



ACO GROUP BERHAD

Company No. 201901020410 (1329739-A)

(Incorporated in Malaysia)

Interim Financial Report For the Second Quarter Ended 31 August 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 SECOND QUARTER ENDED 31 AUGUST 2022⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2022 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.08.2021 Unaudited RM'000	CURRENT YEAR-TO- DATE 31.08.2022 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.08.2021 Unaudited RM'000
Revenue	39,290	18,218	75,592	55,608
Cost of sales	(34,646)	(15,000)	(65,588)	(46,730)
Gross profit	4,644	3,218	10,004	8,878
Other income	234	236	419	411
Administrative expenses	(3,503)	(2,836)	(7,031)	(5,834)
Profit from operations	1,375	618	3,392	3,455
Finance costs	(188)	(228)	(372)	(469)
Share of results of an associate	849	424	2,075	991
Profit before tax	2,036	814	5,095	3,977
Income tax expense	(384)	(222)	(945)	(914)
Profit for the financial period, representing total comprehensive income for the financial period	1,652	592	4,150	3,063
Profit attributable to:				
Owner of the company	1,652	592	4,150	3,063
	<u>1,652</u>	<u>592</u>	<u>4,150</u>	<u>3,063</u>
Basic and diluted earnings per share (sen) ^{(2) (3)}	<u>0.48</u>	<u>0.17</u>	<u>1.19</u>	<u>0.90</u>

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

	UNAUDITED 31.08.2022 RM'000	AUDITED 28.02.2022 RM'000
Non-Current Assets		
Property, plant, and equipment	18,200	19,881
Right-of-use assets	14,503	14,908
Investment properties	4,600	4,600
Investment in an associate	12,148	10,073
Other investment	1,017	1,017
Deferred tax assets	10	10
	<u>50,478</u>	<u>50,489</u>
Current Assets		
Inventories	44,426	42,007
Trade and other receivables	37,092	34,127
Prepayments	285	345
Current tax assets	129	88
Non-current assets held for sale	1,916	-
Cash and short-term deposits	22,700	23,783
	<u>106,548</u>	<u>100,350</u>
Current Liabilities		
Trade and other payables	40,952	38,093
Lease liabilities	128	180
Current tax liabilities	245	225
Loans and borrowings	12,948	12,707
	<u>54,273</u>	<u>51,205</u>
Net current assets	52,275	49,145
	<u>102,753</u>	<u>99,634</u>
Financed by:		
Share capital	67,622	67,622
Reserves	20,251	16,795
	<u>87,873</u>	<u>84,417</u>
Non-current liabilities		
Deferred tax liabilities	404	404
Lease liabilities	216	77
Loans and borrowings	14,260	14,736
	<u>14,880</u>	<u>15,217</u>
	<u>102,753</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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 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 SECOND QUARTER ENDED 31 AUGUST 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	-	-	4,150	4,150
Transactions with owners:				
Interim Dividend	-	-	(694)	(694)
Balance as at 31 August 2022 (Unaudited)	67,622	(27,861)	48,112	87,873

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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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2022⁽¹⁾

	CURRENT YEAR- TO-DATE 31.08.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.08.2021 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,095	3,977
Adjustments for:		
Depreciation on property, plant and equipment	686	488
Depreciation on right-of-use assets	418	473
Loss on disposal of property, plant and equipment	(1)	-
Impairment losses on trade receivables	29	-
Reversal of impairment losses on trade receivables	(161)	(103)
Bad debts recoverable	-	(3)
Finance costs	372	469
Interest income	(116)	(150)
Share of results of an associate	(2,075)	(991)
Operating profit before changes in working capital	<u>4,247</u>	<u>4,160</u>
Changes in working capital:		
Inventories	(2,419)	(2,157)
Trade and other receivables	(2,832)	6,917
Prepayments	61	46
Trade and other payables	2,859	(8,593)
Net cash generated from operations	<u>1,916</u>	<u>373</u>
Income tax paid	(967)	(994)
Interest received	116	150
Interest paid	-	(7)
Net cash flows from/(used in) operating activities	<u>1,065</u>	<u>(478)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(738)	(46)
Proceeds from disposal of property, plant and equipment	1	-
Purchase of right-of-use assets	-	(2,248)
Decrease in deposits pledged	(167)	-
Renovation in progress	-	(1,163)
Net cash flows used in investing activity	<u>(904)</u>	<u>(3,457)</u>

ACO GROUP BERHAD

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

	CURRENT YEAR- TO-DATE 31.08.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.08.2021 Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	4,240
Proceeds from term loans	-	400
Repayment of term loans	(416)	(804)
Repayment of finance lease liabilities	(111)	(167)
Proceeds from banker's acceptances	5,403	6,125
Repayment of banker's acceptances	(4,392)	(4,637)
Proceeds from trust receipts	14,299	18,352
Repayment of trust receipts	(15,018)	(18,090)
Payment of lease liabilities	(108)	(117)
Interest paid	(372)	(311)
Dividend paid	(695)	-
Net cash flows (used in)/from financing activities	(1,410)	4,991
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,249)	914
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,707	23,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	21,458	24,714
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-		
Cash and bank balances	21,348	24,622
Fixed deposits with licensed banks	1,352	1,112
	22,700	25,734
Less: Deposits pledged	(1,242)	(1,020)
	21,458	24,714

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

A first interim single tier dividend of 0.20 sen per ordinary share amounting to RM694,743 in respect of the financial year ending 28 February 2023 had been paid by the Company on 30 August 2022 to shareholders whose names appeared in the Register of Depositors at the close of business on 16 August 2022.

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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 August 2022 (Unaudited)

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
Revenue				
Revenue from external customers	63,070	12,522	-	75,592
Internal-segment revenue	3,867	-	(3,867)	-
External revenue	<u>66,937</u>	<u>12,522</u>	<u>(3,867)</u>	<u>75,592</u>
Segment profit	8,704	1,300	-	10,004
Other income				419
Administrative expenses				(7,031)
Finance costs				(372)
Share of results of an associate				2,075
Income tax expense				(945)
Profit for the financial period				<u>4,150</u>

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

A9 Segment information

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

Preceding period ended 31 August 2021 (Unaudited)	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
BUSINESS SEGMENT				
Revenue				
Revenue from external customers	45,646	9,962	-	55,608
Internal-segment revenue	6,074	-	(6,074)	-
External revenue	<u>51,720</u>	<u>9,962</u>	<u>(6,074)</u>	<u>55,608</u>
Segment profit	7,914	964	-	8,878
Other income				411
Administrative expenses				(5,834)
Finance costs				(469)
Share of results of an associate				991
Income tax expense				(914)
Profit for the financial period				<u>3,063</u>

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

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 under review 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 financial 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 31.08.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.08.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2021 Unaudited RM'000
Associated company				
Sales of goods	696	407	1,221	892
Purchase of goods	192	42	222	122
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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 posted a revenue of RM39.290 million for the current financial quarter under review. This represents an increase of 115.7% or RM21.072 million higher than that of the preceding year corresponding quarter. In tandem with a higher revenue, the Group's gross profit ("GP") of RM4.644 million was 44.3% or RM1.426 million higher than the RM3.218 million reported in the preceding year corresponding quarter. The results in the preceding year corresponding quarter was significantly lower due to the implementation of a movement control order lockdown in June 2021 as a response to the COVID-19 pandemic, before a gradual ease in restriction measures in the subsequent months.

Accordingly, the Group's profit before tax ("PBT") of RM2.036 million in the current quarter is 150.0% or RM1.222 million higher than the RM0.814 million recorded in the preceding year corresponding quarter. This was mainly attributed to the share of results of our operations in the East Coast region which amounted to RM0.849 million. Likewise, the Group's PBT in the preceding year corresponding quarter was lower due to the abovementioned full lockdown implemented in June 2021.

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

Overall, the Group recorded a higher cumulative revenue of RM75.592 million for the current year-to-date against RM55.608 million in the preceding year-to-date. The PBT of RM5.095 million is higher than the PBT recorded in the preceding year-to-date of RM3.977 million due to higher GP recorded as well as the share of results contributed from our operations in the East Coast region.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER 31.08.2022 RM'000	PRECEDING QUARTER 31.05.2022 RM'000	RM'000	%
Revenue	39,290	36,302	2,988	8.23
PBT	<u>2,036</u>	<u>3,059</u>	(1,023)	(33.47)

The Group's revenue for the current financial quarter under review increased by RM2.988 million or 8.23% to RM39.290 million as compared to RM36.302 million achieved in the preceding financial quarter ended 31 May 2022. However, inventories sold in the current quarter were procured prior to the decrease in commodity and raw material prices. The higher costs of goods sold coupled with a lower competitive average selling price has led to a lower profit margin in the current quarter. The same of which affected the share of results of our associate. Thus the PBT of RM2.036 million recorded in the current quarter is RM1.023 million or 33.47% less than that of the preceding financial quarter despite the increase in revenue.

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

B3 Prospects

Having registered a growth of 8.9% in its economy in second quarter of 2022, the Malaysian economy is projected to expand further for the remainder of the year, which is reflective of the strengthening of domestic demand, normalising of economic activities and ongoing policy support (*Source: Bank Negara Malaysia's Press Release published on 12 August 2022*).

However, the after effects of the COVID-19 pandemic and a tense Russia-Ukraine geo-political situation continue to disrupt global supply chain and causing market uncertainties.

The unstable raw material prices will inevitably affect the Group's operating environment. In response, we will continue to focus on the Group's effort to maintain resilience in its supply chain and to meet the demand of its customers in order to deliver operational efficiency to ensure business profitability.

As part of an effort towards Environmental, Social and Governance (ESG) commitment, the Government of Malaysia has been working towards increasing the use of renewable energy by introducing various initiatives for developing the local solar and electric vehicle ("EV") industry through the National Energy Policy 2022-2040. The Group believes it can leverage on its investment in EV Connection Sdn Bhd ("EVC") and adding solar-related products, such as solar panels and inverters, to its existing product range. The Group is also looking into providing EV-related supplies to its clients in the near future. EVC is a one-stop electric mobility service provider as well as a provider of solar engineering, procurement, construction and commissioning solutions.

The Group is also optimistic that its operations in the East Coast region will continue to perform and contribute positively to the Group's profits and shareholders' funds in the future.

Barring any unforeseen circumstances and considering the aforementioned challenges, the Board remains cautious on the prospects of the Group. The Board opines that a satisfactory financial performance for the financial year ending 28 February 2023 is achievable. Nevertheless, the Group shall remain vigilant in monitoring and managing its resources, costs 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 31.08.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2021 Unaudited RM'000	CURRENT YEAR TO-DATE 31.08.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2021 Unaudited RM'000
In respect of the current period:				
Income tax expense	384	222	945	914
Total	384	222	945	914
Effective tax rate (%)	19%	27%	19%	23%

The effective tax rates for the current quarter and year-to-date ended 31 Aug 2022 are lower than the statutory tax rate. This is mainly due 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

There are no other corporate proposals announced but not yet completed as at the date of this interim financial report.

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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 August 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	1,000	1,000	-	Within 36 months
Setting up works for the new property	2,500	2,500	-	Within 30 months
Upgrading of IT systems	1,000	1,000	-	Within 36 months
Working capital	8,440	6,240	2,200	Within 36 months
Estimated listing expenses	3,300	3,300	-	Within 3 months
Total	16,240	14,040	2,200	

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 August 2022 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

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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	3,501	-	3,501
Trust receipts	8,447	-	8,447
Hire purchases	148	109	257
Term loans	852	14,151	15,003
	<u>12,948</u>	<u>14,260</u>	<u>27,208</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

No dividends have been declared or recommended for payment by the Company during the current financial quarter under review.

B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2022	PRECEDING CORRESPON -DING QUARTER 31.08.2021	CURRENT YEAR TO-DATE 31.08.2022	PRECEDING YEAR-TO-DATE 31.08.2021
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>1,652</u>	<u>592</u>	<u>4,150</u>	<u>3,063</u>
Weighted average number of shares in issue ('000)	<u>347,371</u>	<u>340,178</u>	<u>347,371</u>	<u>340,178</u>
Basic and diluted earnings per share (sen) ^{(1) (2)}	<u>0.48</u>	<u>0.17</u>	<u>1.19</u>	<u>0.90</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 31.08.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.08.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2021 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	188	228	372	469
Depreciation on property, plant and equipment	353	244	686	488
Depreciation on right-of-use assets	204	237	418	473
Impairment losses on trade receivables	-	-	29	-
Equipment rental expenses	15	8	33	17
	<u>15</u>	<u>8</u>	<u>33</u>	<u>17</u>
and after crediting:				
Interest income	66	80	116	150
Trade credit insurance compensation	-	38	-	38
Rental income	52	51	105	102
Bad debts recoverable	-	-	-	3
Reversal of impairment losses on trade receivables	79	69	161	103
	<u>79</u>	<u>69</u>	<u>161</u>	<u>103</u>

By Order of the Board

Date: 26 October 2022