



# **ACO GROUP BERHAD**

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

**(Incorporated in Malaysia)**

## **Interim Financial Report For the Third Quarter Ended 30 November 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 THIRD QUARTER ENDED 30 NOVEMBER 2022<sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.11.2022 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 30.11.2021 Unaudited RM'000	CURRENT YEAR-TO- DATE 30.11.2022 Unaudited RM'000	PRECEDING YEAR-TO- DATE 30.11.2021 Unaudited RM'000
Revenue	29,180	35,712	104,772	91,320
Cost of sales	(24,093)	(29,598)	(89,681)	(76,328)
<b>Gross profit</b>	<b>5,087</b>	<b>6,114</b>	<b>15,091</b>	<b>14,992</b>
Other income	295	259	714	670
Administrative expenses	(3,402)	(3,129)	(10,433)	(8,963)
<b>Profit from operations</b>	<b>1,980</b>	<b>3,244</b>	<b>5,372</b>	<b>6,699</b>
Finance costs	(180)	(209)	(552)	(678)
Share of results of an associate	63	874	2,138	1,865
<b>Profit before tax</b>	<b>1,863</b>	<b>3,909</b>	<b>6,958</b>	<b>7,886</b>
Income tax expense	(485)	(873)	(1,430)	(1,787)
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>	<b>1,378</b>	<b>3,036</b>	<b>5,528</b>	<b>6,099</b>
<b>Profit attributable to:</b>				
Owner of the company	1,378	3,036	5,528	6,099
	<u>1,378</u>	<u>3,036</u>	<u>5,528</u>	<u>6,099</u>
Basic and diluted earnings per share (sen) <sup>(2) (3)</sup>	0.40	0.89	1.60	1.78

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(Incorporated in Malaysia)

## **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 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 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 30 NOVEMBER 2022<sup>(1)</sup>

	<b>UNAUDITED</b> <b>30.11.2022</b> <b>RM'000</b>	<b>AUDITED</b> <b>28.02.2022</b> <b>RM'000</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	18,852	19,881
Right-of-use assets	14,303	14,908
Investment properties	4,600	4,600
Investment in an associate	12,211	10,073
Other investment	1,017	1,017
Deferred tax assets	10	10
	<u>50,993</u>	<u>50,489</u>
<b>Current Assets</b>		
Inventories	45,094	42,007
Trade and other receivables	31,904	34,127
Prepayments	296	345
Current tax assets	137	88
Non-current assets held for sale	1,916	-
Cash and short-term deposits	20,424	23,783
	<u>99,771</u>	<u>100,350</u>
<b>Current Liabilities</b>		
Trade and other payables	34,410	38,093
Lease liabilities	111	180
Current tax liabilities	230	225
Loans and borrowings	12,156	12,707
	<u>46,907</u>	<u>51,205</u>
<b>Net current assets</b>	52,864	49,145
	<u>103,857</u>	<u>99,634</u>
<b>Financed by:</b>		
Share capital	67,622	67,622
Reserves	21,629	16,795
	<u>89,251</u>	<u>84,417</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	404	404
Lease liabilities	179	77
Loans and borrowings	14,023	14,736
	<u>14,606</u>	<u>15,217</u>
	<u>103,857</u>	<u>99,634</u>
Number of issued shares ('000)	347,371	347,371
Net assets per share (RM)	<u>0.26</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

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

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 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:				
Share issuance expenses	(136)	-	-	(136)
Private Placement	4,848	-	-	4,848
<b>Balance as at 28 February 2022 (Audited)</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 2022 and the accompanying explanatory notes attached to this interim financial report.

# ACO GROUP BERHAD

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

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2022<sup>(1)</sup>

	< -- ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY -->			
	< --- NON-DISTRIBUTABLE --- >		DISTRIBUTABLE	
	SHARE CAPITAL	REORGANISA-	RETAINED	TOTAL
	RM'000	TION RESERVE	EARNINGS	RM'000
		RM'000	RM'000	
<b>Balance as at 1 March 2022</b>	67,622	(27,861)	44,656	84,417
Total comprehensive profit for the period	-	-	5,528	5,528
Transactions with owners:				
Interim Dividend	-	-	(694)	(694)
<b>Balance as at 30 November 2022 (Unaudited)</b>	<b>67,622</b>	<b>(27,861)</b>	<b>49,490</b>	<b>89,251</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 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 THIRD QUARTER ENDED 30 NOVEMBER 2022<sup>(1)</sup>

	CURRENT YEAR- TO-DATE 30.11.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 30.11.2021 Unaudited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,958	7,886
Adjustments for:		
Bad debts recoverable	(4)	(3)
Depreciation on property, plant and equipment	1,040	736
Depreciation on right-of-use assets	618	708
Gain on disposal of property, plant and equipment	(96)	-
Finance costs	552	678
Impairment losses on trade receivables	29	-
Interest income	(171)	(219)
Reversal of impairment losses on trade receivables	(228)	(223)
Share of results of an associate	(2,138)	(1,865)
Operating profit before changes in working capital	<u>6,560</u>	<u>7,698</u>
Changes in working capital:		
Inventories	(3,086)	(3,149)
Prepayments	49	70
Trade and other payables	(3,683)	(984)
Trade and other receivables	2,427	2,734
Net cash generated from operations	<u>2,267</u>	<u>6,369</u>
Income tax paid	(1,476)	(2,200)
Interest paid	-	(7)
Interest received	171	219
<b>Net cash flows from operating activities</b>	<u><b>962</b></u>	<u><b>4,381</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Acquisition of an associated company	-	(37)
Increase in deposits pledged	(250)	-
Proceeds from disposal of property, plant and equipment	97	-
Purchase of property, plant and equipment	(1,745)	(199)
Purchase of right-of-use assets	-	(2,248)
Renovation in progress	-	(1,932)
<b>Net cash flows used in investing activity</b>	<u><b>(1,898)</b></u>	<u><b>(4,416)</b></u>

# ACO GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2022<sup>(1)</sup>

	CURRENT YEAR- TO-DATE 30.11.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 30.11.2021 Unaudited RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	4,218
Proceeds from term loans	-	400
Repayment of term loans	(617)	(1,342)
Repayment of finance lease liabilities	(147)	(248)
Proceeds from banker's acceptances	7,187	6,868
Repayment of banker's acceptances	(7,050)	(6,912)
Proceeds from trust receipts	21,463	24,826
Repayment of trust receipts	(22,100)	(26,678)
Payment of lease liabilities	(162)	(175)
Interest paid	(552)	(661)
Dividend paid	(694)	-
<b>Net cash flows (used in)/from financing activities</b>	<b>(2,672)</b>	<b>296</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,608)</b>	<b>261</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>22,707</b>	<b>23,800</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>19,099</b>	<b>24,061</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-</b>		
Cash and bank balances	18,985	23,965
Fixed deposits with licensed banks	1,439	1,116
	20,424	25,081
Less: Deposits pledged	(1,325)	(1,020)
	19,099	24,061

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*
- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*

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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.

# 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:-

#### Current quarter ended 30 November 2022 (Unaudited)

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
<b>Revenue</b>				
Revenue from external customers	87,111	17,661	-	104,772
Internal-segment revenue	5,416	-	(5,416)	-
External revenue	<u>92,527</u>	<u>17,661</u>	<u>(5,416)</u>	<u>104,772</u>
<b>Segment profit</b>	12,816	2,276	-	15,091
Other income				714
Administrative expenses				(10,433)
Finance costs				(552)
Share of results of an associate				2,138
Income tax expense				<u>(1,430)</u>
Profit for the financial period				<u>5,528</u>

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

### A9 Segment information

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

#### Preceding period ended 30 November 2021 (Unaudited)

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

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

### **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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# ACO GROUP BERHAD

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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 30.11.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.11.2021 Unaudited RM'000	CURRENT YEAR-TO-DATE 30.11.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.11.2021 Unaudited RM'000
<b>Associated company</b>				
Sales of goods	533	584	1,754	1,476
Purchase of goods	62	-	284	122
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# ACO GROUP BERHAD

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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 RM29.180 million in the current financial quarter under review is 18.3% or RM6.532 million lesser than the revenue of RM35.712 million posted in the preceding year corresponding quarter. In tandem with a lower revenue, the gross profit ("GP") in the current quarter decreased by 16.8% or RM1.027 million to RM5.087 million when compared with the GP of RM6.114 million achieved in the preceding year corresponding quarter. The higher revenue in the preceding year corresponding quarter was a result of fulfilment of order backlogs accumulated during the full lockdown imposed in its preceding quarter in response to the COVID-19 pandemic, while a lower sales in the current quarter under review was mainly attributed to a cautious approach taken by businesses in considering the outcome of the 15<sup>th</sup> Malaysian general election ("GE15") on its on-going projects.

Meanwhile, the Group's profit before tax ("PBT") of RM1.863 million in the current financial quarter under review dropped by 52.3% or RM2.046 million from the RM3.909 million recorded in the preceding year corresponding quarter. The lower PBT is mainly due to a significantly lower share of results of our operations in the East Coast region due to lower sales and lower profit margin in addition to the same reasons mentioned above.

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

Overall, the Group recorded a higher cumulative revenue of RM104.772 million and GP of RM15.091 million for the current year-to-date ("YTD") against the cumulative revenue of RM91.320 million and GP of RM14.992 million in the preceding YTD. However, a higher administrative expenses in the current financial year following the operation of the Company's new headquarter has resulted in a marginally lower cumulative PBT of RM6.958 million when compared to the cumulative PBT of RM7.886 million recorded in the preceding YTD.

### B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER 30.11.2022 RM'000	PRECEDING QUARTER 31.08.2022 RM'000	RM'000	%
Revenue	29,180	39,290	(10,110)	(25.73)
PBT	<u>1,863</u>	<u>2,036</u>	(173)	(8.50)

The Group's revenue for the current financial quarter under review decreased by RM10.110 million or 25.73% to RM29.180 million as compared to RM39.290 million achieved in the preceding financial quarter ended 31 August 2022. The decrease was mainly attributed to the uncertainty in the local political front leading up to the GE15. Whereas, a lower contribution from the share of results of an associate mainly accounts for the decrease of RM0.173 million or 8.5% in PBT. Overall, the Group posted a PBT of RM1.863 million in the current financial quarter against the RM2.036 million recorded in the preceding financial quarter.

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

### **B3 Prospects**

The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022. The growth is mainly contributed by strong domestic demand, improvements in labour market and income conditions, as well as ongoing policy support. Moving into 2023, the Malaysian economy is expected to expand by 4.0 to 5.0%. However, the outlook remains susceptible to weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruption. *(Source: Bank Negara Malaysia's Press Release published on 11 November 2022).*

In response to the challenging operating environment, the Group's approach is to remain focused on maintaining its operational efficiency, building resilience in its supply chain, and prudent in its cost management. The Company continues to expand its product range to offer a wider selection of electrical goods and accessories to its clients.

Meanwhile, the renewable energy scene in Malaysia has been picking up as a result of the Government's initiatives towards its Environmental, Social and Governance (ESG) commitments. EV Connection Sdn Bhd ("EVC"), in which the Group had acquired a stake, has seen an increase in the commissions of electric vehicle ("EV") charging solutions and charging stations from both on-going collaborations as well as new partnerships. EVC also provides solar engineering, procurement, construction and commissioning solutions. The Group is leveraging its investment in EVC by adding solar-related products to its current product range.

The Group is hopeful that its operations in the East Coast region will recover in terms of its performance and continue to contribute to the Group's profits and shareholders' funds in the future.

Barring any unforeseen circumstances, the Board is positive that the financial performance for the financial year ending 28 February 2023 will be satisfactory.

### **B4 Profit forecast**

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

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

### B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.11.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.11.2021 Unaudited RM'000	CURRENT YEAR- TO-DATE 30.11.2022 Unaudited RM'000	PRECEDING YEAR- TO-DATE 30.11.2021 Unaudited RM'000
In respect of the current period:				
Income tax expense	485	873	1,430	1,097
<b>Total</b>	<b>485</b>	<b>873</b>	<b>1,430</b>	<b>1,097</b>
<b>Effective tax rate (%)</b>	<b>26%</b>	<b>22%</b>	<b>21%</b>	<b>38%</b>

The effective tax rates for the current quarter was higher than the statutory tax rate due to non-deductible expenses. Whereas the year-to-date ended 30 November 2022 is lower than the statutory tax rate 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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# 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 have been fully utilised as at 30 November 2022 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	8,440	-	Within 36 months
Estimated listing expenses	3,300	3,300	-	Within 3 months
<b>Total</b>	<b>16,240</b>	<b>16,240</b>	<b>-</b>	

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.

# ACO GROUP BERHAD

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(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 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 30 November 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
<b><u>Secured borrowings</u></b>			
Banker's acceptances	2,627	-	2,627
Trust receipts	8,528	-	8,528
Hire purchases	142	74	216
Term loans	859	13,949	14,808
	<u>12,156</u>	<u>14,023</u>	<u>26,179</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))

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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 30.11.2022	PRECEDING CORRESPON -DING QUARTER 30.11.2021	CURRENT YEAR TO-DATE 30.11.2022	PRECEDING YEAR-TO-DATE 30.11.2021
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>1,378</u>	<u>3,036</u>	<u>5,528</u>	<u>6,099</u>
Weighted average number of shares in issue ('000)	<u>347,371</u>	<u>341,869</u>	<u>347,371</u>	<u>341,869</u>
Basic and diluted earnings per share (sen) <sup>(1) (2)</sup>	<u>0.40</u>	<u>0.89</u>	<u>1.60</u>	<u>1.78</u>

Notes:-

- (1) The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue during the financial period under review.
- (2) The diluted earnings per share of the Group is equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

# ACO GROUP BERHAD

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

### B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.11.2022 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 30.11.2021 Unaudited RM'000	CURRENT YEAR-TO- DATE 30.11.2022 Unaudited RM'000	PRECEDING YEAR-TO-DATE 30.11.2021 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	180	209	552	678
Depreciation on property, plant and equipment	354	249	1,040	737
Depreciation on right-of-use assets	200	235	618	708
Impairment losses on trade receivables	-	-	29	-
Equipment rental expenses	15	13	48	30
and after crediting:				
Interest income	55	69	171	219
Trade credit insurance compensation	-	-	-	38
Rental income	52	51	157	153
Bad debts recoverable	4	-	4	3
Reversal of impairment losses on trade receivables	67	-	228	-

By Order of the Board

Date: 18 January 2023