 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	7,886	2,890
Adjustments for:		
Discount on lease liabilities payments	-	(15)
Depreciation on property, plant and equipment	736	756
Depreciation on right-of-use assets	708	507
Reversal of impairment losses on trade receivables	(223)	(53)
Bad debts recoverable	(3)	(17)
Loss on disposal of investment property	-	350
Provision of doubtful debts	-	463
Finance costs	678	813
Interest income	(219)	(168)
Share of results of an associate	(1,865)	-
Operating profit before changes in working capital	<u>7,698</u>	<u>5,526</u>
Changes in working capital:		
Inventories	(3,149)	(3,590)
Trade and other receivables	2,734	(3,265)
Prepayments	70	238
Trade and other payables	(984)	5,889
Net cash generated from operations	<u>6,369</u>	<u>4,798</u>
Income tax paid	(2,200)	(356)
Income tax refund	-	99
Interest received	219	168
Interest paid	(7)	(56)
Net cash flows from operating activities	<u>4,381</u>	<u>4,653</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(199)	(275)
Purchase of right-of-use assets	(2,248)	-
Proceeds from disposal of investment property	-	381
Acquisition of an associated company	(37)	(6,603)
Renovation in progress	(1,932)	-
Net cash flows used in investing activity	<u>(4,416)</u>	<u>(6,497)</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 30 NOVEMBER 2021

	CURRENT YEAR- TO-DATE 30.11.2021 Unaudited RM'000	PRECEDING YEAR- TO-DATE 30.11.2020 Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,218	23,065
Proceeds from term loans	400	-
Repayment of term loans	(1,342)	(56)
Repayment of finance lease liabilities	(248)	(252)
Proceeds from banker's acceptances	6,868	5,103
Repayment of banker's acceptances	(6,912)	(4,547)
Proceeds from trust receipts	24,826	17,365
Repayment of trust receipts	(26,678)	(20,462)
Payment of lease liabilities	(175)	(169)
Interest paid	(661)	(725)
Dividend paid	-	(942)
Net cash flows from financing activities	296	18,380
NET INCREASE IN CASH AND CASH EQUIVALENTS	261	16536
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	23,800	2,799
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	24,061	19,335
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-		
Cash and bank balances	23,965	19,513
Fixed deposits with licensed banks	1,116	1,094
Bank overdraft	-	(252)
	25,081	20,355
Less: Deposits pledged	(1,020)	(1,020)
	24,061	19,335

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.

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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 period 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	(131)	-
Private placement ⁽¹⁾	4,348	14,495
At 30 November 2021	<u>67,127</u>	<u>345,288</u>

Note:-

(1) The issue prices for the private placement are as disclosed in Note A10 (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: -

Current quarter ended 30 November 2021 (Unaudited)	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
BUSINESS SEGMENT				
Revenue				
Revenue from external customers	76,179	15,141	-	91,320
Internal-segment revenue	9,918	-	(9,918)	-
External revenue	<u>86,097</u>	<u>15,141</u>	<u>(9,918)</u>	<u>91,320</u>
Segment profit	13,364	1,628	-	14,992
Other income				670
Administrative expenses				(8,963)
Finance costs				(678)
Share of results of an associate				1,865
Income tax expense				<u>(1,787)</u>
Profit for the financial period				<u>6,099</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 30 November 2020 (Unaudited)

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
Revenue				
Revenue from external customers	60,241	15,220	-	75,461
Internal-segment revenue	7,346	-	(7,346)	-
External revenue	<u>67,587</u>	<u>15,220</u>	<u>(7,346)</u>	<u>75,461</u>
Segment profit	11,906	1,887	-	13,793
Other income				843
Administrative expenses				(10,933)
Finance costs				(813)
Income tax expense				(1,097)
Profit for the financial period				<u>1,793</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

Save for the following: 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:

- (i) On 17 September 2020, the Company had announced a proposed private placement of up to 56.50 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 Malaysia Sdn Bhd (“Focus Electrical”), comprising 1.225 million ordinary shares in Focus Electrical at RM6.00 per Sale Share, by ACO Holdings Sdn Bhd (“ACO Holdings”), 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 43.871 million Placement Shares had been issued pursuant to the Private Placement, at issue prices ranging from RM0.240 to RM0.365 per Placement Share. A total of nine (9) tranches had been completed and the total fund raised from the Private Placement of 43.871 million Placement Shares was RM14.604 million constituted by approximately 78% of the total Placement Shares.

The Private Placement has been completed on 31 December 2021 and announcement was made on the same day. The Group had resolved not to place out the remaining Placement Shares.

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 30.11.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.11.2020 Unaudited RM'000	CURRENT YEAR-TO-DATE 30.11.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.11.2020 Unaudited RM'000
Entity owned by persons connected to a Director				
Sales of goods	-	-	-	3
Associated company				
Sales of goods	584	-	1,476	-
Purchase of goods	-	-	122	-

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

B1 Review of performance

For the quarter under review, the Group's revenue of RM35.712 million was 3.09% or RM1.137 million lower than that of the revenue recorded in the preceding year's corresponding quarter. Despite the drop in revenue, the Group's gross profit ("GP") for the quarter under review of RM6.114 million represents a slight increase of 2.31% or RM0.138 million in comparison to the RM5.976 million attained in the preceding year corresponding quarter.

The Group's profit before tax ("PBT") of RM3.909 million in the current financial quarter is 66.98% or RM1.568 million higher than the RM2.341 recorded in the preceding year corresponding quarter. The increase is mainly due to the share of results of our operations in the East Coast region amounted to RM0.874 million.

Meanwhile, the Group recorded a cumulative revenue of RM91.320 million for the financial period ended 30 November 2021. The PBT of RM7.886 is notably higher than the preceding financial period ended 30 November 2020 of RM2.890 million, mainly attributable to the share of results of an associate in the current financial period ended 30 November 2021 and a one-off listing expenses amounted to approximately RM1.997 million incurred in the preceding financial period ended 30 November 2020.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER	PRECEDING QUARTER		
	30.11.2021	31.08.2021		
	RM'000	RM'000	RM'000	%
Revenue	35,712	18,218	17,494	96.03
PBT	<u>3,909</u>	<u>814</u>	3,095	380.22

The Group witnessed a strong rebound in its sales since its preceding financial quarter ended 31 August 2021, which was affected by the implementation of a full lockdown in June 2021 in response to the rising cases of COVID-19 pandemic. The Group's revenue for the quarter under review increased by 96.03% or RM17.494 million as compared to RM18.218 million in the preceding financial quarter ended 31 August 2021. The improvement in revenue is mainly attributable to the fulfilment of order backlogs accumulated during the lockdown period and an overall gradual recovery of business as industries reopened pursuant to the National Recovery Plan ("NRP"). In tandem with a higher revenue, the Group achieved a PBT of RM3.909 million for the current financial quarter, which represents an increase of 380.22% or RM3.095 million as compared to RM 0.814 million in the preceding financial quarter.

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

B3 Prospects

The economic activities in the local scene have picked up as more states progressed along under the NRP with less restrictive containment measures and continued policy support. The efficiency of vaccinations, compliance with Standard Operating Procedures (SOPs) as well as the ability to effectively contain outbreaks from any new COVID-19 variants are crucial to the expected recovery of the economy. Notwithstanding this, downside risk to growth remains, such as prolonged supply-related disruption and a rising cost environment.

In light of the challenging business landscape, the Company continues to execute prudent planning in pursuing its expansion plans to be in line with market trends and the demand-supply situation. One of the investment opportunities sought includes a proposed acquisition and subscription of 10% stake in EV Connection Sdn Bhd (“EVC”) as announced by the Company on 18 October 2021, which is currently pending completion (“Proposed Purchase and Subscription”). EVC is a one-stop electric mobility service provider as well as a provider of solar engineering, procurement, construction, and commissioning solutions. Following the Government’s initiative to provide full exemption on import and excise duties, as well as sales tax, for electric vehicles (“EV”) to support development of the local EV industry, the investment in EVC is both strategic and timely.

Our operations in the East Coast region has once again delivered a steady performance with promising results. The Group is encouraged by our associate company’s consistent contribution to its profits and the shareholders’ funds.

The Company’s new headquarter is now ready for occupancy, while a new sales outlet which will be established within the same vicinity is anticipated to commence business in the first quarter of the financial year ending 28 February 2023. The Group will be able to advance its business capacity while extending its operational efficiency with the completion of these new set-ups.

Notwithstanding the above, the Board recognizes the challenges ahead and remains cautious on the prospects of the Group as global economic uncertainties continue. The Board opines that a satisfactory financial performance for the financial year ending 28 February 2022 is attainable. Nevertheless, the Group shall remain vigilant in monitoring and managing its resources and operations effectively.

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 30.11.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.11.2020 Unaudited RM'000	CURRENT YEAR TO-DATE 30.11.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.11.2020 Unaudited RM'000
In respect of the current period:				
Income tax expense	<u>873</u>	<u>612</u>	<u>1,787</u>	<u>1,097</u>
Effective tax rate (%)	<u>22%</u>	<u>26%</u>	<u>23%</u>	<u>38%</u>

For the current financial quarter and year-to-date ended 30 November 2021, the effective rate is 22% and 23%, respectively which is in line with the statutory rate of 24%. The preceding year-to-date effective tax rate was significantly higher than the statutory tax rate of 24% mainly due to a one-off listing expenses which are non-deductible expenses for tax purposes.

Income tax expense is recognized 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:

- (i) On 18 October 2021, the Group's wholly-owned subsidiary, ACO Holdings had entered into a Shares Sale and Subscription Agreement with the promoter of EVC and EVC, for the Proposed Purchase and Subscription which is currently pending completion. Further details of the proposal are set out in the Company's announcement dated 18 October 2021.

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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 Securities on 18 March 2020, the gross proceeds raised from the public issue amounting to RM16.240 million and status of utilisation as at 30 November 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	365	3,835	Within 24 months
Setting up works for the new property	2,500	1,530	970	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>9,757</u>	<u>6,483</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 nine tranches comprising 43.871 million Placement Shares had been issued pursuant to the Private Placement. The total fund raised to-date was approximately RM14.604 million. The Private Placement has been completed on 31 December 2021.

As at the date of this report, the status of utilisation of proceeds based on funds raised from the Private Placement is as follows:-

PURPOSES	PROPOSED UTILISATION (BASED ON ANNOUNCEMENT MADE ON 17 SEPTEMBER 2020)	REVISED UTILISATION (PURSUANT TO THE COMPLETION OF THE PRIVATE PLACEMENT)	ACTUAL UTILISATION	ESTIMATED TIME FRAME FOR UTILISATION (FROM THE DATE OF LISTING OF THE PLACEMENTS SHARES)
		RM'000	RM'000	
Acquisition of Focus Electrical	5,145	5,145	2,030	Within 30 months
Capital injection in Focus Electrical	6,370	6,370	6,370	Within 12 months
Repayment of bank borrowings	2,435	-	-	Not applicable
Investment in new business	5,000	-	-	Not applicable
Working capital	3,000	2,439	1,939	Within 12 months
Estimated expenses in relation to the Proposals	650	650	542	Upon completion of the Proposal
	22,600	14,604	10,881	

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)

B7 Utilisation of proceeds raised from the Private Placement (Cont'd)

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 31 December 2021 pertaining to the completion of the Private Placement.

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
<u>Secured borrowings</u>			
Banker's acceptances	3,519	-	3,519
Trust receipts	9,683	-	9,683
Hire purchases	238	214	452
Term loans	842	14,768	15,610
	<u>14,282</u>	<u>14,982</u>	<u>29,264</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 leasehold land and buildings of 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 an investment property.

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 30.11.2021	PRECEDING CORRESPON -DING QUARTER 30.11.2020	CURRENT YEAR TO-DATE 30.11.2021	PRECEDING YEAR-TO-DATE 30.11.2020
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>3,036</u>	<u>1,729</u>	<u>6,099</u>	<u>1,793</u>
Weighted average number of shares in issue ('000)	<u>341,869</u>	<u>296,415</u>	<u>341,869</u>	<u>294,415</u>
Basic and diluted earnings per share (sen) ^{(1) (2)}	<u>0.89</u>	<u>0.58</u>	<u>1.78</u>	<u>0.60</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))

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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 30.11.2021 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.11.2020 Unaudited RM'000	CURRENT YEAR-TO-DATE 30.11.2021 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.11.2020 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	209	377	678	813
Depreciation on property, plant and equipment	249	254	737	758
Depreciation on right-of-use assets	235	165	707	506
Equipment rental expenses	13	18	30	52
	<hr/>	<hr/>	<hr/>	<hr/>
and after crediting:				
Interest income	69	56	219	174
Trade credit insurance compensation	-	-	38	477
Rental income	51	56	153	153
Bad debts recoverable	-	5	3	17
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By Order of the Board

Date: 26 January 2022