



# **ACO GROUP BERHAD**

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

**(Incorporated in Malaysia)**

## **Interim Financial Report**

### **For the Quarter and Financial Year Ended**

### **28 February 2022**

# 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 QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2022<sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 28.02.2022 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 28.02.2021 Unaudited RM'000	CURRENT YEAR-TO- DATE 28.02.2022 Unaudited RM'000	PRECEDING YEAR-TO- DATE 28.02.2021 Audited RM'000
Revenue	33,610	35,129	124,930	110,590
Cost of sales	(28,689)	(30,171)	(105,017)	(91,839)
<b>Gross profit</b>	<b>4,921</b>	<b>4,958</b>	<b>19,913</b>	<b>18,751</b>
Other income	194	322	864	1,165
Administrative expenses	(3,910)	(3,438)	(12,873)	(14,371)
<b>Profit from operations</b>	<b>1,205</b>	<b>1,842</b>	<b>7,904</b>	<b>5,545</b>
Finance costs	(214)	(200)	(892)	(1,013)
Share of results of an associate	139	600	2,004	600
<b>Profit before tax</b>	<b>1,130</b>	<b>2,242</b>	<b>9,016</b>	<b>5,132</b>
Income tax expense	(166)	(1,189)	(1,953)	(2,286)
<b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b>	<b>964</b>	<b>1,053</b>	<b>7,063</b>	<b>2,846</b>
<b>Profit attributable to:</b>				
Owner of the company	964	1,053	7,063	2,846
	964	1,053	7,063	2,846
Basic and diluted earnings per share (sen) <sup>(2) (3)</sup>	0.28	0.34	2.06	0.93

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(Incorporated in Malaysia)

## **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2022<sup>(1)</sup>**

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the 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/year 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/year.

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# ACO GROUP BERHAD

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

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022<sup>(1)</sup>

	<b>UNAUDITED</b> <b>28.02.2022</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	19,881	17,554
Right-of-use assets	14,908	4,573
Investment properties	4,600	4,600
Investment in an associate	10,073	8,032
Other investment	1,017	-
Deferred tax assets	10	-
	<u>50,489</u>	<u>34,759</u>
<b>Current Assets</b>		
Inventories	42,007	38,869
Trade and other receivables	34,127	36,051
Prepayments	345	415
Current tax assets	88	142
Cash and short-term deposits	23,783	25,708
	<u>100,350</u>	<u>101,185</u>
<b>Current Liabilities</b>		
Trade and other payables	38,093	36,418
Lease liabilities	180	224
Current tax liabilities	225	1,098
Loans and borrowings	12,707	16,892
	<u>51,205</u>	<u>54,632</u>
<b>Net current assets</b>	49,145	46,553
	<u>99,634</u>	<u>81,312</u>
<b>Financed by:</b>		
Share capital	67,622	62,910
Reserves	16,795	9,732
	<u>84,417</u>	<u>72,642</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	404	362
Lease liabilities	77	257
Loans and borrowings	14,736	7,304
Trade and other payables	-	747
	<u>15,217</u>	<u>8,670</u>
	<u>99,634</u>	<u>81,312</u>
Number of issued shares ('000)	347,371	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

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

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2022<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 QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2022<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	-	-	7,063	7,063
Transactions with owners:				
Issue of ordinary shares of the Company	-	-	-	-
Share issuance expenses	(136)	-	-	(136)
Private Placement	4,848	-	-	4,848
Interim Dividend	-	-	-	-
<b>Balance as at 28 February 2022 (Unaudited)</b>	<b>67,622</b>	<b>(27,861)</b>	<b>44,656</b>	<b>84,417</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))

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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2022<sup>(1)</sup>

	CURRENT YEAR- TO-DATE 28.02.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 28.02.2021 Audited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,016	5,132
Adjustments for:		
Depreciation on property, plant and equipment	1,065	1,011
Depreciation on right-of-use assets	939	672
Property, plant and equipment written off	29	1
Impairment losses on trade receivables	80	677
Reversal of impairment losses on trade receivables	(302)	(88)
Bad debts recoverable	(4)	(18)
Loss on disposal of investment property	-	350
Finance costs	819	1,013
Interest income	(19)	(235)
Share of results of an associate	(2,004)	(600)
Operating profit before changes in working capital	9,619	7,915
Changes in working capital:		
Inventories	(3,138)	(3,488)
Trade and other receivables	2,211	(3,744)
Prepayments	70	506
Trade and other payables	908	5,364
Net cash generated from operations	9,670	6,553
Income tax paid	(2,739)	(2,363)
Income tax refund	-	100
Interest received	19	235
Interest paid	(7)	(60)
<b>Net cash flows from operating activities</b>	6,943	4,465
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(3,388)	(410)
Purchase of right-of-use assets	(2,248)	-
Proceed from disposal of property, plant and equipment	2	-
Proceeds from disposal of investment property	-	381
Acquisition of an associated company	(37)	(5,215)
Other investment paid	(1,017)	-
Increase in deposits pledged	(56)	-
Renovation in progress	(61)	-
<b>Net cash flows used in investing activity</b>	(6,805)	(5,244)

# 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 28 FEBRUARY 2022<sup>(1)</sup>

	CURRENT YEAR- TO-DATE 28.02.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 28.02.2021 Audited RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	-	(942)
Proceeds from issuance of shares	4,712	25,138
Proceeds from term loans	400	-
Repayment of term loans	(1,543)	(163)
Repayment of finance lease liabilities	(233)	(328)
Proceeds from banker's acceptances	7,975	6,871
Repayment of banker's acceptances	(9,048)	(7,045)
Proceeds from trust receipts	32,439	26,406
Repayment of trust receipts	(34,808)	(26,952)
Payment of lease liabilities	(322)	(242)
Repayment of amount owing to a director	-	(10)
Interest paid	(803)	(953)
<b>Net cash flows (used in)/from financing activities</b>	<u>(1,231)</u>	<u>21,780</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,093)	21,001
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	23,800	2,799
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>22,707</u>	<u>23,800</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-</b>		
Cash and bank balances	22,608	24,608
Fixed deposits with licensed banks	1,175	1,100
	<u>23,783</u>	<u>25,708</u>
Less: Deposits pledged	(1,076)	(1,020)
Bank overdraft	-	(888)
	<u>22,707</u>	<u>23,800</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.



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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 quarter and financial 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 quarter and financial year 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 quarter and financial year under review.

### A7 Debts and equity securities

There were no significant issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter and financial year 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	(136)	-
Private placement	4,848	16,578
At 28 February 2022	<u>67,622</u>	<u>347,371</u>

### A8 Dividends paid

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

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# 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: -

<b>Current year to date ended 28 February 2022 (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	104,941	19,989	-	124,930
Internal-segment revenue	12,286	-	(12,286)	-
External revenue	<u>117,227</u>	<u>19,989</u>	<u>(12,286)</u>	<u>124,930</u>
<b>Segment profit</b>	17,723	2,190	-	19,913
Other income				864
Administrative expenses				(12,873)
Finance costs				(892)
Share of results of an associate				2,004
Income tax expense				(1,953)
Profit for the financial year-to-date				<u>7,063</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 year to date ended 28 February 2021 (Audited)	INDUSTRIAL USERS RM'000	RESELLERS RM'000	OTHERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
<b>BUSINESS SEGMENT</b>					
<b>Revenue</b>					
Revenue from external customers	91,602	18,988	-	-	110,590
Internal-segment revenue	10,577	-	2,650	(13,227)	-
External revenue	<u>102,179</u>	<u>18,988</u>	<u>2,650</u>	<u>(13,227)</u>	<u>110,590</u>
<b>Segment profit</b>	16,360	2,391	-	-	18,751
Other income					1,165
Administrative expenses					(14,371)
Finance costs					(1,013)
Share of results of an associate					600
Income tax expense					<u>(2,286)</u>
Profit for the financial year-to-date					<u>2,846</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/year**

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 quarter and financial year 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 quarter and financial year under review.

### **A13 Capital commitments**

There were no capital commitments at the end of the quarter and financial year 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 quarter and financial year under review:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 28.02.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 28.02.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 28.02.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 28.02.2021 Audited RM'000
<b>Entity owned by persons connected to a Director</b>				
Sales of goods	-	-	-	3
<b>Associated company</b>				
Sales of goods	596	590	2,072	590
Purchase of goods	1	157	123	157

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

### B1 Review of performance

#### Performance of the current quarter against the preceding year corresponding quarter

The Group recorded a revenue of RM33.610 million in the current quarter under review as compared with the RM35.129 million reported in the preceding year corresponding quarter. This represents a drop of 4.3% or RM1.519 million in revenue. As for the gross profit (“GP”), the RM4.921 million attained in the current quarter under review decreased by 0.7% or RM0.037 million when compared with the GP of RM4.958 million reported in the preceding year corresponding quarter.

The Group’s profit before tax (“PBT”) of RM1.130 million in the current quarter under review is 49.6% or RM1.112 million lower than the RM2.242 recorded in the preceding year corresponding quarter. The decrease in PBT is mainly due to the lower share of results of our associate in the East Coast region as the business operations were significantly affected by the region’s flooding in December 2021.

#### Performance of the current year-to-date against the preceding year-to-date

Meanwhile, the Group recorded a cumulative revenue of RM124.930 million for the financial year ended 28 February 2022. This is a 13.0% or RM14.340 million increase when compared to RM110.590 million in the cumulative financial year ended 28 February 2021. As for the PBT, the cumulative PBT of RM9.016 in the current financial year increased by 75.7% or RM3.884 million as compared to RM5.132 million in the cumulative financial year ended 28 February 2021. This is mainly due to the share of results of our operations in the East Coast region of RM2 million in the current financial year ended 28 February 2022 as compared to RM0.6 million, which is a share of result for a single quarter, in the preceding financial year ended 28 February 2021. A one-off listing expenses amounted to approximately RM1.695 million was also recorded in the preceding financial year ended 28 February 2021.

### B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER	PRECEDING QUARTER	RM'000	%
	28.02.2022	30.11.2021		
	RM'000	RM'000		
Revenue	33,610	35,712	(2,102)	(5.9)
PBT	<u>1,130</u>	<u>3,909</u>	(2,779)	(71.1)

The Group’s revenue for the current quarter under review decreased by RM2.102 million or 5.9% to RM33.610 million as compared to RM35.712 million achieved in the preceding financial quarter ended 30 November 2021. Meanwhile, the PBT of RM1.130 million represents a drop of 71.1% from the preceding financial quarter’s PBT of RM3.909 million. Due to the increase in global commodity prices, the Group has tried to maintain its selling prices to customers in an effort to help them fulfil their contractual agreements. This, along with flood-related impacts to the Group’s associate operations in the East Coast region, has led to a drop in the current quarter financial performance of the Group.

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

### **B3 Prospects**

The Malaysian economy rebounded by 3.6% in the fourth quarter of 2021 as economic activities resumed with the easing of containment measures and strong external demand. Meanwhile, Bank Negara Malaysia has forecasted that Malaysia's economic growth is on track to expand by 5.3% - 6.3% for 2022 upon the reopening of economic and social sectors, as well as increased external demand from major trading partners (*Source: Bank Negara Malaysia*). However, the resurgence of Covid-19 infections brought upon by the Omicron variant still pose downside risks.

Notwithstanding the above, the Group looks forward to an increase in business activities especially its business operations in the southern states following the recent reopening of the Malaysia-Singapore border effective 1 April 2022. The Group has been expanding its product range to offer more selections of electrical goods and accessories to its clients. Among these additions are solar related products such as solar panels and inverters. The Group is working towards being a one-stop centre for its clients to have access to a wide selections of electrical goods. The increase of products and solutions offered would encourage bulk purchases and in return grow the size of our sales orders.

A new sales outlet, established within the Company's new headquarter, has commenced operation in the new financial year ending 28 February 2023. This set-up within the new facility is expected to further advance the Group's business capacity.

Our operations in the East Coast region which were affected by the flood is also set on regaining its momentum and making a recovery in its business activities in that region.

The Group is committed to building on its business sustainability and growth agenda. Barring any unforeseen circumstances, the Group expects to improve its financial performance by putting in place the necessary measures for the financial year ending 28 February 2023. 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 quarter and financial year 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 28.02.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 28.02.2021 Unaudited RM'000	CURRENT YEAR TO-DATE 28.02.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 28.02.2021 Audited RM'000
In respect of the current period:				
Income tax expense	135	1,189	1,953	2,286
Deferred tax expense	31	-	-	-
<b>Total</b>	<b>166</b>	<b>1,189</b>	<b>1,953</b>	<b>2,286</b>
<b>Effective tax rate (%)</b>	<b>15%</b>	<b>53%</b>	<b>22%</b>	<b>45%</b>

For the current financial quarter and year ended 28 February 2022, the effective rate is 15% and 22%, respectively. The significant reduction in effective tax rate for current financial quarter is mainly due to a special tax deduction given on “Costs of Renovation and Refurbishment of Business Premise”, a tax-related measure which was first announced as part of the First Economic Stimulus Package and was then extended in the Short-term Economic Recovery Plan. The effective tax rate in the preceding year-to-date 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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# **ACO GROUP BERHAD**

(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 of the following, there are no corporate proposals announced but not yet completed as at the date of this report:

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").

The SSSA has been completed on 28 February 2022 and the Company is now the legal and beneficial owner of ten percent (10%) of the enlarged issued share capital of EVC.

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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 28 February 2022 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	767	3,433	Within 36 months
Setting up works for the new property	2,500	1,956	544	Within 30 months
Purchasing of new trucks and upgrading of IT systems	2,000	322	1,678	Within 36 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>10,585</u>	<u>5,655</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, 20 May 2021 and 8 March 2022 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	BALANCE UNUTILISED	ESTIMATED TIME FRAME FOR UTILISATION (FROM THE DATE OF LISTING OF THE PLACEMENTS SHARES)
	RM'000	RM'000	RM'000	RM'000	
Acquisition of Focus Electrical	5,145	5,145	2,030	3,115	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	2,439	-	Within 12 months
Estimated expenses in relation to the Proposals	650	650	650	-	Upon completion of the Proposal
	22,600	14,604	11,489	3,115	

# 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 (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
<b><u>Secured borrowings</u></b>			
Banker's acceptances	2,490	-	2,490
Trust receipts	9,165	-	9,165
Hire purchases	200	178	378
Term loans	852	14,558	15,410
	<u>12,707</u>	<u>14,736</u>	<u>27,443</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 quarter and financial year under review.

### B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 28.02.2022	PRECEDING CORRESPON -DING QUARTER 28.02.2021	CURRENT YEAR TO-DATE 28.02.2022	PRECEDING YEAR-TO-DATE 28.02.2021
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>964</u>	<u>1,053</u>	<u>7,063</u>	<u>2,846</u>
Weighted average number of shares in issue ('000)	<u>343,060</u>	<u>305,460</u>	<u>343,060</u>	<u>305,460</u>
Basic and diluted earnings per share (sen) <sup>(1) (2)</sup>	<u>0.28</u>	<u>0.34</u>	<u>2.06</u>	<u>0.93</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/year 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/year.

# 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 28.02.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 28.02.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 28.02.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 28.02.2021 Audited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	214	200	892	1,013
Depreciation on property, plant and equipment	328	253	1,065	1,011
Depreciation on right-of-use assets	257	166	964	672
Equipment rental expenses	11	7	41	57
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and after crediting:				
Interest income	56	67	275	235
Trade credit insurance compensation	-	69	38	531
Rental income	55	51	208	200
Bad debts recoverable	1	1	4	18
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By Order of the Board

Date: 27 April 2022