



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

UNAUDITED FINANCIAL STATEMENTS FOR THE 2nd HALF-YEAR ENDED 31 MARCH 2023

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 31 MARCH 2023**

	Unaudited as at 31.03.2023 RM'000	Audited as at 31.03.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,175	1,236
Right-of-use assets	709	590
Goodwill	27,028	27,028
	28,912	28,854
Current assets		
Inventories	23,252	27,578
Trade receivables	3,599	6,668
Non-trade receivables, deposits and prepayments	4,717	2,827
Amount due from related party	10	-
Fixed deposits with licensed banks	-	3,900
Cash and bank balances	21,560	2,982
Tax recoverable	539	40
	53,677	43,995
TOTAL ASSETS	82,589	72,849
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	37,815	37,815
Merger deficit	(1,754)	(1,754)
Retained earnings	23,867	16,788
Total equity	59,928	52,849
Non-current liabilities		
Lease liabilities	119	295
Deferred tax liabilities	73	73
	192	368

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT'D)**

	Unaudited as at 31.03.2023 RM'000	Audited as at 31.03.2022 RM'000
Current liabilities		
Trade payables	20,494	17,740
Non-trade payables and accruals	1,584	1,126
Amount owing to related parties	20	149
Lease liabilities	359	154
Tax payable	12	463
	<u>22,469</u>	<u>19,632</u>
Total liabilities	<u>22,661</u>	<u>20,000</u>
TOTAL EQUITY AND LIABILITIES	<u><u>82,589</u></u>	<u><u>72,849</u></u>
Net assets per share (sen) *	<u>9.57</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 YEAR ENDED 31 MARCH 2023**

	Individual 6 months ended		Cumulative 12 months ended	
	31 .03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	90,731	60,139	159,219	127,819
Cost of sales	(83,230)	(51,327)	(143,936)	(110,261)
Gross profit	7,501	8,812	15,283	17,558
Other income	63	23	117	42
Distribution expenses	(2,037)	(1,645)	(2,133)	(1,923)
Administrative expenses	(1,077)	(1,169)	(4,078)	(3,200)
Net loss on impairment of financial assets	-	252	-	252
Other expenses	8	(17)	6	(22)
Profit from operations	4,458	6,034	9,195	12,707
Finance costs	(11)	(10)	(22)	(14)
Profit before tax	4,447	6,024	9,173	12,693
Income tax expenses	(943)	(1,579)	(2,094)	(3,138)
Profit from continuing operations	3,504	4,445	7,079	9,555
Total comprehensive profit for the financial period	3,504	4,445	7,079	9,555
Profit for the financial period attributable to: Owners of the parent	3,504	4,445	7,079	9,555
Earnings per share (sen) Basic/Diluted	0.56	0.71	1.13	1.53

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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 year	-	-	7,079	7,079
Balance at 31 March 2023	37,815	(1,754)	23,867	59,928

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Unaudited 31.03.2023 RM'000	Audited 31.03.2022 RM'000
Cash flows from operating activities		
Profit before tax	9,173	12,693
Adjustment for:		
Depreciation of property, plant and equipment	236	119
Depreciation of right-of-use assets	173	123
Reversal of impairment of trade receivables	-	(252)
Interest income	(56)	(23)
Interest expense	22	14
Operating profit before working capital changes	9,548	12,674
Changes in working capital:		
Decrease / (Increase) in inventories	4,326	5,365
Decrease / (Increase) in receivables	1,168	2,303
(Decrease) / Increase in payables	3,213	(13,334)
Cash generated from operations	18,255	7,008
Interest received	56	23
Tax refund	52	368
Tax paid	(3,096)	(3,705)
Net cash from operating activities	15,267	3,694

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

	Unaudited 31.03.2023 RM'000	Audited 31.03.2022 RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(175)	(1,088)
Acquisition of right-of-use assets	(291)	(147)
Net changes in fixed deposit	3,900	(3,900)
Repayment from related parties	(130)	(1,742)
Net cash from/(used in) investing activities	<u>3,304</u>	<u>(6,878)</u>
Cash flows from financing activities		
Drawdown of lease liabilities	180	-
Repayment of lease liabilities	(151)	(119)
Repayment to director	-	(56)
Interest paid	(22)	(14)
Net cash from/(used in) financing activities	<u>7</u>	<u>(189)</u>
Net increase/ (decrease) in cash and cash equivalents	18,578	(3,372)
Cash and cash equivalents at beginning of the financial year	<u>2,982</u>	<u>6,354</u>
Cash and cash equivalents at the end of the financial year	<u>21,560</u>	<u>2,982</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	<u>21,560</u>	<u>2,982</u>

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 year ended 31 March 2023 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

The Group has adopted the following new accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2023:

Description

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current
- Amendments to MFRS 101, Presentation of Financial Statements: Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to MFSR 112, Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

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
• Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024
• 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.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)

A7. SEGMENTAL INFORMATION

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Gold bar, Gold coin	78,897	42,388	136,714	92,756
Gold jewellery	10,898	14,092	18,908	28,668
Silver jewellery	283	2,761	1,974	4,813
Accessories and others ⁽¹⁾	653	898	1,623	1,582
	<u>90,731</u>	<u>60,139</u>	<u>159,219</u>	<u>127,819</u>

Note:

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

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	90,414	59,950	158,678	127,001
Others ⁽¹⁾	317	189	541	818
	<u>90,731</u>	<u>60,139</u>	<u>159,219</u>	<u>127,819</u>

Note:

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

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (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 year.

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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 2nd half under review was higher at RM90.73 million as compared to the revenue of RM60.14 million in the corresponding financial period ended 31 March 2022, an increase of RM30.59 million. The Group leveraged on the rising demand for gold jewellery and gold investment products which came with the rebound of the economy and lifted travel recession by the Government of Malaysia in year 2022, resulting in higher revenue during the half-yearly under review.

The Group registered an unaudited Profit After Tax ("**PAT**") of RM3.50 million for the 2nd half under review, a decrease of RM0.95 million as compared to PAT of RM4.45 million recorded in the corresponding financial period ended 31 March 2022. The decrease was mainly attributable to fluctuations of gold price, 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.

All in all, the Group recorded revenue of RM159.22 million and PAT of RM7.08 million for the current financial year compared to revenue of RM127.82 million and PAT of RM9.56 million in the last financial year. This represents an increase and decrease of 24.6% and 25.9% in revenue and PAT respectively due to the factors stated above.

B2. PROSPECTS OF THE GROUP

The Malaysian economy registered a growth of 5.6% in the first quarter of 2023 compared to 7.0% in the fourth quarter of 2022. The growth in the first quarter of 2023 was driven by further expansion of household spending, strong growth in employment as well as continued expansion which have supported private consumption spending. On a quarter-to-quarter seasonally adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

Despite global headwinds, the Malaysian economy is projected to expand by 4% to 5% in 2023, driven by firm domestic demand, improving employment and income as well as continued implementation of multi-year projects that would support consumption and investment activity. Hence, 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.

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

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 new financial year will remain favourable.

(Source: Bank Negara Malaysia's Quarterly Bulletin 1Q 2023)

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 12 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to owners of the parent (RM'000)	3,504	4,677	7,079	9,555
Weighted average number of ordinary shares ('000)	626,050	626,050	626,050	626,050
Earnings per share (sen)	0.56	0.75	1.13	1.53

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

C4. DIVIDEND

The first interim single-tier dividend of 0.2 sen per share amounting to RM1,252,100 in respect of the financial year ended 31 March 2023 was paid on 28 April 2023.