

AURO HOLDINGS BERHAD

(Registration no. 199901020576 (495476-M))

Incorporated in Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2024**

AURO HOLDINGS BERHAD

Registration No. 199901020576 (495476-M)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2024**

| | (Unaudited) | | | (Unaudited) | | |
|---|--------------------------|--------------|---------|----------------|----------------|---------|
| | 3 Months Ended (Quarter) | | | 9 Months Ended | | |
| | 30.11.2024 | 30.11.2023 | Chg | 30.11.2024 | 30.11.2023 | Chg |
| | RM '000 | RM '000 | % | RM '000 | RM '000 | % |
| Revenue | 5,354 | 352 | 1421% | 13,180 | 4,296 | 206.8% |
| Cost of Sales | (3,904) | (827) | | (10,197) | (5,066) | |
| Gross profit/(loss) | 1,450 | (475) | -405.3% | 2,983 | (770) | -487.4% |
| Other income | 92 | 467 | | 271 | 1,668 | |
| Administrative expenses | (2,718) | (767) | | (6,488) | (1,894) | |
| Other operating expenses | (14) | (8) | | (109) | (8) | |
| | (1,190) | (783) | | (3,343) | (1,004) | |
| Finance cost | (93) | (3) | | (171) | (16) | |
| Share of loss from joint venture company | - | - | | - | (31) | |
| Loss before taxation | (1,283) | (786) | -63.2% | (3,514) | (1,051) | -234.3% |
| Taxation | (67) | - | | (67) | - | |
| Loss for the period | (1,350) | (786) | -71.8% | (3,581) | (1,051) | -240.7% |
| Other comprehensive income, net of tax | - | - | | - | - | |
| Total comprehensive loss for the period | (1,350) | (786) | -71.8% | (3,581) | (1,051) | -240.7% |
| Total comprehensive loss for the period attributable to: | | | | | | |
| - Owners of the Company | <u>(1,350)</u> | <u>(786)</u> | | <u>(3,581)</u> | <u>(1,051)</u> | |
| Loss per share attributable to owners of the Company: | | | | | | |
| - Basic (sen) | (0.22) | (0.14) | | (0.59) | (0.18) | |
| - 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 29 February 2024, and the accompanying explanatory notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2024**

| | (Unaudited) As at 30.11.2024 RM '000 | (Audited) As at 29.02.2024 RM '000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 30,410 | 26,355 |
| Intangible asset | 299 | 333 |
| Right-of-use asset | 5,487 | 1,295 |
| | 36,196 | 27,983 |
| Current assets | | |
| Inventories | 1,804 | 2,295 |
| Trade and other receivables | 3,489 | 3,565 |
| Amount due from related company | 209 | 160 |
| Deposits with licensed financial institutions | 5 | 5 |
| Cash and bank balances | 503 | 345 |
| | 6,010 | 6,370 |
| TOTAL ASSETS | 42,206 | 34,353 |
| EQUITY AND LIABILITIES | | |
| Share capital | 50,634 | 46,134 |
| Accumulated losses | (24,174) | (20,593) |
| Total Equity | 26,460 | 25,541 |
| Non-current liabilities | | |
| Other payables | 138 | 138 |
| Lease liability | 3,590 | 931 |
| | 3,728 | 1,069 |
| Current liabilities | | |
| Trade payables | 303 | 222 |
| Other payables | 9,160 | 6,571 |
| Amount due to directors | 500 | 500 |
| Lease liability | 2,055 | 449 |
| Provision for taxation | - | 1 |
| | 12,018 | 7,743 |
| TOTAL LIABILITIES | 15,746 | 8,812 |
| TOTAL EQUITY AND LIABILITIES | 42,206 | 34,353 |
| Net assets per share (RM) | 0.043 | 0.044 |

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2024, and the accompanying notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2024**

| | Attributable to owners of the Company | | |
|---------------------------|--|---|-------------------------------------|
| | Non- distributable | Distributable | Total equity RM '000 |
| | Share capital RM '000 | Retained earnings / (Accumulated losses) RM '000 | |
| 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 |
| As at 1 March 2024 | 46,134 | (20,593) | 25,541 |
| Net loss for the period | - | (3,581) | (3,581) |
| Issuance of shares | 4,500 | - | 4,500 |
| As at 30 Nov 2024 | 50,634 | (24,174) | 26,460 |

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 29 February 2024, and the accompanying explanatory notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2024**

| | (Unaudited) | |
|---|----------------|----------------|
| | 9 Months Ended | |
| | 30.11.2024 | 30.11.2023 |
| | RM '000 | RM '000 |
| Cash Flows from Operating Activities | | |
| Loss before taxation | (3,514) | (1,051) |
| <u>Adjustments for:</u> | | |
| Non-cash items | 2,542 | (649) |
| Non-operating items | 171 | 16 |
| Operating loss before working capital changes | (801) | (1,684) |
| <u>Changes in working capital:</u> | | |
| Decrease in current assets and other receivables | 509 | 662 |
| Increase/(Decrease) in current liabilities | 2,670 | (507) |
| Cash generated from/(used in) operations | 2,378 | (1,529) |
| Tax paid | (68) | - |
| Net cash generated/(used) in operating activities | 2,310 | (1,529) |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (5,663) | (683) |
| Proceeds from disposal of property, plant and equipment | - | 90 |
| Acquisition of franchises | - | (47) |
| Net cash used in investing activities | (5,663) | (640) |
| Cash Flows from Financing Activities | | |
| Proceeds from issuance of shares | 4,500 | - |
| Drawdown/(Repayment) of lease liabilities | (818) | 100 |
| Interest paid | (171) | (16) |
| Net cash generated in financing activities | 3,511 | 84 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 158 | (2,085) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 350 | 2,935 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 508 | 850 |
| <u>Cash and cash equivalents comprise:</u> | | |
| Fixed deposits with licensed banks | 5 | 5 |
| Cash and bank balances | 503 | 845 |
| TOTAL CASH AND CASH EQUIVALENTS | 508 | 850 |

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 29 February 2024, and the accompanying explanatory notes attached to this report).

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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

1.1. Basis of Preparation

The interim financial report of Auro Holdings Berhad 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 29 February 2024 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 29 February 2024.

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 |
|---|---|
| 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 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability) | 1 January 2025 |
| 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 2024

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.

1.7. Segmental Reporting

(a) Information about business segment

The reportable business segments of the Group comprise the following:

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

| | Moulding & Timber RM '000 | Food & Beverage RM '000 | Invest- ment & Others RM '000 | Sand Dredging RM '000 | Elimi- nations RM '000 | Conso- lidated RM '000 |
|---|--|--|--|--------------------------------------|---------------------------------------|---------------------------------------|
| <u>9 Months Ended 30.11.2024</u> | | | | | | |
| Total revenue | 1,017 | 12,163 | - | - | - | 13,180 |
| Segment result: | | | | | | |
| Profit/(Loss) for the period | (523) | (1,838) | (905) | (15) | (300) | (3,581) |
| <u>9 Months Ended 30.11.2023</u> | | | | | | |
| Total revenue | 1,976 | - | - | 2,320 | - | 4,296 |
| Segment result: | | | | | | |
| Profit/(Loss) for the period | (176) | (501) | 567 | 3 | (944) | (1,051) |

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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

(b) Information about geographical segment

| | 9 Months Ended | |
|--|-----------------------|-------------------|
| | 30.11.2024 | 30.11.2023 |
| | RM '000 | RM '000 |
| Revenue from geographical segments: | | |
| Malaysia | 12,228 | 3,003 |
| Asia Pacific | 952 | 1,293 |
| Total | <u>13,180</u> | <u>4,296</u> |

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

On 6 January 2025, the Company issued 24,500,000 new ordinary shares in the fourth tranche of a private placement at an issue price of RM0.1215 per share, raising a total of RM2,976,750 for working capital of the F&B business.

The details of the other three tranches are detailed in Item 2.6: Status of Corporate Proposals. There were no other 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

The Company was subjected to a transfer pricing audit by the Inland Revenue Board (“IRB”), which then issued Notices of Assessment dated 25 October 2024 for the Years of Assessment (“YA”) 2017 to 2022. The tax assessment amounted to a total of RM2.99 million, which was an aggregate of tax payable and the 5% surcharge penalty.

The IRB, invoking Section 140A (2) of the Income Tax Act 1967 (“ITA”), recharacterized intercompany advances made by Auro Holdings Berhad to its subsidiary companies as financial assistance. Consequently, the IRB determined that an arm’s length interest rate should have been applied to those advances, resulting in additional interest income assessments for the affected YAs.

On 21 November 2024, the Company filed appeals to dispute the characterization of the intercompany advances as loans. The Company asserts that the advances were capital contribution or quasi-investment contributions which should not be subject to transfer pricing adjustments. The appeals are pending resolution and the Company has sought tax legal advice in this matter. The outcome of the appeal cannot be determined as at the date of this report and as such, no provisions had been recognised in the financial statements.

There were no other 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 2024

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

2.1. Review of Performance

3rd Quarter 2024 vs 3rd Quarter 2023

Group revenue for the third quarter ended 30 November 2024 was RM5.35 million compared to RM0.35 million for the same period last year. Higher revenue was mainly due to revenue contribution from the new F&B business which was partially offset by the decreased timber sales in both the export market.

The Group recorded a loss before taxation of RM1.28 million compared to lower loss of RM0.79 million for the third quarter last year. Higher losses in the current quarter under review was mainly contributed by the initial set up cost for the opening of new outlets by the F&B business. There was also higher administrative expenses including legal fees incurred for ongoing litigations.

3rd Quarter 2024 vs 3rd Quarter 2023 YTD

Group revenue for the period ended 30 November 2024 was RM13.18 million compared to RM4.30 million for the same period last year. The food and beverage ("F&B") segment contributed about RM12.16 million or 92.3% of total group revenue for the period under review. The timber segment, however, recorded lower revenue at RM1.02 million for the quarter under review compared to RM1.98 million for the same period last quarter.

The Group recorded a loss before tax of RM3.51 million compared to a loss of RM1.05 million for the same 9 month period last year. Higher losses in the period ended 30 November 2024 was mainly contributed by the initial set up cost for the opening of new outlets by the F&B business coupled with professional fees for corporate exercises.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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 | | |
| | 30.11.2024 RM '000 | 31.08.2024 RM '000 | |
| Revenue | 5,354 | 4,630 | 15.6% |
| Cost of Sales | (3,904) | (3,683) | |
| Gross profit | 1,450 | 947 | 53.1% |
| Other income | 92 | 89 | |
| Administrative expenses | (2,718) | (2,282) | |
| Other operating expenses | (14) | (64) | |
| | (1,190) | (1,310) | -9.2% |
| Finance cost | (93) | (52) | |
| Share of profit from joint venture company | - | - | |
| Loss before taxation | (1,283) | (1,362) | -5.8% |
| Taxation | (67) | - | |
| Loss for the period | (1,350) | (1,362) | -0.9% |
| Other comprehensive income, net of tax | - | - | |
| Total comprehensive loss for the period | (1,350) | (1,362) | -0.9% |
| Total comprehensive loss for the period attributable to: | | | |
| - Owners of the Company | (1,350) | (1,362) | |

Revenue for the Group for the third quarter ended 30 November 2024 was higher at RM5.35 million compared to RM4.63 million for the preceding quarter ended 31 August 2024. The higher revenue quarter-on-quarter was due to increase in revenue from the F&B segment partially offset by lower export timber sales.

The Group recorded a loss before taxation for the current third quarter under review of RM1.28 million compared to loss of RM1.36 million for the preceding quarter ended 31 August 2024. The lower Group losses for the quarter was to improved gross profit margins for the F&B business.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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 2025

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 Group had ventured into the sand dredging business in the year 2023. However, amidst the slow pace of the sand mining industry since the start of 2024, Auro had yet to secure new projects since the first sand dredging agreement signed in 2023. As such, Management expects much slower business in the forthcoming quarters from this business segment.

On 29 November 2023, Auro Capital Sdn Bhd (“Auro Capital”), a wholly-owned subsidiary of the Company, had entered into an agreement to operate retail stores selling beverages and related products under the HEYTEA brand name. It opened its first flagship HEYTEA outlet in The Exchange TRX Mall on 1 December 2023. Subsequently, it opened outlets in Mid Valley Megamall and 1 Utama Shopping Centre in April and May 2024 respectively.

Shareholders of the Company then approved the diversification of existing principal activities of the Group to include food and beverage (“F&B”) business at an Extraordinary General Meeting held on 27 June 2024. The Group now operates a total of nine (9) outlets, including Sunway Pyramid, Sunway Velocity, Gurney Plaza, Genting Sky Avenue, Sri Petaling and Queensbay Mall.

The Board views the F&B business to be viable for expansion, taking into account the increasing disposable income and growth of the F&B industry in Malaysia. Despite current losses in the F&B segment which was primarily due to initial set up costs for new outlets, management remains optimistic about reaching break even and achieving operational efficiency in 12 to 18 months. This projection is based on factors like average transaction values and location-specific operational costs which are expected to stabilise once the business matures.

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 2024

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 based on the revised utilisation plan as at 30 November 2024 were as follows:

| Purpose | Timeframe for Utilisation | Revised Utilisation of Proceeds RM'000 | Actual Utilisation RM'000 | Unutilised RM'000 |
|---------------------------------------|---------------------------|--|---------------------------|-------------------|
| Working capital | Within 24 months | 10,295 | 10,295 | - |
| Capital requirement for joint venture | Within 24 months | 1,000 | 746 | 254 |
| Estimated expenses | Upon completion | 64 | 64 | - |
| TOTAL | | 11,359 | 11,105 | 254 |

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

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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

On 14 March 2024, Bursa Securities had approved the listing of up to 57,904,060 shares to be issued pursuant to the private placement that was first announced on 8 February 2024. The Company is expecting to raise up to RM8.11 million in gross proceeds. Details of shares issued and allotted for the period ended 30 November 2024 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 | 10-Jun-24 | 21-Jun-24 | 11,021,308 | 0.1361 | 9.99% discount to 5-day VWAP of NWP shares of RM0.1512 / share |
| Tranche 2 | 6-Aug-24 | 13-Aug-24 | 11,111,111 | 0.1350 | 9.76% discount to 5-day VWAP of NWP shares of RM0.1496 / share |
| Tranche 3 | 2-Sep-24 | 9-Sep-24 | 10,964,913 | 0.1368 | 10.00% discount to 5-day VWAP of NWP shares of RM0.1520 / share |

Total placement shares issued and allotted so far was 33,097,332 shares, amounting to total gross proceeds of RM4,500,000.

The status of utilisation of proceeds raised as at 30 November 2024 were as follows:

| Purpose | Timeframe for Utilisation | Proposed Utilisation of Proceeds* RM'000 | Actual Utilisation RM'000 | Unutilised/ (Deviation) RM'000 |
|--|---------------------------|--|---------------------------|--------------------------------|
| Capital requirement for F&B business | Within 24 months | 3,330 | 3,330 | - |
| Working capital requirement for F&B business | Within 24 months | 1,059 | 1,059 | - |
| Estimated expenses | Upon completion | 111 | 111 | - |
| TOTAL | | 4,500 | 4,500 | - |

* proposed utilisation of proceeds raised was pro-rated for each purpose based on total expected proceeds to be raised from the private placement exercise when completed

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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

2.7. Borrowings

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

2.8. Related Party Transactions

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

2.9. 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 7 March 2024, Auro Builder made payment on behalf of the Respondent for their share of the Provisional Advance Deposit. Subsequently, Auro Builder submitted a Statement of Claim on 14 August 2024 to the arbitrator.

On 4 December 2024, the Respondent’s solicitor wrote a letter to discharge themselves as solicitors of the Respondent. On 18 December 2024, our solicitors wrote to the Tribunal emphasizing that since the Respondent had failed to file any Defence or Counterclaim, it may be deemed the Respondent had no defence nor counterclaim and that he had waived his right to any counterclaim.

Pursuant to the meeting held at the Arbitrator’s office on 6 January 2025, Auro Builder was directed to communicate directly with the Respondent and to update the Tribunal on such attempts. To comply with the direction, Auro Builder will conduct necessary searches to determine the whereabouts of the Respondent.

The next meeting was scheduled to be held on 10 February 2025.

AURO HOLDINGS BERHAD

Registration No. 199901020576 (495476-M)

Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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

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

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. 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 an announcement to Bursa Malaysia on 7 March 2023. At the case management held on 27 March 2024, it was ordered that Lee Ying Ying and Kok Siew Poh replace the Estate of Kee Soon Ling as Defendants in this suit. The Company then applied for an injunction against Lee Ying Ying and Kok Siew Poh to prohibit them from dealing with the Estate of Kee Soon Ling prior to the conclusion of our suit.

During the case management on 9 December 2024, it was noted that Toh Swee Lin of Messrs. SL Toh & Co. (“Toh”) would replace Kok Siew Poh and Lee Ying Ying as the court appointed administrator of the Estate. In light of this development, the Company would now attempt a settlement with Toh and the abovementioned earlier injunction withdrawn.

The next case management with the High Court Judge had been fixed on 25 February 2025.

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.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2024

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

2.10. Loss Per Share

(a) Basic loss per share

| | (Unaudited) 3 Months Ended (Quarter) | | (Unaudited) 9 Months Ended (Cumulative) | |
|---|--|---------------|---|---------------|
| | 30.11.2024 | 30.11.2023 | 30.11.2024 | 30.11.2023 |
| Net loss attributable to owners of the Company (RM'000) | (1,350) | (786) | (3,581) | (1,051) |
| Weighted average no. of shares ('000) | 604,482 | 579,041 | 604,482 | 579,041 |
| Loss per share (sen) | <u>(0.22)</u> | <u>(0.14)</u> | <u>(0.59)</u> | <u>(0.18)</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.

2.11. Auditor's Report on Preceding Annual Financial Statements

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

2.12. Notes to the Statement of Comprehensive Income

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

| | 3 Months Ended (Quarter) | | 9 Months Ended (Cumulative) | |
|---|--------------------------|-----------------------|-----------------------------|-----------------------|
| | 30.11.2024 RM '000 | 30.11.2023 RM '000 | 30.11.2024 RM '000 | 30.11.2023 RM '000 |
| Interest income | 3 | - | 6 | - |
| Interest expense | (93) | (3) | (171) | (16) |
| Other income including investment income | 89 | - | 263 | - |
| Depreciation and amortisation | (1,342) | (252) | (2,533) | (707) |
| Reversal of provision for impairment and write off of receivables | - | 380 | - | 1,139 |
| (Provision for)/Reversal of impairment and write off of inventories | - | - | (9) | 179 |
| Gain/(Loss) on disposal of properties, plant and equipment | - | (1) | - | 53 |
| Foreign exchange gain/(Loss) | 3 | (8) | (75) | (14) |

Dated: 27 January 2025