

ACO GROUP BERHAD

Company No. 201901020410 (1329739-A)

(Incorporated in Malaysia)

Interim Financial Report

For the Third Quarter and Period Ended

30 November 2020

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 2020[1]

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.11.2020 RM'000	**PRECEDING CORRESPONDING QUARTER [2] 30.11.2019 RM'000**	**CURRENT YEAR-TO-DATE 30.11.2020 RM'000**	**PRECEDING YEAR-TO-DATE[2] 30.11.2019 RM'000**
Revenue	36,849	N/A	75,461	N/A
Cost of sales	(30,873)	N/A	(61,668)	N/A
Gross profit	**5,976**	**N/A**	**13,793**	**N/A**
Other income	143	N/A	843	N/A
Administrative expenses	(3,401)	N/A	(10,933)	N/A
Profit from operations	**2,718**	**N/A**	**3,703**	**N/A**
Finance costs	(377)	N/A	(813)	N/A
Profit before tax	**2,341**	**N/A**	2,890	**N/A**
Income tax expense	(612)	N/A	(1,097)	N/A
Profit for the financial period, representing total comprehensive income for the financial period	**1,729**	**N/A**	**1,793**	**N/A**
Profit attributable to: Owner of the company	1,729	N/A	1,793	N/A
Basic and diluted earnings per share (sen) [4]	0.54 [3]	N/A	0.56 [3]	N/A

ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2020[(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 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) No comparative figures for the preceding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding quarter period.

(3) Computation on basic earnings per share is based on the Company's weighted average number of ordinary shares during the period under review.

(4) 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.

N/A Not applicable.

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ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020[(1)]

	UNAUDITED 30.11.2020 RM'000	AUDITED 29.02.2020 RM'000
Non-Current Assets		
Property, plant, and equipment	17,675	18,127
Right-of-use assets	4,738	5,310
Investment properties	4,600	6,450
	27,013	29,887
Current Assets		
Inventories	38,972	35,381
Trade and other receivables	42,352	32,877
Prepayments	683	921
Current tax assets	545	22
Cash and cash equivalents	20,607	5,855
	103,159	75,056
Current Liabilities		
Trade and other payables	36,952	31,063
Lease liabilities	226	240
Current tax liabilities	2,320	956
Loans and borrowings	14,448	18,812
	53,946	51,071
Net current assets	49,213	23,985
	76,226	53,872
Financed by:		
Share capital	59,367	36,301
Reserves	8,679	7,828
	68,046	44,129
Non-current liabilities		
Deferred tax liabilities	362	362
Lease liabilities	313	520
Loans and borrowings	7,505	8,861
	8,180	9,743
	76,226	53,872
Number of issued shares ('000)	320,275	242,000
Net assets per share (RM)	0.21	0.18

Notes:-

(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 29 February 2020 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 2020[(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 2020	36,301	(27,861)	35,689	44,129
Total comprehensive profit for the period	-	-	1,793	1,793
Transactions with owners:				
Issue of ordinary shares of the Company	17,710	-	-	17,710
Share issuance expenses	(719)	-	-	(719)
Private Placement	6,075	-	-	6,075
Interim Dividend	-	-	(942)	(942)
Balance as at 30 November 2020	59,367	(27,861)	36,540	68,046

Notes:-

(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 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.

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ACO GROUP BERHAD

(Company No: 201901020410 (1329739-A))
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
QUARTERLY REPORT ON THE RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2020[1]

	CURRENT YEAR-TO-DATE 30.11.2020 RM'000	PRECEDING YEAR-TO-DATE 30.11.2019 RM'000 [2]
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,890	N/A
Adjustments for:		
Discount on lease liabilities payments	(15)	N/A
Depreciation on property, plant and equipment	756	N/A
Depreciation on right-of-use assets	507	N/A
Loss on disposal of investment property	350	N/A
Finance costs	813	N/A
Interest income	(168)	N/A
Provision for doubtful debts	463	N/A
Bad debts recoverable	(17)	N/A
Reversal of allowance of impairment loss on trade receivables	(53)	N/A
Operating profit before working capital changes	5,526	N/A
Changes in working capital:		
Inventories	(3,590)	N/A
Trade and other receivables	(3,265)	N/A
Prepayments	238	N/A
Trade and other payables	5,889	N/A
Net cash used in operations	4,798	N/A
Income tax paid	(356)	N/A
Income tax refund	99	N/A
Interest received	168	N/A
Interest paid	(56)	N/A
Net cash flows used in operating activities	4,653	N/A
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(275)	N/A
Proceeds from disposal of investment property	381	N/A
Proposed acquisition of an associated company	(6,603)	N/A
Net cash flows used in investing activity	(6,497)	N/A

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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 2020[1]

	CURRENT YEAR-TO-DATE 30.11.2020 RM'000	PRECEDING YEAR-TO-DATE [2] 30.11.2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	23,065	N/A
Repayment of term loans	(56)	N/A
Repayment of finance lease liabilities	(252)	N/A
Proceeds from banker's acceptances	5,103	N/A
Repayment of banker's acceptance	(4,547)	N/A
Proceeds from trust receipts	17,365	N/A
Repayment of trust receipts	(20,462)	N/A
Dividend Paid	(942)	N/A
Interest paid	(725)	N/A
Payment of lease liabilities	(169)	N/A
Net cash flows from financing activities	18,380	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,536	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,799	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19,335	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD:-		
Cash and bank balances	19,513	N/A
Fixed deposits with licensed banks	1,094	N/A
Bank overdraft	(252)	N/A
	20,355	N/A
Less: Deposits pledged	(1,020)	N/A
	19,335	N/A

Notes:-

(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 29 February 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) No comparative figures for the preceding year-to-date are available as the Company was listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding quarter period.

N/A Not applicable.

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 for the third quarter ended 30 November 2020 is announced by the Company in compliance with the Listing Requirements of Bursa Securities. There is no comparative figures for the preceding year-to-date available as the Company was only listed on the ACE Market of Bursa Malaysia Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding corresponding quarter.

The interim financial report should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 29 February 2020 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 29 February 2020, save for the early adoption of the following amendment which is applicable to the Group: -

Effective for financial periods beginning on or after 1 June 2020
Amendment to MFRS 16 Leases, Covid-19 Related Rent Concessions

The initial application of the amendment above does not have any material impact to this interim financial report of the Group.

Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective.

Effective for financial periods beginning on or after 1 January 2021
Amendments to MFRS 9 Financial Instruments (2014), MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments; Disclosure, MFRS 4 Insurance Contracts and MFRS 16 Leases – Interest Rate Benchmark Reform Phase 2

Effective for financial periods beginning on or after 1 January 2022
Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
Annual Improvements to MFRS Standards 2018 - 2020
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

Effective for financial periods beginning on or after 1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

Effective date yet to be determined by Malaysian Accounting Standards Board
Amendments to MFRS 10 Consolidated Financial Statements and MFRS128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture

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

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 to 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 29 February 2020 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 save for the following:-

	AMOUNT	**NO. OF SHARES**
Issued and fully paid shares	**RM'000**	**'000**
At 1 March 2020	36,301	242,000
Issue of ordinary shares of the Company	17,710	61,500
Share issuance expenses	(719)	-
Private placement[(1)]	6,075	16,775
At 30 November 2020	59,367	320,275

Note:-
(1) The issue price for the private placement is disclosed in Note B6(ii) of this report.

A8 Dividends paid

A first interim single tier dividend of 0.30 sen per ordinary share amounting to RM942,180 in respect of the financial year ending 28 February 2021 has been paid by the Company on 30 November 2020 to shareholders whose names appeared in the Register of Depositors at the close of business on 16 November 2020.

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

A9 Segment information

Segmental reporting of the Group's result for the financial year-to-date under review is as follows: -

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
Revenue				
Revenue from external customers	60,241	15,220	-	75,461
Internal-segment revenue	7,346	-	(7,346)	-
External revenue	67,587	15,220	(7,346)	75,461
Segment profit	11,906	1,887	-	13,793
Other income				843
Administrative Expenses				(10,933)
Finance costs				(813)
Income tax expense				(1,097)
Profit for the financial year-to-date				1,793

There is no comparative figures for the preceding year-to-date available as the company was only listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding corresponding quarter.

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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, save for the following: -

(i) On 30 December 2020, the Company announced the resignation of Messrs Baker Tilly Monteiro Heng PLT ("BTMH") as the auditors of the Group of Companies. The resignation of BTMH is on a voluntary basis, due to the Company and BTMH could not reach a consensus on commercial terms.

(ii) The Company has subsequently announced the appointment of RSM Malaysia on 15 January 2021 to fulfil the vacancy of the Group's external auditor. RSM Malaysia shall hold office until the conclusion of the next Annual General Meeting of the Company and subject to shareholders' approval for re-appointment as auditors of the Company if RSM Malaysia indicated its willingness to continue its office.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial current 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

As at 30 November 2020, the Group has no other capital commitments during the current financial quarter under review save as disclosed below: -

	AS AT 30.11.2020 RM'000
Approved but not contracted for: -	
Property, plant, and equipment	10,650

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 period under review.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.11.2020 RM'000	PRECEDING CORRESPON-DING QUARTER 30.11.2019 RM'000	CURRENT YEAR-TO-DATE 30.11.2020 RM'000	PRECEDING YEAR-TO-DATE 30.11.2019 RM'000
Entity owned by persons connected to a Director				
Sales of goods	-	N/A	3	N/A

There is no comparative figure for the preceding year-to-date available as the company was only listed on the ACE Market of Bursa Malaysia Securities on 18 March 2020 and there is no interim financial report prepared for the comparative preceding corresponding quarter.

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

B1 Review of performance

The Group recorded a revenue of RM36.849 million and a profit before tax of RM2.341 million for the current financial quarter ended 30 November 2020. The Group had a steady increase in its sales and earnings as the Company is allowed to carry out its business operations whilst complying with the proper standard operating procedures ("SOPs") that were introduced by the Government arising from the Recovery Movement Control Order ("MCO") and Conditional MCO.

The Group recorded a revenue of RM75.461 million and profit before tax of RM2.890 million in the current year-to-date. The Group's revenue segment consists of RM60.241 million or 79.8% sales to industrial users and RM15.220 million or 20.2% sales to resellers. The Group recorded a gross profit of RM13.793 million as compared to RM7.817 million in the preceding financial quarter. During the nine-month period, a one-off listing expenses amounting to RM0.638 million was recognized by the Company. Profit after tax for the current year-to-date stood at RM1.793 million.

No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER			
	CURRENT QUARTER 30.11.2020 RM'000	PRECEDING QUARTER 30.08.2020 RM'000	Variance RM'000	%
Revenue	36,849	26,819	10,030	37.4%
Profit before tax	2,341	1,494	847	56.7%

As a result of the Government's effort to revitalize and reform the economy from the setbacks brought upon by the COVID-19 pandemic, there has been an overall improvement in the consumer sentiment, and the Group was able to witness steady growth in its sales since its preceding financial quarter.

The Group's revenue for the current financial quarter ended 30 November 2020 increased by RM10.030 million or 37.4% to RM36.849 million as compared to RM26.819 million in the preceding financial quarter ended 31 August 2020. The increase in sales is due to stronger market demand in supplies of goods and the recommencement of backlog projects previously halted due to the MCO.

Following the recovery in sales coupled with effective cost reduction measures, the Group managed to achieve a profit before tax of RM2.341 million for the current financial quarter, which represents an increase of RM0.847 million or 56.7% as compared to RM1.494 million profit before tax in the preceding financial quarter ended 31 August 2020.

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

B3 Prospects

The operating environment remains challenging during the current financial period and year-to-date as the COVID-19 pandemic continues to plague both the local and global economies. On 8 January 2021, the Government has announced additional implementation of MCO from 13 January 2021 until 26 January 2021 ("MCO 2.0") across 6 states in wake of the resurgence of COVID-19 cases. This includes Johor Bahru, Melaka, and Selangor in which the Group businesses operate from. The impact from the implementation of the MCO 2.0, on the overall economy is expected to be contained given that more than 80% of the economic sectors are allowed to continue its business operation although with some limitation. On 21 January 2021, the MCO 2.0 was further extended to 4 February 2021.

Trading and distribution, of which the Group's nature of business falls under, is among the five economic sectors deemed essential to carry on business operation, albeit only 30% of ACO's management staff are allowed at the workplace. The business operation has not witnessed any immediate disruption or setbacks at this early stage of MCO 2.0. The Group shall remain observant, vigilant and focus on sustaining its financial performance and operational efficiency while complying with the SOPs, and be quick to adopt necessary measures to sustain the business during this challenging time.

In relation to the acquisition of Focus Electrical Malaysia Sdn Bhd ("Focus Electrical"), the Group believes that the acquisition will enhance ACO Group's future profitability and returns on shareholders' funds. Moreover, ACO Group will benefit from the future prospects and earnings potential of Focus Electrical, riding on its future plans to increase its sales outlets to further expand its market position in Terengganu and Kelantan.

The Board recognizes the challenges ahead. However, with prudent planning, careful execution, and effective cost control, backed by encouraging customers' prospects and orders, the Board opines that the financial performance of the Group for the subsequent quarters will be consistent with the performance of the preceding financial quarter.

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 30.11.2020 RM'000	PRECEDING CORRESPON-DING QUARTER 30.11.2019 RM'000	CURRENT YEAR TO-DATE 30.11.2020 RM'000	PRECEDING YEAR-TO-DATE 30.11.2019 RM'000
In respect of the current period:				
Malaysia income tax	**612**	**N/A**	**1,097**	**N/A**
Effective tax rate (%)	**26%**	**N/A**	**38%**	**N/A**

The effective tax rate of the Group for the financial year-to-date was significantly higher than the statutory tax rate of 24% mainly due to a one-off listing expenses recorded in the previous quarter earnings which are non-deductible expenses for tax purposes.

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

No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

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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 report.

(i) On 23 July 2020, the Company's wholly-owned subsidiary company, Actgen Industry Sdn. Bhd. had on 23 July 2020, entered into a Sale and Purchase Agreement ("SPA") with Plascable Polymer Sdn. Bhd, the subsidiary of Plastrade Technology Berhad, for the purchase of the remaining unexpired lease term for a period of approximately 40 years, expiring on 31 January 2060 ("Lease") of a parcel of freehold industrial land held under H. S. (D) 493851, PTD 76050, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor ("Lease Land") together with a single-storey detached factory with three-storey office building, one and half-storey detached factory, a single-storey detached warehouse, a Tenaga Nasional Berhad ("TNB") sub-station, a guardhouse and a water tank erected thereon (collectively referred to as "Property") for a cash consideration of RM10.65 million ("Purchase Consideration").

The property acquisition is at its final stage pending loan drawdown by the HSBC Amanah Malaysia Berhad and is expected to be finalized in the next quarter.

(ii) On 17 September 2020, the Company had announced a proposed private placement of up to 56.5 million new ordinary shares in ACO ("ACO Share(s)" or "Share(s)") ("Placement Share(s)"), representing approximately 18.83% of the existing total number of issued shares of ACO ("Private Placement"); and a proposed acquisition of 49% equity interest in Focus Electrical, comprising 1.225 million ordinary shares in Focus Electrical at RM6.00 per Sale Share, by ACO Holdings Sdn Bhd, a wholly-owned subsidiary of ACO, from Wong Kim Lian, Ong Teik Leong and Tan How Ching, for a purchase consideration of RM7.350 million to be satisfied via a combination of cash consideration of RM5.880 million and issuance of 3.50 million new ACO Shares at an issue price of RM0.42 per ACO Share ("Consideration Shares")("Acquisition").

As at the date of this report, a total of 27.293 million Placement Shares had been issued pursuant to the Private Placement, at an issue price ranging from RM0.350 to RM0.365 per Placement Share. As at to-date, a total of five (5) tranches had been completed and the Company has raised a total of approximately RM9.756 million from the Private Placement. The Private Placement is still on-going.

The Acquisition had been completed on 30 November 2020, following the listing of and quotation for the 3.50 million Consideration Shares on the ACE Market of Bursa Securities 26 November 2020.

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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 30 November 2020 is disclosed in the following manner:-

Purposes	REVISED UTILISATION RM'000	ACTUAL UTILISATION RM'000	BALANCE UNUTILISED RM'000	ESTIMATED TIME FRAME FOR USE OF PROCEEDS FROM THE LISTING DATE
Setting up new sales outlets and lighting concept store	4,200	-	4,200	Within 24 months
Setting up works for the new property	2,500	-	2,500	Within 30 months
Purchasing of new trucks and upgrading of IT systems	2,000	-	2,000	Within 12 months
Working capital	4,240	4,240	-	Within 12 months
Estimated listing expenses	3,300	3,300	-	Within 3 months
	16,240	7,540	8,700	

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 pertaining to the variation for the use of proceeds raised from the Company's initial public offering.

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

B7 Utilisation of proceeds raised from the Private Placement

On 16 September 2020, the Company proposed to undertake a private placement of up to 56.500 million new ordinary shares, representing approximately 18.83% of its existing total number of issued shares. As at the date of this report, a total of five tranches comprising 27.293 million Placement Shares had been issued pursuant to the Private Placement. The total fund raised to-date is approximately RM9.756 million.

The status of utilisation of proceeds based on funds raised from the Private Placement to-date is as follows:-

PURPOSES	PROPOSED UTILISATION RM'000	ACTUAL UTILISATION RM'000	ESTIMATED TIME FRAME FOR UTILISATION (FROM THE DATE OF LISTING OF THE PLACEMENTS SHARES)
Acquisition of Focus Electrical	5,145	1,470	Within 30 months
Capital injection in Focus Electrical	6,370	3,663	Within 12 months
Repayment of bank borrowings	2,435	-	Within 6 months
Investment in new business	5,000	-	Within 24 months
Working capital	3,000	-	Within 12 months
Estimated expenses in relation to the Proposals	650	81	Upon completion of the Proposal
	22,600	5,214	

The utlisation of the proceeds as disclosed above should be read together with the announcement made by the Company dated 16 September 2020 in relation to the Proposals.

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

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
Secured borrowings			
Banker's acceptances	3,601	-	3,601
Trust receipts	9,674	-	9,674
Hire purchases	338	439	777
Overdraft	252	-	252
Term loans	583	7,066	7,649
	14,448	7,505	21,953

The secured bank borrowings and other facilities are secured by way of:-
(a) Legal charges over freehold land and buildings of subsidiaries;
(b) Legal charges over freehold land and buildings of a related party;
(c) Corporate guarantee by the subsidiaries;
(d) Joint and several guarantees by the Company's director and key management personnel;
(e) Legal charges over fixed deposits of a subsidiary; and
(f) Legal charges over investment properties.

The bank borrowings and other facilities are denoted in local currency.

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 30.11.2020	PRECEDING CORRESPON -DING QUARTER 30.11.2019	CURRENT YEAR TO-DATE 30.11.2020	PRECEDING YEAR-TO-DATE 30.11.2019
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	**1,729**	**N/A**	**1,793**	**N/A**
Weighted average number of shares in issue ('000)	**296,415**	**N/A**	**296,415**	**N/A**
Basic and diluted earnings per share (sen)	**0.58**	**N/A**	**0.60**	**N/A**

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 period under review.

2) The diluted earnings per share of the Group for the quarter 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.

3) No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

N/A Not applicable.

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 30.11.2020 RM'000	PRECEDING CORRESPON-DING QUARTER 30.11.2019 RM'000	CURRENT YEAR-TO-DATE 30.11.2020 RM'000	PRECEDING YEAR-TO-DATE 30.11.2019 RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	377	N/A	813	N/A
Depreciation on property, plant and equipment	254	N/A	758	N/A
Depreciation on right-of-use assets	165	N/A	506	N/A
Equipment rental expenses	18	N/A	52	N/A
and after crediting:				
Interest income	56	N/A	174	N/A
Trade credit insurance compensation	-	N/A	477	N/A
Rental income	56	N/A	153	N/A
Bad debts recoverable	5	N/A	17	N/A

No comparative figures for the preceding corresponding quarter and year-to-date are available as the Company was only listed on the ACE Market of Bursa Securities on 18 March 2020 and there is no interim financial report prepared for the comparative financial quarter concerned.

By Order of the Board

Date: 26 January 2021