



ACO GROUP BERHAD

Company No. 201901020410 (1329739-A)

(Incorporated in Malaysia)

Interim Financial Report For the Second Quarter Ended 31 August 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 SECOND QUARTER ENDED 31 AUGUST 2023⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2023 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.08.2022 Unaudited RM'000	CURRENT YEAR-TO- DATE 31.08.2023 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.08.2022 Unaudited RM'000
Revenue	33,816	39,290	64,929	75,592
Cost of sales	(28,842)	(34,646)	(55,644)	(65,588)
Gross profit	4,974	4,644	9,285	10,004
Other income	185	234	393	419
Administrative expenses	(3,414)	(3,503)	(7,017)	(7,031)
Profit from operations	1,745	1,375	2,661	3,392
Finance costs	(182)	(188)	(361)	(372)
Share of results of an associate	9	849	19	2,075
Profit before tax	1,572	2,036	2,319	5,095
Income tax expense	(570)	(384)	(857)	(945)
Profit for the financial period/year, representing total comprehensive income for the financial period/year	1,002	1,652	1,462	4,150
Profit attributable to:				
Owner of the company	1,002	1,652	1,462	4,150
	1,002	1,652	1,462	4,150
Basic and diluted earnings per share (sen) ⁽²⁾ ⁽³⁾	0.29	0.48	0.42	1.19

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 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 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Computation on basic earnings per share is based on the Company's weighted average number of ordinary shares during the financial period under review.
- (3) The diluted earnings per share of the Group for the current quarter and year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

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ACO GROUP BERHAD

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023⁽¹⁾

	UNAUDITED 31.08.2023 RM'000	AUDITED 28.02.2023 RM'000
Non-Current Assets		
Property, plant, and equipment	15,338	18,655
Right-of-use assets	13,772	14,160
Investment properties	4,600	4,600
Investment in an associate	12,355	12,336
Other investment	1,017	1,017
Deferred tax assets	44	44
	<u>47,126</u>	<u>50,812</u>
Current Assets		
Inventories	47,244	46,392
Trade and other receivables	34,672	29,528
Prepayments	313	420
Current tax assets	236	292
Non-current assets held for sale	2,866	-
Cash and short-term deposits	19,205	21,095
	<u>104,536</u>	<u>97,727</u>
Current Liabilities		
Trade and other payables	36,465	32,573
Lease liabilities	135	191
Current tax liabilities	209	180
Loans and borrowings	12,549	11,573
	<u>49,358</u>	<u>44,517</u>
Net current assets	55,178	53,210
	<u>102,304</u>	<u>104,022</u>
Financed by:		
Share capital	67,622	67,622
Reserves	22,609	21,842
	<u>90,231</u>	<u>89,464</u>
Non-current liabilities		
Deferred tax liabilities	666	666
Lease liabilities	51	99
Loans and borrowings	11,356	13,793
	<u>12,073</u>	<u>14,558</u>
	<u>102,304</u>	<u>104,022</u>
Number of issued shares ('000)	347,371	347,371
Net assets per share (RM)	<u>0.26</u>	<u>0.26</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 2023 and the accompanying explanatory notes attached to this interim financial report.

ACO GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 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 2022	67,622	(27,861)	44,656	84,417
Total comprehensive profit for the period/year	-	-	5,741	5,741
Transactions with owners:				
Interim Dividend	-	-	(694)	(694)
Balance as at 28 February 2023 (Audited)	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 2023 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 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 2023	67,622	(27,861)	49,703	89,464
Total comprehensive profit for the period	-	-	1,462	1,462
Transactions with owners				
Interim Dividend			(695)	(695)
Balance as at 31 August 2023 (Unaudited)	67,622	(27,861)	50,470	90,231

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 2023 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023⁽¹⁾

	CURRENT YEAR- TO-DATE 31.08.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.08.2022 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,319	5,095
Adjustments for:		
Bad debts recoverable	(7)	-
Depreciation on property, plant and equipment	748	686
Depreciation on right-of-use assets	388	418
Gain on disposal of property, plant and equipment	(93)	(1)
Finance costs	361	372
Impairment losses on trade receivables	76	29
Interest income	(107)	(116)
Reversal of impairment losses on trade receivables	(17)	(161)
Share of results of an associate	(19)	(2,075)
Operating profit before changes in working capital	3,649	4,247
Changes in working capital:		
Inventories	(853)	(2,419)
Prepayments	107	61
Trade and other payables	1,638	2,859
Trade and other receivables	(5,196)	(2,832)
Net cash used in operations	(655)	1,916
Income tax paid	(771)	(967)
Interest paid	(6)	-
Interest received	107	116
Net cash flows (used in)/generated from operating activities	(1,325)	1,065
CASH FLOWS FROM INVESTING ACTIVITY		
Increase/(Decrease) in deposits pledged	56	(167)
Proceeds from disposal of property, plant and equipment	94	1
Proceeds from disposal of asset classified as held for sale	224	-
Purchase of property, plant and equipment	(297)	(738)
Net cash flows generated from/(used in) investing activity	77	(904)

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023⁽¹⁾

	CURRENT YEAR- TO-DATE 31.08.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.08.2022 Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(1,128)	(416)
Repayment of finance lease liabilities	(67)	(111)
Proceeds from banker's acceptances	11,413	5,403
Repayment of banker's acceptances	(6,104)	(4,392)
Proceeds from trust receipts	7,119	14,299
Repayment of trust receipts	(11,360)	(15,019)
Payment of lease liabilities	(104)	(108)
Interest paid	(355)	(372)
Dividend paid	-	(694)
Net cash flows used in financing activities	(586)	(1,410)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,834)	(1,249)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,686	22,707
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17,852	21,458
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD:-		
Cash and bank balances	17,720	21,348
Fixed deposits with licensed banks	1,485	1,352
	19,205	22,700
Less: Deposits pledged	(1,353)	(1,242)
	17,852	22,458

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 2023 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 2023 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 2023, save for the following:-

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 2024:

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosure - Supplier Finance Arrangements*

The Group has not adopted the following Standards and Amendments to MFRS effective for annual periods beginning on or after 1 January 2025:

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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.

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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 not applicable

- 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*.

Comparative Information are not expected to be applicable to the Group.

A3 Auditors' report on preceding annual financial statements

The auditors' report for the financial year ended 28 February 2023 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

There was no dividend paid during the current financial quarter under review.

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

A9 Segment information

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

Current year to date ended 31 August 2023 (Unaudited)

BUSINESS SEGMENT	INDUSTRIAL USERS RM'000	RESELLERS RM'000	ADJUSTMENT AND ELIMINATIONS RM'000	TOTAL RM'000
Revenue				
Revenue from external customers	54,081	10,848	-	64,929
Internal-segment revenue	2,772	-	(2,772)	-
External revenue	<u>56,853</u>	<u>10,848</u>	<u>(2,772)</u>	<u>64,929</u>
Segment profit	7,744	1,541	-	9,285
Other income				393
Administrative expenses				(7,017)
Finance costs				(361)
Share of results of an associate				19
Income tax expense				(857)
Profit for the financial period				<u>1,462</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 31 August 2022 (Unaudited)

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

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

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

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

A11 Changes in the composition of the Group

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

A12 Fair value of financial instruments

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

A13 Capital commitments

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

A14 Contingent assets and contingent liabilities

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

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

A15 Significant related party transactions

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2023 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2022 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.08.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2022 Unaudited RM'000
Associated company				
Sales of goods	663	696	1,000	1,221
Purchase of goods	50	192	115	222

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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 recorded a revenue of RM33.816 million in the current financial quarter, which is 13.93% or RM5.474 million lower than the RM39.290 million reported in the preceding year corresponding quarter. However, the current quarter's gross profit ("GP") amounting to RM4.974 million which is a marginal increase of 7.11% or RM0.330 million from the GP in the preceding year corresponding quarter of RM4.644 million. The GP is relatively consistent due to higher cost of goods sold with a lower competitive average selling price in the preceding year corresponding quarter. Meanwhile, in the current quarter, a less volatile raw material prices have resulted in an improved GP.

The profit before tax ("PBT") for the current financial quarter stands at RM1.572 million, which is a 22.8% or RM0.464 million decrease from the preceding year corresponding quarter's PBT of RM2.036 million. The decline is due to a considerably lower share of results of an associate, which recorded a lower sales in the current quarter.

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

In the year-to-date ("YTD"), the Group's cumulative revenue stands at RM64.929 million, reflecting a 14.11% decrease of RM10.663 million compared to the RM75.592 million recorded in the previous YTD. This decline in revenue can be partly attributed to customers exercising increased caution in their expansion and spending, in response to a weakened economic sentiment.

However, the current YTD has seen less volatility in commodity and raw material prices, which has helped to offset for the lower revenue achieved. As a result, the GP for the current YTD stands at RM9.285 million, which is relatively consistent with the GP of RM10.004 million recorded in the previous YTD.

The cumulative PBT for the current YTD is RM2.319 million. This represents a decrease of 54.5% or RM2.776 million in the current YTD, which is primarily due to a significantly lower share of results from an associate, as mentioned above.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		Variance	
	CURRENT QUARTER 31.08.2023 RM'000	PRECEDING QUARTER 31.05.2023 RM'000	RM'000	%
Revenue	33,816	31,113	2,703	8.69
PBT	<u>1,572</u>	<u>747</u>	825	110.44

In the current quarter, the Group's revenue increased by RM2.703 million, which is an 8.69% growth, reaching RM33.816 million compared to RM31.113 million in the preceding quarter ended on 31 May 2023. This higher revenue, along with a lower administrative expense, resulted in an improved PBT of RM1.572 million for the current quarter. This represents a significant improvement of 110.44% or RM0.825 million, as compared to the PBT of RM0.747 million recorded in the preceding quarter.

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

B3 Prospects

The Malaysian economy grew moderately by 2.9% in the second quarter of 2023 (1Q: 5.6%; 4Q 2022: 7.1%; 3Q: 14.1%). The growth is primarily driven by ongoing improvements in labour market conditions, continued increase in household spending, and higher levels of tourism activities. On the other hand, factors weighing on the growth includes weaker external demand amid global technology downcycle and slower production in the commodities sector (Source: Bank Negara Malaysia's Quarterly Bulletin 2Q 2023). The Government projects the country's GDP growth to be at 4% for the year 2023, supported by a recovering external environment and better domestic demand expectations (Source: 2024 Malaysian Budget).

With the challenging external operating environment expected to remain subdued in the short term, the Group's primary focus remains on optimising operational efficiency, enhancing sales performance, strengthening the supply chain's resilience, expanding product portfolio, and practising prudent cost management.

At the same time, the Group looks forward to an improved performance from its operations in the East Coast region, where performance has been declining. Meanwhile, EV Connection Sdn Bhd ("EVC"), a company in which the Group holds a stake, continues to experience ongoing progress brought on by the accelerated adoption of electric vehicles in Malaysia. Renewable energy continues to be a priority for the country, underscored by the government's commitment to implementation of various strategies outlined in the Budget 2024, the National Energy Transition Roadmap and New Industrial Master Plan 2030.

The Board acknowledges the upcoming challenges and maintains a prudent outlook regarding the Group's prospects. Barring unforeseen circumstances, the Board opines that the financial performance of the Group will be satisfactory for the forthcoming quarter.

B4 Profit forecast

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

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

B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2023 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2022 Unaudited RM'000	CURRENT YEAR- TO-DATE 31.08.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.08.2022 Audited RM'000
In respect of the current period:				
Income tax expense	570	384	857	945
Total	570	384	857	945
Effective tax rate (%)	36%	19%	37%	19%

The effective tax rate for the current financial quarter ended 31 Aug 2023 was higher than the statutory tax rate of 24% due to non-deductible expenses. In comparison, the preceding corresponding quarter's tax rates were lower mainly due to the non-taxable effects of share of results of an associate.

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

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

B6 Status of corporate proposals

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 31 August 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 follows:-

	PAYABLE WITHIN 12 MONTHS RM'000	PAYABLE AFTER 12 MONTHS RM'000	TOTAL OUTSTANDING RM'000
<u>Secured borrowings</u>			
Banker's acceptances	8,682	-	8,682
Trust receipts	2,959	-	2,959
Hire purchases	106	5	111
Term loans	802	11,351	12,153
	<u>12,549</u>	<u>11,356</u>	<u>23,905</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;
- Legal charges over fixed deposits of a subsidiary; and
- Legal charges over an investment property.

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

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

B9 Material litigations

As at the date of this report, the Group is not engaged in any material litigation.

B10 Proposed dividends

On 21 July 2023, the Board has approved the declaration and payment of a first interim single tier dividend of 0.20 sen per ordinary share in respect of the financial year ending 29 February 2024. The entitlement to dividend was based on the Record of Depositors as at 7 August 2023, and the payment was made on 6 September 2023.

B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2023	PRECEDING CORRESPON -DING QUARTER 31.08.2022	CURRENT YEAR TO-DATE 31.08.2023	PRECEDING YEAR-TO-DATE 31.08.2022
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	<u>1,002</u>	<u>1,652</u>	<u>1,462</u>	<u>4,150</u>
Weighted average number of shares in issue ('000)	<u>347,371</u>	<u>347,371</u>	<u>347,371</u>	<u>347,371</u>
Basic and diluted earnings per share (sen) ^{(1) (2)}	<u>0.29</u>	<u>0.48</u>	<u>0.42</u>	<u>1.19</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

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

(Incorporated in Malaysia)

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

B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.08.2023 Unaudited RM'000	PRECEDING CORRESPON- DING QUARTER 31.08.2022 Unaudited RM'000	CURRENT YEAR-TO- DATE 31.08.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.08.2022 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:-				
Finance costs	182	188	361	372
Depreciation on property, plant and equipment	376	353	748	686
Depreciation on right-of-use assets	192	204	388	418
Impairment losses on trade receivables	32	-	76	29
Equipment rental expenses	15	15	29	33
	<hr/>	<hr/>	<hr/>	<hr/>
and after crediting:				
Interest income	59	66	107	116
Rental income	70	52	147	105
Bad debts recoverable	6	-	7	-
Reversal of impairment losses on trade receivables	5	79	17	161
	<hr/>	<hr/>	<hr/>	<hr/>

By Order of the Boards

Date: 25 October 2023