



AURORA ITALIA INTERNATIONAL BERHAD
(Company Registration No. 201801037877(1299907-T))
(Incorporated in Malaysia)

UNAUDITED FINANCIAL STATEMENTS FOR THE 1st HALF-YEAR ENDED 30 SEPTEMBER 2022

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("LEAP MARKET")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA MALAYSIA SECURITIES BERHAD. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY THE LISTED CORPORATION. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2022**

	Unaudited as at 30.09.2022 RM'000	Audited as at 31.03.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,227	1,236
Right-of-use assets	798	590
Goodwill	27,028	27,028
	<u>29,053</u>	<u>28,854</u>
Current assets		
Inventories	38,608	27,578
Trade receivables	5,693	6,668
Non-trade receivables, deposits and prepayments	5,333	2,827
Fixed deposits with licensed banks	1,200	3,900
Cash and bank balances	3,863	2,982
Tax recoverable	89	40
	<u>54,786</u>	<u>43,995</u>
TOTAL ASSETS	<u><u>83,839</u></u>	<u><u>72,849</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	37,815	37,815
Merger deficit	(1,754)	(1,754)
Retained earnings	20,363	16,788
Total equity	<u>56,424</u>	<u>52,849</u>
Non-current liabilities		
Lease liabilities	-	295
Deferred tax liabilities	73	73
	<u>73</u>	<u>368</u>

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022 (CONT'D)**

	Unaudited as at 30.09.2022 RM'000	Audited as at 31.03.2022 RM'000
Current liabilities		
Trade payables	23,752	17,740
Non-trade payables and accruals	2,761	1,126
Amount owing to related parties	263	149
Lease liabilities	555	154
Tax payable	11	463
	<u>27,342</u>	<u>19,632</u>
Total liabilities	<u>27,415</u>	<u>20,000</u>
TOTAL EQUITY AND LIABILITIES	<u><u>83,839</u></u>	<u><u>72,849</u></u>
Net assets per share (sen) *	<u>9.01</u>	<u>8.44</u>

* Net assets per share is calculated based on the Company's number of ordinary shares at the end of the reporting period.

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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	68,488	67,680	68,488	67,680
Cost of sales	(60,706)	(58,934)	(60,706)	(58,934)
Gross profit	7,782	8,746	7,782	8,746
Other income	54	19	54	19
Distribution expenses	(96)	(278)	(96)	(278)
Administrative expenses	(3,001)	(2,031)	(3,001)	(2,031)
Other expenses	(2)	(5)	(2)	(5)
Profit from operations	4,737	6,451	4,737	6,451
Finance costs	(11)	(4)	(11)	(4)
Profit before tax	4,726	6,447	4,726	6,447
Income tax expenses	(1,151)	(1,569)	(1,151)	(1,569)
Profit from continuing operations	3,575	4,878	3,575	4,878
Total comprehensive profit for the financial period	3,575	4,878	3,575	4,878
Profit for the financial period attributable to: Owners of the parent	3,575	4,878	3,575	4,878
Earnings per share (sen) Basic/Diluted	0.57	0.78	0.57	0.78

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

Attributable to owners of the Company

	Share capital RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 April 2021	37,815	(1,754)	7,233	43,294
Profit for the financial year	-	-	9,555	9,555
Balance at 31 March 2022	37,815	(1,754)	16,788	52,849
Profit for the financial period	-	-	3,575	3,575
Balance at 30 September 2022	<u>37,815</u>	<u>(1,754)</u>	<u>20,363</u>	<u>56,424</u>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	6 months period ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,726	6,447
Adjustment for:		
Depreciation of property, plant and equipment	200	69
Interest income	(26)	(5)
Interest expense	11	4
	<hr/>	<hr/>
Operating profit before working capital changes	4,911	6,515
Changes in working capital:		
Increase in inventories	(11,031)	(10,188)
Increase in receivables	(1,531)	(10,164)
Increase in payables	7,647	11,922
	<hr/>	<hr/>
Cash generated from operations	(4)	(1,915)
Interest received	26	5
Tax refund	52	-
Tax paid	(1,703)	(1,328)
	<hr/>	<hr/>
Net cash used in operating activities	(1,629)	(3,238)

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)**

	6 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows from investing activities		
Purchases of property, plant and equipment	(399)	(487)
Net changes in fixed deposit	2,700	-
Purchases of other investment	-	(30)
Repayment from related parties	114	-
Net cash used in investing activities	<u>2,415</u>	<u>(517)</u>
Cash flows from financing activities		
Drawdown of lease liabilities	180	350
Repayment of lease liabilities	(74)	(30)
Interest paid	(11)	(4)
Net cash from financing activities	<u>95</u>	<u>316</u>
Net increase/ (decrease) in cash and cash equivalents	881	(3,439)
Cash and cash equivalents at beginning of the financial period	<u>2,982</u>	<u>6,354</u>
Cash and cash equivalents at the end of the financial period	<u><u>3,863</u></u>	<u><u>2,915</u></u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	<u><u>3,863</u></u>	<u><u>2,915</u></u>

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

A1. BASIS OF PREPARATION

The interim financial statements of Aurora Italia International Berhad and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the interim financial report on the consolidated results for the financial period ended 30 September 2022 announced by the Company in compliance with Paragraph 6.12 of the LEAP Market’s Listing Requirements of Bursa Securities.

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

These financial statements are presented in the Ringgit Malaysia (“**RM**”), which is the Company’s functional and presentation currency.

(a) Standards issued and effective

On 1 April 2021, the Company has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2021:

Description

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above new standard and amendments is not expected to have significant impact on the financial position and financial performance of the Group.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (b) Standards issued but not yet effective. The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none">• Amendments to MFRS 17, Insurance Contracts	1 January 2023
<ul style="list-style-type: none">• Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 101, Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
<ul style="list-style-type: none">• Amendments to MFSR 112, Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Company.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's business traditionally picks up during the major festive seasons in Malaysia.

A4. UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period.

A6. DEBT AND EQUITY SECURITIES

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period under review.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)

A7. SEGMENTAL INFORMATION

The Group's revenue based on the products is presented as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Gold bar, Gold coin	57,817	50,368	57,817	50,368
Gold jewelleryes	8,010	14,576	8,010	14,576
Silver jewelleryes	1,691	2,052	1,691	2,052
Accessories and others ⁽¹⁾	970	684	970	684
	<u>68,488</u>	<u>67,680</u>	<u>68,488</u>	<u>67,680</u>

Note:

⁽¹⁾ Include accessories, repair and provision of packaging services.

The following table presents the Group's revenue by geographical segment for the periods indicated:

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	68,264	67,668	68,264	67,668
Others ⁽¹⁾	224	12	224	12
	<u>68,488</u>	<u>67,680</u>	<u>68,488</u>	<u>67,680</u>

Note:

⁽¹⁾ Include USA, Indonesia, China, Singapore, Australia, Germany, Saudi Arabia and Brunei.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF FINANCIAL PERIOD

There were no other material events subsequent to the date of this interim financial report.

A9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

A10. CAPITAL COMMITMENTS

There were no material capital commitments in respect of plant and equipment as at the end of the current financial period.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group's revenue for the 1st half under review was higher at RM68.49 million as compared to the revenue of RM67.68 million in the corresponding financial period ended 30 September 2021, an increase of RM0.81 million. The Group leveraged on the rising demand for gold jewellery and gold investment products which came with the rebound of the economy, resulting in higher revenue during the quarter under review.

The Group registered an unaudited profit after tax of RM3.58 million for the 1st half under review, a decrease of RM1.30 million as compared to profit after tax of RM4.88 million recorded in the corresponding financial period ended 30 September 2021. The decrease was mainly attributable to escalating packaging cost affecting the gross margins of its products, preparation for new product launches, additional royalties due to more licensing deals and higher staff costs in line with business expansion.

B2. PROSPECTS OF THE GROUP

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

However, in the second half of the quarter, volatility began to rise again following increased uncertainty over the pace of tightening by the US Federal Reserve (“**Fed**”). The index peaked at a 3-month high after the Fed announced the third 75 basis points hike and signalled a much higher terminal rate. Financial markets were also weighed down by volatile commodity prices and concerns over weaker global growth prospects. To ensure the Group is well positioned to navigate through this challenging period, the Group will continue to strategise, adapt and also will take timely appropriate measures in order to minimise operating risks and optimise its resources so as to ensure that its core businesses remain resilient and stable.

As part of the future plans and business strategies, the Group will continuously design, develop and market gold gram bar and jewellery products that are relevant to the target customer’s segment. The Group will continuously collaborate with internationally renowned brands for the development of our licensed collectible gold gram bar. The product development team works in close collaboration with third party manufacturers with design capabilities to conceptualise the design and development of our jewellery products to keep up with the latest trends.

Barring any unforeseen circumstances, the board of directors is confident that the prospects of the Group’s financial performance for the financial year ending 31 March 2023 will remain favourable.

PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS (CONT'D)

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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PART C – OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this report.

C2. MATERIAL LITIGATION

The Board is not aware of any proceedings/ material litigations pending or threatened against the Group as at the date of this report.

C3. EARNINGS PER SHARE

- (i) The basic earnings per share for the current financial period and financial year-to-date are computed as follows: -

	Individual 6 months ended		Cumulative 6 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to owners of the parent (RM'000)	3,575	4,878	3,575	4,878
Weighted average number of ordinary shares ('000)	626,050	626,050	626,050	626,050
Earnings per share (sen)	0.57	0.78	0.57	0.78

- (ii) Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive instruments.

C4. DIVIDEND

There is no dividend declared or proposed as at the date of this report.