

AURO HOLDINGS BERHAD

(formerly known as NWP Holdings Berhad)
(Registration no. 199901020576 (495476-M))
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2023

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2023**

	(Unaudited) 3 Months Ended (Quarter)			(Unaudited) 9 Months Ended		
	30.11.2023 RM '000	30.11.2022 RM '000	Chg %	30.11.2023 RM '000	30.11.2022 RM '000	Chg %
Revenue	352	824	-57%	4,296	2,146	100.2%
Cost of Sales	(827)	(1,526)		(5,066)	(3,981)	
Gross loss	(475)	(702)	32.3%	(770)	(1,835)	58.0%
Other income	467	13		1,668	41	
Administrative expenses	(767)	(478)		(1,894)	(2,347)	
Other operating expenses	(8)	(48)		(8)	(938)	
	(783)	(1,215)		(1,004)	(5,079)	
Finance cost	(3)	(39)		(16)	(81)	
Share of loss from joint venture company	-	-		(31)	-	
Loss before taxation	(786)	(1,254)	37.3%	(1,051)	(5,160)	79.6%
Taxation	-	-		-	-	
Loss for the period	(786)	(1,254)	37.3%	(1,051)	(5,160)	79.6%
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive loss for the period	(786)	(1,254)	37.3%	(1,051)	(5,160)	79.6%
Total comprehensive profit/(loss) for the period attributable to:						
- Owners of the Company	(786)	(1,254)		(1,051)	(5,160)	
Loss per share attributable to owners of the Company:						
- Basic (sen)	(0.14)	(0.23)		(0.18)	(0.96)	
- Diluted (sen)	N/A	N/A		N/A	N/A	

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023, and the accompanying explanatory notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023**

	(Unaudited) As at 30.11.2023 RM '000	(Audited) As at 28.02.2023 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	25,690	25,828
Intangible asset	43	-
Right-of-use asset	131	32
Investment in joint venture company	-	31
	25,864	25,891
Current assets		
Inventories	2,131	1,556
Trade and other receivables	1,542	821
Amount due from related company	1,365	2,005
Deposits with licensed financial institutions	5	-
Cash and bank balances	845	2,935
	5,888	7,317
TOTAL ASSETS	31,752	33,208
EQUITY AND LIABILITIES		
Share capital	46,134	46,134
Retained earnings/(Accumulated losses)	(19,629)	(18,578)
Total Equity	26,505	27,556
Non-current liabilities		
Other payables	138	286
Lease liability	48	3
	186	289
Current liabilities		
Trade payables	564	133
Other payables	3,912	5,200
Amount due to directors	500	-
Lease liability	85	30
	5,061	5,363
TOTAL LIABILITIES	5,247	5,652
TOTAL EQUITY AND LIABILITIES	31,752	33,208
Net assets per share (RM)	0.046	0.052

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023, and the accompanying notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2023**

	Attributable to owners of the Company			
	Non- distributable	Distributable	Non-controlling interests RM '000	Total equity RM '000
	Share capital RM '000	Retained earnings / (Accumulated losses) RM '000		
As at 1 March 2022	34,775	(12,924)	-	21,851
Net loss for the period	-	(5,160)	-	(5,160)
Issuance of shares	8,667	-	-	8,667
Incorporation of new subsidiary	-	-	49	49
As at 30 Nov 2022	43,442	(18,084)	49	25,407
As at 1 March 2023	46,134	(18,578)	-	27,556
Net loss for the period	-	(1,051)	-	(1,051)
As at 30 Nov 2023	46,134	(19,629)	-	26,505

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023, and the accompanying explanatory notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2023**

	(Unaudited)	
	9 Months Ended	
	30.11.2023	30.11.2022
	RM '000	RM '000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation:	(1,051)	(5,160)
<u>Adjustments for:</u>		
Non-cash items	(649)	1,649
Non-operating items	16	81
Operating profit/(loss) before working capital changes	(1,684)	(3,430)
<u>Changes in working capital:</u>		
Decrease/(Increase) in current assets and other receivables	662	27
Increase /(Decrease) in current liabilities	(507)	(834)
Cash generated from operations	(1,529)	(4,237)
Interest (paid)/received	-	(81)
Net cash used in operating activities	(1,529)	(4,318)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(683)	(95)
Proceeds from disposal of property, plant and equipment	90	-
Acquisition of franchises	(47)	-
Net cash used in investing activities	(640)	(95)
Cash Flows from Financing Activities		
Proceeds from issuance of shares	-	8,667
Drawdown of lease liabilities	100	40
Net repayment of hire purchase creditors	-	(785)
Interest paid	(16)	-
Net cash generated in financing activities	84	7,922
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,085)	3,509
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,935	765
CASH AND CASH EQUIVALENTS AT END OF PERIOD	850	4,274
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	5	83
Cash and bank balances	845	4,274
	850	4,357
Less: fixed deposits pledged with licensed banks	-	(83)
TOTAL CASH AND CASH EQUIVALENTS	850	4,274

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2023, and the accompanying explanatory notes attached to this report).

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.1. Basis of Preparation

The interim financial report of Auro Holdings Berhad (formerly known as NWP Holdings Berhad) (‘the Group’) has been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2023 and the accompanying explanatory notes attached to the interim financial statements.

The significant accounting policies and methods of computations adopted in the preparation of this interim financial report are consistent with those adopted by the Group in the audited financial statements for the financial year ended 28 February 2023.

Accounting standard and amendments to accounting standards that are applicable for the company in the following periods but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
MFRS 17, “Insurance Contracts”	1 January 2023
Amendments to MFRS 17, “Insurance Contracts”	1 January 2023
Amendments to MFRS 101, “Presentation of Financial Statements” (Classification of Liabilities as Current or Non-Current)	1 January 2023
Amendments to MFRS 101, “Presentation of Financial Statements” (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors” (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 112, “Income Taxes” (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
Amendments to MFRS 16, “Leases” (Lease Liability in a Sale and Leaseback)	1 January 2024
Amendments to MFRS 101, “Presentation of Financial Statements” (Non-current Liabilities with Covenants)	1 January 2024
Amendments to MFRS 10, “Consolidated Financial Statements” and MFRS 128, “Investments in Associates and Joint Ventures” (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be determined

The adoption of the accounting standard and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group.

1.2. Seasonal or Cyclical Factors

The Group’s businesses were not materially affected by any seasonal or cyclical factors.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.3. Unusual Items

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group in the current period under review.

1.4. Material Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current financial period under review.

1.5. Issuances and Repayment of Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities nor any share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

1.6. Dividends paid or declared

There were no dividends paid nor declared in the current period under review.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.7. Segmental Reporting

(a) Information about business segment

The reportable business segments of the Group comprise the following:

- Moulding and timber;
- Sand dredging; and
- Investment and others

9 Months Ended 30.11.2023	Moulding & Timber RM '000	Sand Dredging RM '000	Investment & Others RM '000	Elimi- nations RM '000	Conso- lidated RM '000
Total revenue	1,976	2,320	-	-	4,296
Segment result:					
Profit/(Loss) for the period	(176)	3	66	(944)	(1,051)

9 Months Ended 30.11.2022

Total revenue	2,146	-	-	-	2,146
Segment result:					
Profit/(Loss) for the period	(2,421)	-	(2,739)	-	(5,160)

(b) Information about geographical segment

	9 Months Ended	
	30.11.2023	30.11.2022
	RM '000	RM '000
Revenue from geographical segments:		
Malaysia	3,003	442
Asia Pacific	1,293	1,704
Total	4,296	2,146

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.8. Material Events Subsequent to the End of the Current Quarter

There were no material events subsequent to the end of the current quarter under review.

1.9. Changes in the Composition of the Group

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

1.10. Contingent Liabilities and Contingent Assets

There were no contingent liabilities nor contingent assets as at the end of the quarter under review.

1.11. Capital Commitments

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

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.1. Review of Performance

3rd Quarter 2023 vs 3rd Quarter 2022

Group revenue for the third quarter ended 30 November 2023 was RM0.35 million compared to RM0.82 million for the same period last year. Lower revenue was mainly due to lower export sales and minimal local sales for the third quarter. Additionally, no revenue was generated from the sand business in the current quarter under review.

The Group recorded a loss of RM0.79 million compared to a loss of RM1.25 million for the same quarter last year. The lower loss compared to the same quarter last year was assisted by reversals of impairment loss in trade receivables and savings from cost cutting measures. However, the Group incurred expenses for the set up of its new food and beverage (“F&B”) business undertaken by its wholly-owned subsidiary, Auro Capital Sdn Bhd, which commenced operations on 1 December 2023.

3rd Quarter 2023 YTD vs 3rd Quarter 2022 YTD

Group revenue for the period ended 30 November 2023 was higher at RM4.30 million compared to RM2.15 million recorded for the corresponding period in the previous year. Higher revenue for the period under review was mainly due to contribution from the sand business despite lower overall sales of timber.

For the period ended 30 November 2023, the Group recorded lower loss of RM1.05 million compared to a loss of RM5.16 million for the same period last year. Gross loss from the timber segment was lower for the period under review due to vigilant management of expenses and restructuring efforts such as lowering headcount. Lower loss was also attributed to impairment reversals on receivables and inventories coupled with lower overhead expenses.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.2. Material Changes in the Quarterly Results Compared to the Immediate Preceding Quarter's Results

	(Unaudited)		Chg %
	3 Months Ended		
	30.11.2023	31.08.2023	
	RM '000	RM '000	
Revenue	352	2,254	-84.4%
Cost of Sales	(827)	(2,595)	
Gross loss	(475)	(341)	39.3%
Other income	467	652	
Administrative expenses	(767)	(612)	
Other operating expenses	(8)	(1)	
	(783)	(302)	159.3%
Finance cost	(3)	(5)	
Share of profit from joint venture company	-	-	
Loss before taxation	(786)	(307)	156.0%
Taxation	-	-	
Loss for the period	(786)	(307)	156.0%
Other comprehensive income, net of tax	-	-	
Total comprehensive loss for the period	(786)	(307)	156.0%
Total comprehensive profit/(loss) for the period attributable to:			
- Owners of the Company	(786)	(307)	

Revenue for the Group for the third quarter was lower at RM0.35 million compared to RM2.25 million for the preceding quarter ended 31 August 2023. There was no revenue from the sand business in the current third quarter ended 30 November compared to revenue contribution of RM1.44 million for the second quarter ended 31 August 2023. Additionally, overall timber sales were lower quarter-on-quarter with only minimal local sales.

The Group recorded a loss for the period of RM0.79 million compared to loss of RM0.31 million for the preceding quarter ended 31 August 2023. Loss for the quarter under review was due to higher expenses attributed to start-up costs totaling about RM0.48 million for the new F&B business which commenced operations on 1 December 2023.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.3. Prospects for the Financial Year Ending 28 February 2024

The Board of Directors is mindful of navigating the business through current economic conditions. The timber industry in Malaysia is likely to be faced with increased scrutiny regarding sustainable sourcing and responsible forestry practices. Despite such challenges, Management continues to streamline its timber business and focuses efforts on controlling overhead costs. The Board is hopeful that its money losing timber segment will be able to record a turnaround in the not too distant future.

The sand dredging business had commenced some activity, however, Management expects slower business in the forthcoming quarters.

In an effort to further diversify away from the reliance on the timber business, the Company had ventured into the food and beverage (“F&B”) business. Newly incorporated wholly-owned subsidiary, Auro Capital Sdn Bhd, which operates the F&B business commenced operations on 1 December 2023 and the business looks promising from the initial launch.

Notwithstanding the above, the Company will continue its efforts to seek new, viable businesses to further improve the bottomline of the Group.

2.4. Variance of Actual Profit from Forecast Profit / Profit Guarantee

This is not applicable as no profit forecast was published.

2.5. Taxation

There was no provision for tax in the current quarter as the subsidiaries of the Group have sufficient unutilised tax losses, unabsorbed capital allowances and reinvestment allowances to set off against any taxable profit.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.6. Status of Corporate Proposals

On 23 August 2022, Bursa Securities approved the listing for up to 52,640,350 shares to be issued pursuant to the private placement that was first announced on 26 July 2022. Details of shares issued and allotted pursuant to the private placement were as follows:

Placement tranche	Date of price fixing	Issuance date	No. of shares issued & allotted	Issue price per share (RM)	Basis for issue price
Tranche 1	24-Aug-22	2-Sep-22	12,613,400	0.2085	9.97% discount to 5-day VWAP of NWP shares of RM0.2316 / share
Tranche 2	13-Sep-22	22-Sep-22	13,957,000	0.2085	7.99% discount to 5-day VWAP of NWP shares of RM0.2266 / share
Tranche 3	28-Sep-22	6-Oct-22	14,311,700	0.2185	9.97% discount to 5-day VWAP of NWP shares of RM0.2427 / share
Tranche 4	20-Jan-23	8-Feb-23	11,755,000	0.2290	9.84% discount to 5-day VWAP of NWP shares of RM0.2290 / share

Total placement shares issued and allotted was 52,637,100 shares, amounting to RM11,358,930.

On 15 June 2023, shareholders of the Company approved the variation of utilisation of proceeds raised from the private placement tranches as abovementioned. The status of utilisation of proceeds raised based on the revised utilisation as at 30 November 2023 were as follows:

Purpose	Timeframe for Utilisation	Revised Proposed Utilisation of Proceeds RM'000	Actual Utilisation RM'000	Deviation / Unutilised RM'000
Working capital	Within 24 months	10,295	10,295	-
Capital requirement for joint venture	Within 24 months	1,000	644	356
Estimated expenses	Upon completion	64	64	-
TOTAL		11,359	11,003	356

The balance of proceeds raised and unutilised is held as cash in the Company pending utilisation.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.7. Loans and Borrowings

There were no borrowings and debt securities as at the end of the quarter under review.

2.8. Off Balance Sheet Financial Instruments

The Group had not entered into any forward foreign exchange contracts maturing within 6 months to hedge its trade transactions. There Group has no off-balance sheet financial instrument exposure as at the end of the quarter under review.

2.9. Related Party Transactions

There were no related party transactions during the quarter under review.

2.10. Material Litigation

(a) Auro Builder (formerly known as NWP Builder Sdn Bhd) (“Auro Builder”) vs Ismail bin Hassan (“the Respondent”)

On 12 January 2023, Auro Builder, a wholly-owned subsidiary of the Company, had issued a Notice of Arbitration against the Respondent in connection with a Share Sale Agreement (“SSA”) dated 14 October 2016. Auro Builder had entered into the SSA with the Respondent to acquire 300 ordinary shares representing 30% equity interest in Aviation A.I. Inc. for a cash consideration of USD1,500,000 payable to Ismail in exchange for the 300 ordinary shares.

In the Notice of Arbitration, Auro Builder sought the return of RM4.1 million or any other sum deemed appropriate by the Arbitral Tribunal and damages. This claim was on the basis of the Respondent’s non-fulfillment of the conditions precedent as set out in the SSA, including the failure to transfer the ownership and title of the shares in Aviation A.I. to Auro Builder.

On 10 July 2023, the appointed Sole Arbitrator informed the parties of his close relationship with one of the counsels for the Respondent. On 16 August 2023, a request was made for the appointment of new arbitrator and subsequently, another request on 14 December 2023.

On 19 January 2024, we received correspondence that the Respondent had yet to pay their share of the Provisional Advance Deposit, before the arbitration can proceed. Auro Builder had made payment and was invited to pay for the Respondent’s behalf.

(b) Auro Resources Sdn Bhd (formerly known as NWP Resources Sdn Bhd) (“Auro Resources”) and Auro Holdings Berhad (formerly known as NWP Holdings Berhad) (“Auro” or “the Company”) vs the Estate of Kee Soon Ling, Deceased (“Kee Soon Ling”) and GT Nelson Realty Sdn Bhd (“GT Nelson”)

On 6 March 2023, the Company and its wholly-owned subsidiary, Auro Resources, filed a Writ and Statement of Claim against Kee Soon Ling and GT Nelson. Kee Soon Ling was a director of the Auro and Auro Resources from 6 May 2015 until his resignation on 21 March 2022. Kee Soon Ling was also a director and shareholder of GT Nelson, which is a real estate agency. He resigned as director of GT Nelson on 11 May 2022 and ceased as its shareholder on 7 October 2022.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

During his tenure as director of the Company and Auro Resources, he caused Auro Resources to rent a premise at Desa Commercial Centre from Seri Tiara Development Sdn Bhd (“Seri Tiara”). He also caused Auro Resources to engage GT Nelson as its real estate agent to find sub-tenants for the said premises. However, Kee Soon Ling and GT Nelson failed to secure any sub-tenants as agreed, which caused financial losses to Auro Resources. As such, the Company and Auro Resources are claiming damages against Kee Soon Ling and GT Nelson. Claims pursuant to the case were detailed in announcement to Bursa Malaysia on 7 March 2023.

This case is currently being stayed pending the decision on Suit 168, which involve the estate of Kee Soon Ling. The next case management had been fixed on 31 January 2024 before the High Court Judge, YA Tuan Ong Chee Kwan, to monitor the progress of Suit 168.

The above are the latest updates on pending litigations and the Group is not engaged in other material litigation as plaintiff or defendant as at the date of this report.

2.11. Loss Per Share

(a) Basic loss per share

	(Unaudited) 3 Months Ended (Quarter)		(Unaudited) 9 Months Ended (Cumulative)	
	30.11.2023	30.11.2022	30.11.2023	30.11.2022
Net loss attributable to owners of the Company (RM'000)	(786)	(1,254)	(1,051)	(5,160)
Weighted average no. of shares ('000)	579,041	536,694	579,041	536,694
Loss per share (sen)	<u>(0.14)</u>	<u>(0.23)</u>	<u>(0.18)</u>	<u>(0.96)</u>

(b) Diluted loss per share

The fully diluted earnings per share for the Group is not presented as there are no potential dilutive shares outstanding as at the balance sheet date.

2.12. Auditor’s Report on Preceding Annual Financial Statements

There was no qualification in the audit report on the preceding audited financial statements.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2023

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.13. Notes to the Statement of Comprehensive Income

Profit/(Loss) before taxation is arrived at after crediting/(charging) the following income/(expense) items:

	3 Months Ended (Quarter)		9 Months Ended (Cumulative)	
	30.11.2023	30.11.2022	30.11.2023	30.11.2022
	RM '000	RM '000	RM '000	RM '000
Interest expense	(3)	(39)	(16)	(81)
Depreciation and amortisation	(252)	(229)	(707)	(1,539)
Reversal of provision for impairment and write off of receivables	380	-	1,139	-
Reversal of provision for impairment and write off of inventories	-	-	179	-
Gain/(Loss) on disposal of properties, plant and equipment	(1)	-	53	-
Foreign exchange gain/(loss)	(8)	3	(14)	12

Dated: 30 January 2023