



ACO GROUP BERHAD

Company No. 201901020410 (1329739-A)

(Incorporated in Malaysia)

Interim Financial Report

For the Quarter and Financial Year Ended

28 February 2023

ACO GROUP BERHAD

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2023⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 28.02.2023 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 28.02.2022 Unaudited RM'000	CURRENT YEAR-TO- DATE 28.02.2023 Unaudited RM'000	PRECEDING YEAR-TO- DATE 28.02.2022 Audited RM'000
Revenue	27,735	33,610	132,507	124,930
Cost of sales	(24,163)	(28,689)	(113,844)	(105,017)
Gross profit	3,572	4,921	18,663	19,913
Other income	1,060	194	1,774	863
Administrative expenses	(4,018)	(3,910)	(14,451)	(12,872)
Profit from operations	614	1,205	5,986	7,904
Finance costs	(182)	(214)	(734)	(892)
Share of results of an associate	125	139	2,263	2,004
Profit before tax	557	1,130	7,515	9,016
Income tax expense	(344)	(166)	(1,774)	(1,953)
Profit for the financial period/year, representing total comprehensive income for the financial period/year	213	964	5,741	7,063
Profit attributable to:				
Owner of the company	213	964	5,741	7,063
	213	964	5,741	7,063
Basic and diluted earnings per share (sen) ^{(2) (3)}	0.06	0.28	1.65	2.06

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2023⁽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 28 FEBRUARY 2023⁽¹⁾

	UNAUDITED 28.02.2023 RM'000	AUDITED 28.02.2022 RM'000
Non-Current Assets		
Property, plant, and equipment	18,655	19,881
Right-of-use assets	14,160	14,908
Investment properties	4,600	4,600
Investment in an associate	12,336	10,073
Other investment	1,017	1,017
Deferred tax assets	44	10
	<u>50,812</u>	<u>50,489</u>
Current Assets		
Inventories	46,392	42,007
Trade and other receivables	29,528	34,127
Prepayments	420	345
Current tax assets	292	88
Cash and short-term deposits	21,095	23,783
	<u>97,727</u>	<u>100,350</u>
Current Liabilities		
Trade and other payables	32,573	38,093
Lease liabilities	191	180
Current tax liabilities	180	225
Loans and borrowings	11,573	12,707
	<u>44,517</u>	<u>51,205</u>
Net current assets	53,210	49,145
	<u>104,022</u>	<u>99,634</u>
Financed by:		
Share capital	67,622	67,622
Reserves	21,842	16,795
	<u>89,464</u>	<u>84,417</u>
Non-current liabilities		
Deferred tax liabilities	666	404
Lease liabilities	99	77
Loans and borrowings	13,793	14,736
	<u>14,558</u>	<u>15,217</u>
	<u>104,022</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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2023⁽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 QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2023⁽¹⁾

	< -- 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	
Balance as at 1 March 2022	67,622	(27,861)	44,656	84,417
Total comprehensive profit for the period	-	-	5,741	5,741
Transactions with owners:				
Interim Dividend	-	-	(694)	(694)
Balance as at 28 February 2023 (Unaudited)	67,622	(27,861)	49,703	89,464

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 QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2023⁽¹⁾

	CURRENT YEAR- TO-DATE 28.02.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 28.02.2022 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,515	9,016
Adjustments for:		
Bad debts recoverable	(7)	(4)
Bad debts written off	-	5
Depreciation on property, plant and equipment	1,416	1,065
Depreciation on right-of-use assets	816	939
Property, plant and equipment written off	-	29
Gain on disposal of property, plant and equipment	(1,027)	-
Finance costs	734	891
Impairment losses on trade receivables	52	80
Interest income	(231)	(271)
Reversal of impairment losses on trade receivables	(234)	(302)
Share of results of an associate	(2,264)	(2,004)
Operating profit before changes in working capital	6,770	9,444
Changes in working capital:		
Inventories	(4,384)	(3,138)
Prepayments	(75)	69
Trade and other payables	(5,519)	928
Trade and other receivables	4,789	2,146
Net cash generated from operations	1,581	9,449
Income tax paid	(1,797)	(2,739)
Interest paid	(3)	(7)
Interest received	231	271
Net cash flows from operating activities	12	6,974
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of an associated company	-	(37)
Increase in deposits pledged	(333)	(55)
Other investment paid	-	(1,017)
Proceeds from disposal of property, plant and equipment	2,944	2
Purchase of property, plant and equipment	(1,924)	(3,388)
Purchase of right-of-use assets	-	(2,248)
Net cash flows from/(used in) investing activity	687	(6,743)

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 28 FEBRUARY 2023⁽¹⁾

	CURRENT YEAR- TO-DATE 28.02.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 28.02.2022 Audited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	4,712
Proceeds from term loans	-	400
Repayment of term loans	(794)	(1,553)
Repayment of finance lease liabilities	(201)	(233)
Proceeds from banker's acceptances	9,779	7,975
Repayment of banker's acceptances	(8,896)	(9,048)
Proceeds from trust receipts	27,472	32,439
Repayment of trust receipts	(29,437)	(34,808)
Payment of lease liabilities	(218)	(322)
Interest paid	(731)	(885)
Dividend paid	(694)	-
Net cash flows used in financing activities	(3,720)	(1,323)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,021)	(1,093)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,707	23,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19,686	22,707
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-		
Cash and bank balances	19,569	22,608
Fixed deposits with licensed banks	1,526	1,175
	21,095	23,783
Less: Deposits pledged	(1,409)	(1,076)
	19,686	22,707

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/year.

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 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- 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*

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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/year under review were not subject to any seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence for the financial quarter/year under review.

A6 Changes in estimates, significant accounting estimates and judgements.

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the financial quarter/year under review.

A7 Debts and equity securities

There were no significant issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the 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 ended 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 year to date ended 28 February 2023

(Unaudited)

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
Revenue				
Revenue from external customers	110,170	22,337	-	132,507
Internal-segment revenue	6,988	-	(6,988)	-
External revenue	<u>117,158</u>	<u>22,337</u>	<u>(6,988)</u>	<u>132,507</u>
Segment profit	15,849	2,814	-	18,663
Other income				1,774
Administrative expenses				(14,451)
Finance costs				(734)
Share of results of an associate				2,263
Income tax expense				<u>(1,774)</u>
Profit for the financial year-to-date				<u>5,741</u>

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

A9 Segment information

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

Preceding year to date ended 28 February 2022

(Audited)

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
Revenue				
Revenue from external customers	104,941	19,989	-	124,930
Internal-segment revenue	12,286	-	(12,286)	-
External revenue	<u>117,227</u>	<u>19,989</u>	<u>(12,286)</u>	<u>124,930</u>
Segment profit	17,723	2,190	-	19,913
Other income				864
Administrative expenses				(12,873)
Finance costs				(892)
Share of results of an associate				2,004
Income tax expense				(1,953)
Profit for the financial year-to-date				<u>7,063</u>

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

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

There were no other material events subsequent to the end of the current financial quarter/year 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/year under review.

A12 Fair value of financial instruments

There were no gain or loss arising from fair value changes for all financial assets and liabilities for the current financial quarter/year under review.

A13 Capital commitments

There were no capital commitments at the end of the financial quarter/year under review.

A14 Contingent assets and contingent liabilities

There were no other contingent assets or contingent liabilities as at the date of this interim financial report.

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

A15 Significant related party transactions

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions with related parties of the Group during the quarter and financial year under review:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 28.02.2023 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 28.02.2022 Unaudited RM'000	CURRENT YEAR-TO-DATE 28.02.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 28.02.2022 Audited RM'000
Associated company				
Sales of goods	409	596	2,163	2,072
Purchase of goods	121	1	405	123

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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 RM27.735 million in the current financial quarter under review is 17.5% or RM5.875 million lesser than the revenue of RM33.610 million posted in the preceding year corresponding quarter; while the gross profit ("GP") of RM3.572 million attained in the current quarter is RM1.349 million or 27.4% less than the RM4.921 million GP reported in the preceding year corresponding quarter. The higher revenue in the preceding year corresponding quarter can be attributed to the fulfilment of order backlogs accumulated during its preceding quarters and a continuous improvement in sales as restriction measures imposed in response to the COVID-19 pandemic gradually eased; whereas the lower GP in the current quarter under review was due to a drop in sales.

Consequently, the Group's profit before tax ("PBT") of RM0.557 million in the current financial quarter under review dropped by 50.7% or RM0.573 million from the RM1.130 million recorded in the preceding year corresponding quarter.

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

The Group recorded a higher cumulative revenue of RM132.507 million for the current year-to-date ("YTD") against the cumulative revenue of RM124.930 million in the preceding YTD. The lower cumulative revenue in the preceding YTD was due to prolonged lockdown measures. Nevertheless, profit margin was lower in the current YTD due in part to unstable raw material prices. This led to a lower cumulative GP of RM18.663 million when compared to the RM19.913 million attained in the preceding YTD.

Meanwhile, the Group gained from the disposal of a property which increases its other income and received a higher share of results of an associate in the current YTD. However, these were partly offset by higher administrative expenses following the commencement of operation in the Company's new headquarter as well as from the property's disposal. This resulted in a lower cumulative PBT of RM7.515 million when compared to the cumulative PBT of RM9.016 million recorded in the preceding YTD.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER 28.02.2023 RM'000	PRECEDING QUARTER 30.11.2022 RM'000	RM'000	%
Revenue	27,735	29,180	(1,445)	(4.95)
PBT	<u>557</u>	<u>1,863</u>	(1,306)	(70.10)

Following a decline in sales performance, the Group's revenue for the current financial quarter under review decreased by RM1.445 million as compared to what was achieved in the preceding financial quarter ended 30 November 2022. Likewise, PBT was reduced by RM1.306 million. Overall, the Group posted a PBT of RM0.557 million in the current financial quarter against the RM1.863 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 grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%; 2Q 2022: 8.9%; 1Q 2022: 5.0%) and is expected to expand at a more moderate pace in 2023. The growth will be mainly driven by domestic demand with supports from the continued recovery in labour market and realisation of multi-year investment projects. However, the outlook remains susceptible to weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts, and worsening supply chain disruptions. (Source: Bank Negara Malaysia's Press Release published on 10 February 2023). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%) (Source: Bank Negara Malaysia's Quarterly Bulletin 4Q 2022).

In light of the continual challenging operating environment, the Group's approach is to focus on improving its sales performance, building resilience in its supply chain and remained pressed-on in obtaining operational efficiency while being prudent with cost optimisation to minimise any negative impact on its profitability in order to achieve sustainable growth.

On the other hand, the Group is encouraged by the recovery in the performance of our operations in the East Coast region. The Group looks forward to a continual positive contribution from its associate company to the Group's profits and shareholders' funds. Meanwhile, EV Connection Sdn Bhd ("EVC"), in which the Group had acquired a stake, continues to benefit from the acceleration of electric vehicle adoption in Malaysia following new infrastructure collaborations with key industry players. EVC is also a provider of solar engineering, procurement, construction, and commissioning solutions.

The overall business environment remains challenging for the Group given the rising cost of operations and market uncertainties. In this regard, the Board remains cautious on the prospects of the Group. The Group will remain observant, vigilant, and focus on improving its financial performance and operational efficiency.

B4 Profit forecast

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

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

B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 28.02.2023 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 28.02.2022 Unaudited RM'000	CURRENT YEAR- TO-DATE 28.02.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 28.02.2022 Audited RM'000
In respect of the current period:				
Income tax expense	116	135	1,546	1,953
Deferred tax expense	228	31	228	32
Total	344	166	1,774	1,953
Effective tax rate (%)	62%	15%	24%	22%

The effective tax rate for the current financial quarter ended 28 February 2023 was significantly higher than the statutory tax rate of 24% mainly due to recognition of deferred tax expenses notwithstanding the reversal over provisions made in prior quarters. In comparison, the preceding corresponding quarter's tax rates were much lower with special tax deduction given on "Costs of Renovation and Refurbishment of Business Premise".

As for the current YTD, the tax rate of 24% is in line with the statutory tax rate.

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 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 28 February 2023 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	

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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	3,373	-	3,373
Trust receipts	7,200	-	7,200
Hire purchases	134	44	178
Term loans	866	13,749	14,615
	<u>11,573</u>	<u>13,793</u>	<u>25,366</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 28.02.2023	PRECEDING CORRESPON -DING QUARTER 28.02.2022	CURRENT YEAR TO-DATE 28.02.2023	PRECEDING YEAR-TO-DATE 28.02.2022
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>213</u>	<u>964</u>	<u>5,741</u>	<u>7,063</u>
Weighted average number of shares in issue ('000)	<u>347,371</u>	<u>343,060</u>	<u>347,371</u>	<u>343,060</u>
Basic and diluted earnings per share (sen) ^{(1) (2)}	<u>0.06</u>	<u>0.28</u>	<u>1.65</u>	<u>2.06</u>

Notes:-

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

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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 28.02.2023 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 28.02.2022 Unaudited RM'000	CURRENT YEAR-TO- DATE 28.02.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 28.02.2022 Audited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	182	214	734	892
Depreciation on property, plant and equipment	376	328	1,416	1,065
Depreciation on right-of-use assets	198	257	816	939
Impairment losses on trade receivables	23	76	52	80
Equipment rental expenses	14	11	62	41
and after crediting:				
Interest income	60	56	231	271
Trade credit insurance compensation	-	-	-	38
Rental income	52	55	209	208
Bad debts recoverable	3	1	7	4
Reversal of impairment losses on trade receivables	6	80	234	302

By Order of the Board

Date: 26 April 2023