



ACO GROUP BERHAD

Company No. 201901020410 (1329739-A)

(Incorporated in Malaysia)

Interim Financial Report For the First Quarter Ended 31 May 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 FIRST QUARTER ENDED 31 MAY 2022⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2022 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.05.2021 Unaudited RM'000	CURRENT YEAR-TO- DATE 31.05.2022 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.05.2021 Unaudited RM'000
Revenue	36,302	37,390	36,302	37,390
Cost of sales	(30,942)	(31,730)	(30,942)	(31,730)
Gross profit	5,360	5,660	5,360	5,660
Other income	185	175	185	175
Administrative expenses	(3,528)	(2,998)	(3,528)	(2,998)
Profit from operations	2,017	2,837	2,017	2,837
Finance costs	(184)	(241)	(184)	(241)
Share of results of an associate	1,226	567	1,226	567
Profit before tax	3,059	3,163	3,059	3,163
Income tax expense	(561)	(692)	(561)	(692)
Profit for the financial period, representing total comprehensive income for the financial period	2,498	2,471	2,498	2,471
Profit attributable to:				
Owner of the company	2,498	2,471	2,498	2,471
	<u>2,498</u>	<u>2,471</u>	<u>2,498</u>	<u>2,471</u>
Basic and diluted earnings per share (sen) ^{(2) (3)}	<u>0.72</u>	<u>0.74</u>	<u>0.72</u>	<u>0.74</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31 MAY 2022⁽¹⁾

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 28 February 2022 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 MAY 2022⁽¹⁾

	UNAUDITED 31.05.2022 RM'000	AUDITED 28.02.2022 RM'000
Non-Current Assets		
Property, plant, and equipment	20,363	19,881
Right-of-use assets	14,648	14,908
Investment properties	4,600	4,600
Investment in an associate	11,299	10,073
Other investment	1,017	1,017
Deferred tax assets	10	10
	<u>51,937</u>	<u>50,489</u>
Current Assets		
Inventories	44,931	42,007
Trade and other receivables	35,870	34,127
Prepayments	273	345
Current tax assets	83	88
Cash and short-term deposits	24,016	23,783
	<u>105,173</u>	<u>100,350</u>
Current Liabilities		
Trade and other payables	39,264	38,093
Lease liabilities	135	180
Current tax liabilities	259	225
Loans and borrowings	15,470	12,707
	<u>55,128</u>	<u>51,205</u>
Net current assets	50,045	49,145
	<u>101,982</u>	<u>99,634</u>
Financed by:		
Share capital	67,622	67,622
Reserves	19,293	16,795
	<u>86,915</u>	<u>84,417</u>
Non-current liabilities		
Deferred tax liabilities	404	404
Lease liabilities	165	77
Loans and borrowings	14,498	14,736
	<u>15,067</u>	<u>15,217</u>
	<u>101,982</u>	<u>99,634</u>
Number of issued shares ('000)	347,371	347,371
Net assets per share (RM)	<u>0.25</u>	<u>0.24</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 2022 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 FIRST QUARTER ENDED 31 MAY 2022⁽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/year	-	-	7,063	7,063
Transactions with owners:				
Share issuance expenses	(136)	-	-	(136)
Private Placement	4,848	-	-	4,848
Balance as at 28 February 2022 (Audited)	67,622	(27,861)	44,656	84,417

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 2022 and the accompanying explanatory notes attached to this interim financial report.

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31 MAY 2022⁽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 2022	67,622	(27,861)	44,656	84,417
Total comprehensive profit for the period	-	-	2,498	2,498
Balance as at 31 May 2022 (Unaudited)	<u>67,622</u>	<u>(27,861)</u>	<u>47,154</u>	<u>86,915</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 2022 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 FIRST QUARTER ENDED 31 MAY 2022⁽¹⁾

	CURRENT YEAR- TO-DATE 31.05.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.05.2021 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,059	3,163
Adjustments for:		
Depreciation on property, plant and equipment	333	244
Depreciation on right-of-use assets	214	237
Impairment losses on trade receivables	29	-
Reversal of impairment losses on trade receivables	(82)	(34)
Bad debts recoverable	-	(3)
Finance costs	184	241
Interest income	(50)	(70)
Share of results of an associate	(1,226)	(567)
Operating profit before changes in working capital	<u>2,461</u>	<u>3,211</u>
Changes in working capital:		
Inventories	(2,924)	(1,854)
Trade and other receivables	(1,689)	(997)
Prepayments	72	(43)
Trade and other payables	1,171	(267)
Net cash generated (used in)/from operations	<u>(909)</u>	<u>50</u>
Income tax paid	(523)	(552)
Interest received	50	70
Interest paid	-	(41)
Net cash flows used in operating activities	<u>(1,382)</u>	<u>(473)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(672)	(45)
Purchase of right-of-use assets	-	(2,248)
Increase in deposits pledged	(83)	-
Net cash flows used in investing activity	<u>(755)</u>	<u>(2,293)</u>

ACO GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE FIRST QUARTER ENDED 31 MAY 2022⁽¹⁾

	CURRENT YEAR- TO-DATE 31.05.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.05.2021 Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	4,253
Proceeds from term loans	-	400
Repayment of term loans	(207)	(589)
Repayment of finance lease liabilities	(69)	(80)
Proceeds from banker's acceptances	2,756	3,845
Repayment of banker's acceptances	(1,862)	(2,834)
Proceeds from trust receipts	8,688	9,776
Repayment of trust receipts	(6,781)	(8,928)
Payment of lease liabilities	(54)	(58)
Interest paid	(184)	(190)
Net cash flows from financing activities	2,287	5,595
NET INCREASE IN CASH AND CASH EQUIVALENTS	150	2,829
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,707	23,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	22,857	26,629
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-		
Cash and bank balances	22,755	26,545
Fixed deposits with licensed banks	1,261	1,104
	24,016	27,649
Less: Deposits pledged	(1,159)	(1,020)
	22,857	26,629

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 2022 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 2022 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 2022, save for the following:-

Adoption of new and revised Malaysian Financial Reporting Standards (“MFRSs”)

In the current financial year, the Group adopted the following Amendments to MFRSs 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 adoption of the above Amendments to MFRSs did not have any significant impact on the financial performance or position of the Group for the current financial period.

MFRS and Amendments to MFRSs in issue but not yet effective

The Group has not adopted the following Standards and Amendments to MFRS effective for annual periods beginning on or after 1 January 2023:

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 – *Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 financial Instruments – Comparative Information*.
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

A2 Significant Accounting Policies (cont'd)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect on the financial statements of the Group upon their initial application.

A3 Auditors' report on preceding annual financial statements

The auditors' report for the financial year ended 28 February 2022 was not subject to any qualifications.

A4 Seasonal or cyclical factors

The Group's operations for the current financial quarter under review were not subject to any seasonal or cyclical factors.

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.

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 31 May 2022 (Unaudited)	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
BUSINESS SEGMENT				
Revenue				
Revenue from external customers	30,857	5,445	-	36,302
Internal-segment revenue	1,838	-	(1,838)	-
External revenue	<u>32,695</u>	<u>5,445</u>	<u>(1,838)</u>	<u>36,302</u>
Segment profit	4,770	590	-	5,360
Other income				185
Administrative expenses				(3,528)
Finance costs				(184)
Share of results of an associate				1,226
Income tax expense				(561)
Profit for the financial period				<u>2,498</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 May 2021 (Unaudited)	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
BUSINESS SEGMENT				
Revenue				
Revenue from external customers	31,528	5,862	-	37,390
Internal-segment revenue	3,327	-	(3,327)	-
External revenue	<u>34,855</u>	<u>5,862</u>	<u>(3,327)</u>	<u>37,390</u>
Segment profit	5,105	555	-	5,660
Other income				175
Administrative expenses				(2,998)
Finance costs				(241)
Share of results of an associate				567
Income tax expense				(692)
Profit for the financial period				<u>2,471</u>

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

A10 Significant events subsequent to the end of the interim financial period

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial 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 quarter under review:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.05.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.05.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.05.2021 Unaudited RM'000
Associated company				
Sales of goods	525	485	525	485
Purchase of goods	30	80	30	80

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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's revenue of RM36.302 million for the current quarter under review was 2.9% or RM1.088 million lower than that of the preceding year corresponding quarter which higher revenue was contributed by the sale of the first batch of solar panels and inverters. In tandem with a lower revenue, the gross profit ("GP") of RM5.36 million attained in the current quarter under review decreased by 5.3% or RM0.3 million when compared to the GP of RM5.66 million reported in the preceding year corresponding quarter.

Consequently, the Group's profit before tax ("PBT") of RM3.059 million in the current quarter under review is 3.3% or RM0.104 million lower than the RM3.163 million recorded in the preceding year corresponding quarter. The lower PBT in the current quarter under review can be attributed to the increase of administrative expenses such as depreciation of fixed assets, staff costs, utilities and maintenance of premises following the operation of the Company's new headquarter, whereas a wage subsidy of approximately RM 0.254 million was received from the Government of Malaysia in the preceding year corresponding quarter.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER 31.05.2022 RM'000	PRECEDING QUARTER 28.02.2022 RM'000	RM'000	%
Revenue	36,302	33,610	2,692	8.01
PBT	<u>3,059</u>	<u>1,130</u>	1,929	170.7

The Group's revenue for the current quarter under review increased by RM2.692 million or 8.01% to RM36.302 million as compared to RM33.61 million achieved in the preceding financial quarter ended 28 February 2022. Meanwhile, the PBT of RM3.059 million is notably higher than the preceding financial quarter's PBT of RM1.13 million. This is mainly contributed by a strong rebound in the performance of the share of results of an associate, whose operations were deeply affected by the flooding in the East Coast region in the preceding financial quarter ended 28 February 2022.

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

B3 Prospects

The Malaysian economy registered a positive growth of 5.0% in the first quarter of 2022 following an improving domestic demand as economic activity continued to normalize following the easing of containment measures. In the meantime, the domestic economy is anticipated to improve further in 2022, with growth projected at 5.3% to 6.3% as announced in March 2022 (*Source: Bank Negara Malaysia's Press Release published on 13 May 2022*).

The Group had made steady progress during the current financial quarter under review as business operations in the southern region improved following the recent reopening of the Malaysia-Singapore border. As a measure to ensure resilience in its supply chain and to meet the demand of its customers, the Group had on 29 June 2022 issued a circular to seek its shareholders' approval to reallocate RM4.20 million from the balance of unutilised proceeds raised from its initial public offering to working capital for the procurement of inventories. In addition, the Group's new facility which is equipped with additional storage facility is able to cater for the additional inventories, thus further advancing our business capacity.

Meanwhile, our operations in the East Coast region made a strong recovery in performance as compared to the preceding quarter which was affected by the region's flooding in December 2021. The Group continues to look forward to its associate company's positive contribution to the Group's profits and shareholders' funds.

Notwithstanding the above, the Board remains cautious on the prospects of the Group as risks to growth momentum remain. This include, among others, a weaker-than-expected global growth as an aftermath of the COVID-19 pandemic, the further escalation of geopolitical conflicts, supply chain disruptions, fluctuation of commodity prices and heightened financial market volatility. Nevertheless, the Board remains committed on building its business sustainability and growth agenda. Barring any unforeseen circumstances, the Group shall strive to maintain its financial performance by putting in place the appropriate measures for the financial year ending 28 February 2023.

B4 Profit forecast

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

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

B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.05.2021 Unaudited RM'000	CURRENT YEAR TO-DATE 31.05.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.05.2021 Unaudited RM'000
In respect of the current period:				
Income tax expense	561	692	561	692
Total	561	692	561	692
Effective tax rate (%)	18%	22%	18%	22%

The effective tax rates for the current quarter ended 31 May 2022 and preceding corresponding quarter were lower than the statutory tax rate mainly due to the non-taxable effects of share of results of an associate.

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

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

B6 Status of corporate proposals

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

On 1 June 2022, the Company had announced a proposed variation and extension of timeframe for the use of proceeds raised from its initial public offering (“Proposed Variation”). From the remaining unutilised balance of RM5.39 million as at 31 May 2022, the Board proposes to vary a total of RM4.20 million from the setting up of new sales outlets and lighting concept store, and purchase of new trucks to working capital. Further, in view of the proposed variation in the use of the proceeds, the Board also proposes to extend the timeframe for the use of proceeds for the working capital. The Company had on 29 June 2022 issued a circular to seek its shareholders’ approval for the Proposed Variation.

The Proposed Variation was subsequently approved by the shareholders of ACO during the third Annual General Meeting held on 28 July 2022.

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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 31 May 2022 is disclosed in the following manner:-

	REVISED PROPOSED UTILISATION	ACTUAL UTILISATION	BALANCE UNUTILISED	ESTIMATED TIMEFRAME FOR THE USE OF PROCEEDS FROM THE LISTING DATE
Purposes	RM'000	RM'000	RM'000	
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	2,217	283	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 36 months
Estimated listing expenses	3,300	3,300	-	Within 3 months
Total	<u>16,240</u>	<u>10,846</u>	<u>5,394</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, 8 March 2022, 1 June 2022 and 29 June 2022 pertaining to the variation and extension of time for the use of proceeds raised from the Company's initial public offering.

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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

On 31 December 2021, the Company completed a private placement exercise involving the issuance of 43.871 million new ordinary shares (“Private Placement”). The total fund raised from the Private Placement is approximately RM14.604 million.

The status of utilisation of proceeds based on funds raised from the Private Placement as at 31 May 2022 is as follows:-

PURPOSES	PROPOSED UTILISATION (BASED ON ANNOUNCEMENT MADE ON 17 SEPTEMBER 2020) RM'000	REVISED UTILISATION (PURSUANT TO THE COMPLETION OF THE PRIVATE PLACEMENT) RM'000	ACTUAL UTILISATION RM'000	BALANCE UNUTILISED RM'000	ESTIMATED TIME FRAME FOR UTILISATION (FROM THE DATE OF LISTING OF THE PLACEMENTS SHARES)
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	

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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 Private Placement, 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	3,384	-	3,384
Trust receipts	11,072	-	11,072
Hire purchases	166	143	309
Term loans	848	14,355	15,203
	<u>15,470</u>	<u>14,498</u>	<u>29,968</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.

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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

On 28 July 2022, the Board has approved the declaration and payment of an interim dividend of 0.20 sen per ordinary share in respect of the financial year ending 28 February 2023. The entitlement to dividend will be determined based on the Record of Depositors as at 16 August 2022 while payment will be made on 30 August 2022.

B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.05.2022	PRECEDING CORRESPON -DING QUARTER 31.05.2021	CURRENT YEAR TO-DATE 31.05.2022	PRECEDING YEAR-TO-DATE 28.02.2021
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>2,498</u>	<u>2,471</u>	<u>2,498</u>	<u>2,471</u>
Weighted average number of shares in issue ('000)	<u>347,371</u>	<u>335,068</u>	<u>347,371</u>	<u>335,068</u>
Basic and diluted earnings per share (sen) ^{(1) (2)}	<u>0.72</u>	<u>0.74</u>	<u>0.72</u>	<u>0.74</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.

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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 31.05.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.05.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.05.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.05.2021 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	184	241	184	241
Depreciation on property, plant and equipment	333	244	334	244
Depreciation on right-of-use assets	214	236	243	236
Impairment losses on trade receivables	29	-	29	-
Equipment rental expenses	18	9	18	9
and after crediting:				
Interest income	50	70	50	70
Rental income	53	51	53	51
Bad debts recoverable	-	3	-	3
Reversal of impairment losses on trade receivables	82	34	82	34

By Order of the Board

Date: 28 July 2022