

**CAELY HOLDINGS BHD.  
(COMPANY NO. 408376-U)**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 4<sup>th</sup> QUARTER ENDED 31 MARCH 2019**



**Caely**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2019 RM (unaudited)	Quarter ended 31.03.2018 RM (restated)	Period ended 31.03.2019 RM (unaudited)	Period ended 31.03.2018 RM (restated)
Revenue	25,296,845	29,668,058	85,495,156	98,400,579
Operating expenses	(24,282,425)	(28,905,974)	(83,605,020)	(96,548,644)
Other operating income	1,050,782	375,055	2,513,667	1,977,981
Profit from operations	2,065,202	1,137,139	4,403,803	3,829,916
Finance costs	(901,831)	(420,250)	(1,805,495)	(1,531,587)
Profit before taxation	1,163,371	716,889	2,598,308	2,298,329
Taxation	(110,909)	857	(1,141,453)	(948,093)
Profit from continuing operations	1,052,462	717,746	1,456,855	1,350,236
Total comprehensive income	<u>1,052,462</u>	<u>717,746</u>	<u>1,456,855</u>	<u>1,350,236</u>
Net profit attributable to:				
Owners of the Company	1,063,631	731,800	1,508,633	1,415,155
Non-controlling interest	(11,169)	(14,054)	(51,778)	(64,919)
Net profit	<u>1,052,462</u>	<u>717,746</u>	<u>1,456,855</u>	<u>1,350,236</u>
Total comprehensive income attributable to:				
Owners of the Company	1,063,631	731,800	1,508,633	1,415,155
Non-controlling interest	(11,169)	(14,054)	(51,778)	(64,919)
Total comprehensive income	<u>1,052,462</u>	<u>717,746</u>	<u>1,456,855</u>	<u>1,350,236</u>
Earnings per share: (Note 25)				
- basic (sen)	1.31	0.91	1.85	1.77
- diluted (sen)	1.02	0.91	1.44	1.77

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statement.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As At 31.03.2019 RM (unaudited)	As at 31.03.2018 RM (restated)	As at 31.03.2017 RM (restated)
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	24,778,610	25,255,998	25,266,920
Investment property	4,100,000	4,100,000	4,100,000
Deferred tax assets	1,135,588	834,560	1,092,658
	<u>30,014,198</u>	<u>30,190,558</u>	<u>30,459,578</u>
<b>CURRENT ASSETS</b>			
Property development costs	41,600,264	41,736,347	55,968,417
Inventories	18,333,260	25,898,335	15,107,274
Receivables, deposits and prepayments	56,213,009	37,394,760	42,237,215
Tax recoverable	1,120,761	2,379,626	458,601
Marketable securities	6,316	16,523	598,757
Derivative financial instruments	2,625	0	6,401
Deposits with licensed banks	2,967,493	3,955,112	3,840,992
Deposits, bank and cash balances	1,004,455	1,040,341	1,121,654
	<u>121,248,183</u>	<u>112,421,044</u>	<u>119,339,311</u>
<b>TOTAL ASSETS</b>	<u><u>151,262,381</u></u>	<u><u>142,611,602</u></u>	<u><u>149,798,889</u></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	49,930,688	49,419,360	49,419,360
Reserves	10,300,415	10,300,415	10,300,415
Retained profits	29,182,651	28,494,978	27,284,521
	<u>89,413,754</u>	<u>88,214,753</u>	<u>87,004,296</u>
Non-controlling interest	(1,077,192)	(1,025,415)	(960,496)
Equity attributable to owners of the Company	<u>88,336,562</u>	<u>87,189,338</u>	<u>86,043,800</u>
<b>NON CURRENT LIABILITIES</b>			
Hire-purchase creditors	287,510	258,676	359,813
Term loans	12,580,617	9,027,390	10,318,750
Deferred tax liabilities	764,951	874,248	1,009,732
	<u>13,633,078</u>	<u>10,160,314</u>	<u>11,688,295</u>

The condensed consolidated statement of the financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
 (Continued)

	As at 31.03.2019 RM (unaudited)	As at 31.03.2018 RM (restated)	As at 31.03.2017 RM (restated)
<b>CURRENT LIABILITIES</b>			
Payables and accruals	29,367,601	26,853,404	34,221,442
Amount owing to a director	1,753,740	2,350,000	0
Provisions	2,438,678	2,255,590	4,192,251
Current tax liabilities	0	0	718,705
Hire-purchase creditors	111,082	100,610	125,018
Term loans	1,414,887	1,303,516	1,289,056
Short term bank borrowings			
- bank overdrafts	9,758,446	10,163,869	8,933,781
- others	4,448,307	2,234,961	2,586,541
	<u>49,292,741</u>	<u>45,261,950</u>	<u>52,066,794</u>
<b>TOTAL LIABILITIES</b>	<u>62,925,819</u>	<u>55,422,264</u>	<u>63,755,089</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>151,262,381</u>	<u>142,611,602</u>	<u>149,798,889</u>
<b>Net Assets per share</b>	<u><u>1.09</u></u>	<u><u>1.09</u></u>	<u><u>1.08</u></u>

The condensed consolidated statement of the financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company							
	Share capital	Share premium	Reserve on consolidation	Revaluation reserve	Retained profits	Total	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
As at 31 March 2017 (as previously stated)	49,419,360	0	80,344	10,220,071	28,339,482	88,059,257	(960,496)	87,098,761
Prior year adjustment (Note 26)	0	0	0	0	(1,054,961)	(1,054,961)	0	(1,054,961)
As at 31 March 2017 (restated)	49,419,360	0	80,344	10,220,071	27,284,521	87,004,296	(960,496)	86,043,800
Prior year adjustment (Note 26)	0	0	0	0	660,221	660,221	0	660,221
As at 31 March 2018	49,419,360	0	80,344	10,220,071	27,944,742	87,664,517	(960,496)	86,704,021
First and final single tier dividend In respect of financial year ended 31 March 2017 of 1 sen per share					(800,000)	(800,000)		(800,000)
Net profit for the financial period	0	0	0	0	1,350,236	1,350,236	(64,919)	1,285,317
Total Comprehensive income (restated)	0	0	0	0	1,350,236	1,350,236	(64,919)	1,285,317
At 31 March 2018 (restated)	49,419,360	-	80,344	10,220,071	28,494,978	88,214,753	(1,025,415)	87,189,338

**The new Companies Act 2016 (the “Act”), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company’s share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, The company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for the purposes as set out in Section 618(3) of the Act. There is no impact on ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.**

**The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statements.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company						Non- controlling interest	Total equity
	Share capital	Share premium	Reserve on consolidation	Revaluation reserve	Retained profits	Total		
	RM	RM	RM	RM	RM	RM		
As at 31 March 2018 (as previously stated)	49,419,360	0	80,344	10,220,071	28,494,978	88,214,753	(1,025,415)	87,189,338
Prior year adjustment (Note 26)	0	0	0	0	(10,893)	(10,893)	0	(10,893)
As at 1 March 2018 (restated)	49,419,360	0	80,344	10,220,071	28,484,085	88,203,860	(1,025,415)	87,178,445
First and final single tier dividend In respect of financial year ended 31 March 2018 of 1 sen per share					(810,066)	(810,066)		(810,066)
Net profit for the financial period	0	0	0	0	1,456,855	1,456,855		1,456,855
Total Comprehensive income	0	0	0	0	1,456,855	1,456,855		1,456,855
Non-controlling interest					51,778	51,778	(51,778)	0
Exercise of Warrants	511,328	0	0	0	0	511,328	0	511,328
At 31 March 2019	49,930,688	0	80,344	10,220,071	29,182,652	89,413,755	(1,077,193)	88,336,562

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	31.03.2019 RM (unaudited)	31.03.2018 RM (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial period	1,456,855	1,350,236
Adjustments for:		
Property, plant and equipment		
- depreciation	957,898	1,035,598
- losses / (gains) on disposal	(30,500)	(2,138)
Allowance for doubtful debts		
- charge for the financial year	70,894	5,771
- write back	(1,200)	(8,250)
Liquidated damages receivable from contractors		
Provision for liquidated damages	768,675	640,886
Interest expense	1,775,605	1,522,603
Interest income	(110,546)	(123,972)
Gross dividend income from marketable securities	0	(3,868)
Gain on disposal of marketable securities	10,207	(5,481)
Fair Value (gain) / loss on marketable securities	0	18,402
Fair value (gain) / loss on derivative financial instruments	(2,625)	0
Net unrealised foreign exchange loss	0	(51,050)
Taxation	1,141,453	948,093
	<u>6,036,716</u>	<u>5,326,830</u>
Net movements in working capital:		
Inventories	7,565,075	(10,791,061)
Property development cost	136,082	13,930,292
Receivables	(18,906,735)	4,868,460
Payables	2,514,197	(6,879,180)
Cash flows generated (used in) / from operations	<u>(2,654,665)</u>	<u>6,455,341</u>
Liquidated damages and compensation paid	(585,587)	(2,132,483)
Interest paid	(1,775,605)	(1,697,702)
Tax refund	766,361	9,483
Income tax paid	(1,051,748)	(3,389,500)
Net operating cash flow	<u>(5,301,243)</u>	<u>(754,861)</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (Continued)**

	31.03.2019 RM (unaudited)	31.03.2018 RM (restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- payments for acquisition	(307,914)	(1,017,678)
- proceeds from disposals	30,500	0
Interest income received	110,546	9,852
Dividend income received	0	3,868
Marketable securities		
- proceeds from disposals	0	569,313
Net Investing cash flow	<u>(166,868)</u>	<u>(434,645)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deposits released / (pledged) under lien for credit facilities with licensed banks	987,619	0
(Repayments of)/ Receipts of short term bank borrowings	2,213,346	(269,450)
(Repayment)/receipt of advances to/from directors	(596,261)	2,350,000
Repayments of hire-purchase creditors	(132,916)	(125,545)
Repayments of term loan	(1,335,402)	(1,276,900)
Dividend paid	(810,066)	(800,000)
Drawdown of term loan	5,000,000	0
Receipt from warrants exercised	511,328	0
Net financing cash flow	<u>5,837,648</u>	<u>(121,895)</u>
Net movement in cash and cash equivalents	369,537	(1,311,401)
Effects of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalent at beginning of the financial period	<u>(9,123,528)</u>	<u>(7,812,127)</u>
Cash and cash equivalent at end of the financial period	<u><u>(8,753,991)</u></u>	<u><u>(9,123,528)</u></u>

Notes:

Cash and cash equivalent at the end of the financial period comprise the following:

	RM	RM
Deposits with licensed bank	1,004,455	1,040,341
Bank overdraft	(9,758,446)	(10,163,869)
	<u>(8,753,991)</u>	<u>(9,123,528)</u>

**The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes to the quarterly financial statements.**



## **1. Basis of Preparation**

The interim financial statements are unaudited and are prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 March 2019.

The Group is adopting the new IRFS-compliant framework, MFRS for the current financial year beginning 1 April 2018. In adopting the new framework, the Group is applying MFRS 1 'First-time Adoption of MFRS'. The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect.

A number of new standards and amendments to standards and interpretation are effective for the current financial year beginning on 1 April 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group except the following set out below:

- a) MFRS 1 'First-time Adoption of MFRS';
- b) MFRS 9 'Financial Instruments', replaces FRS 139 'Financial Instruments: Recognition and Measurement'; and
- c) MFRS 15 'Revenue from contracts with Customers', replaces FRS 118 'Revenue' and FRS 111 'Construction contract' and related interpretations.

The initial application of the accounting standards, amendments or interpretations above does not have any material impact to the financial results of the Group for the current period and prior periods, other than as disclosed below:-

- a) MFRS 9: Financial Instruments

The Group has assessed all the three aspects of the accounting for the financial assets and liabilities for classification and measurement, impairment and hedge accounting. In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" model. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- b) MFRS 15: Revenue from Contracts with Customers

### Change in accounting policies

## **1. Basis of Preparation (Continued)**

### (i) Revenue from construction contracts

A construction contract is specifically negotiated for the construction of an asset or a combination of assets with multiple deliverables which include a significant integration service and are therefore recognised as a single performance obligation. Revenue is recognised progressively based on the percentage of completion determined by the stage of completion method, which is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

### (ii) Liquidated Ascertained Damages

The Group would take the necessary steps to assess of impairment of liquidated ascertained damages (“LAD”) payable when the developer fails to deliver vacant possession within the stipulated period. LAD payable to customers is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

### (iii) Contract asset and contract liability

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over cumulative billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset’s carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

The impact of the adoption of the MFRSs 9 and 15 and amendments to MFRSs to the Group’s reported financial position and comprehensive income are disclosed in Note 26 below.

## **2. Qualification of Auditors’ Report**

The auditors’ report of the preceding financial statements ended 31 March 2018 was not subject to any qualification.

### **3. Seasonal or Cyclical Factors**

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial quarter under review.

### **4. Extraordinary or Exceptional Items**

There were no extraordinary or exceptional items for the current financial period under review.

### **5. Changes in Estimates**

There were no material changes in the estimates that have had a material effect in the current financial quarter ended 31 March 2019.

### **6. Debts and Equity or Securities**

#### Warrants

On 26 April 2018, the Company undertook a bonus issue of 40,000,000 free warrants on the basis of one warrant for every two existing ordinary shares in the Company. The expiry date of warrants is 22 April 2021.

The exercise price of the warrants is RM0.38 per share. The warrants exercised by the registered warrants holders to new ordinary shares during the financial period are as follows:

Date of exercise	Exercise price	No. of warrants exercised	Balance no. of warrants outstanding
June 2018	RM0.38	700	39,999,300
July 2018	RM0.38	458,900	39,540,400
August 2018	RM0.38	464,000	39,076,400
September 2018	RM0.38	83,000	38,993,400
December 2018	RM0.38	2,500	38,990,900
January 2019	RM0.38	184,600	38,806,300
February 2019	RM0.38	44,000	38,762,300
March 2019	RM0.38	107,900	38,654,400

### **7. Dividend Paid**

The first and final single-tier tax exempt dividend of 1 sen per ordinary share in respect of the financial year ended 31 March 2018, was duly declared, approved and paid on 25<sup>th</sup> October 2018 to shareholders registered in the Record of Depositors of the Company at the close of business on 5<sup>th</sup> October 2018.

**8. Segmental Reporting**

Financial period ended 31.03.2019	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	2,799,432	10,882,300	73,077,921	0	523,635	87,283,388
Intersegment sales	0	0	(1,788,132)	0	0	(1,788,132)
External sales	<u>2,799,432</u>	<u>10,882,300</u>	<u>71,289,789</u>	<u>0</u>	<u>523,635</u>	<u>85,495,156</u>
<u>Results</u>						
Profit / (Loss) from operations	(701,301)	669,957	5,718,280	(818,191)	(464,942)	4,403,803
Finance costs	(21,725)	(262,115)	(1,521,655)	0	0	(1,805,495)
Profit before tax						<u>2,598,308</u>
Taxation						(1,141,453)
Net profit for the financial period						<u>1,456,855</u>
Segment assets	4,811,193	94,801,180	46,891,013	4,326,989	432,005	151,262,381
Segment liabilities	578,340	30,370,335	30,907,565	467,373	478,335	62,925,819
Interest income	0	5,075	105,471	0	0	110,546
Capital expenditure	0	1,630	204,511	0	274,370	480,511
Depreciation and amortisation	29,509	125,755	742,212	18,140	42,282	957,898

**8. Segmental Reporting (Continued)**

Financial period ended 31.03.2018	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	3,920,614	32,472,257	62,394,857	0	564,154	99,351,882
Intersegment sales	0	0	(951,303)	0	0	(951,303)
External sales	<u>3,920,614</u>	<u>32,472,257</u>	<u>61,443,554</u>	<u>0</u>	<u>564,154</u>	<u>98,400,579</u>
<u>Results</u>						
Profit / (Loss) on operations	742,354	1,373,753	2,523,228	(670,060)	(139,359)	3,829,916
Finance costs	(15,626)	(43,037)	(1,472,924)	0	0	(1,531,587)
Profit before tax						2,298,329
Taxation						(948,093)
Net profit for the financial period						<u>1,350,236</u>
Segment assets	4,880,777	87,295,393	45,855,056	4,436,497	143,879	142,611,602
Segment liabilities	1,525,933	24,365,196	28,677,047	560,402	293,686	55,422,264
Interest income	6	6,906	116,293	767	0	123,972
Capital expenditure	4,317	827,630	191,667	0	1,062	1,024,676
Depreciation and amortisation	33,532	148,612	735,696	18,139	99,619	1,035,598

## 9. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without any amendments from the financial statements for the financial year ended 31 March 2018.

## 10. Subsequent Events

There were no other material events subsequent to the end for the financial period ended 31 March 2019 except for the exercise of warrants as follows:-

Date of exercise	No. of warrants exercised	Consideration received (RM)
05 April 2019	60,000	11,400
08 April 2019	121,000	22,990
15 April 2019	154,000	29,260
16 April 2019	176,800	33,592
18 April 2019	363,000	68,970
22 April 2019	42,700	8,113

## 11. Changes in Composition of the Group

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

## 12. Contingent Liabilities and Contingent Assets

The contingent liabilities as at 31 March 2019 are as follows:

Corporate guarantee given to financial institutions for banking facilities granted to subsidiaries.	RM 5,000,000
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## 13. Performance Review

### (a) Overall Results Commentary:

#### Current Quarter Review

In the current quarter ended 31 March 2019, the Group reported lower revenue of RM25.3 million, a decline of RM4.4 million or 14.8% as compared to RM29.7 million from the corresponding preceding quarter.

### **13. Performance Review (Continued)**

The Group posted a profit before tax (PBT) of RM1.2 million for the current quarter as compared to the corresponding quarter of RM0.7 million. The higher PBT was due to increased in export revenue and better economic of scale effect in operation.

#### 12-months review

For the 12-months review, the Group registered revenue of RM85.5 million as compare to the RM98.4 million for the preceding corresponding period, a decline of RM12.9 million or 13.1% over revenue.

The Group posted a profit before tax of RM2.6 million for the corresponding period ending 31 March 2019, increase by RM0.3 million as compared to the preceding corresponding period of RM2.3 million. The increase in PBT was mainly attributable to the increase in export market sales and cost control effect in the operation.

#### **(b) Segmental Results Commentary:**

##### **(i) Property and Construction Segment**

#### For the Current Quarter Review

The property and construction segment reported a revenue of RM4.1 million, a decline of 69.4% from the RM13.4 million generated during last year's corresponding quarter. The decline was mainly attributed to the completion on construction project and weak property market sentiment.

The division profit before tax was RM0.6 million against RM0.8 million for the same quarter last year. This division PBT has reported a decreased of PBT by RM0.2 million.

#### For 12-months review

The division posted a revenue of RM10.9 million, a 66.5% decrease from the RM32.5 million garnered during last year's corresponding period. The decline was because of construction projects are at the tail end and the subdued in the property development project.

The division profit before tax was RM0.4 million compared to RM1.3 million from the same period last year. The decline in PBT was in line with the decline in revenue and the weak property market sentiment.

### **13. Performance Review (Continued)**

#### **(b) Segmental Results Commentary: (Continued)**

##### **(ii) Manufacturing Segment**

###### For the Current Quarter Review

The manufacturing segment recorded revenue of RM20.3 million, a 42.0% increase from the RM14.3 million generated during last year's corresponding quarter. The increase was mainly due to higher export sales in particularly to Germany, Hong Kong and United States of America.

The division profit before tax (PBT) was RM1.2 million compare to loss before tax of RM0.5 million from same quarter last year. The significant improved in PBT was attributed to the higher of sales volumes and better of economies of scale in operation.

###### For 12-months review

The division posted a revenue of RM71.3 million or 16.1% increase from the RM61.4 million garnered during last year's corresponding period. A RM10.0 million higher export sales volume was mainly due to more order received from oversea buyers, particularly Germany, Hong Kong and USA customers.

The division profit before tax was RM4.2 million , up from RM1.7 million for the same period last year. The improvement was mainly due to increase in the sales volume and better achievement in term of economic of scale in operation.

##### **(iii) Direct Selling and Retail Segment**

###### For the Current Quarter Review

Revenue for the Direct Selling and Retail segment declined by RM0.1 million to RM0.7 million from RM0.8 million reported during last year's corresponding quarter.

Despite of the lower sales amount, this division managed to achieve better profit before tax (PBT) of RM0.3 million, compared to profit before tax of RM0.1 million from the corresponding preceding quarter. The RM0.2 million increase in PBT was due to higher profit margin from sales during the quarter this year.



### **13. Performance Review (Continued)**

#### For 12-months review

The division recorded a revenue of RM2.8 million, a 28.2% decrease from the RM3.9 million generated during last year's corresponding period. The lower sales volume was due to lack of demand of Company products to consumers.

In line with the decrease in revenue, this division reported a loss before tax of RM0.7 million, down from RM0.7 million profit before tax generated from the same period last year. The Company has provided a RM0.6 million additional stale stock in this corresponding period.

### **14. Quarterly Results Comparison**

The Group posted a revenue of RM25.3 million, a 14.8% down from the RM29.7 million generated during last year's corresponding quarter. The lower revenue was primarily due to the tail end effect of the major construction contracts that were completed and the weak property market sentiment.

The Group recorded a profit before tax of RM1.2 million compared to profit before tax of RM0.7 million for same quarter last year. The higher profit was mainly attributed to RM6.0 million export sales increase in manufacturing segment during the quarter and partly cost saving exercise carried out by the Group in this corresponding quarter.

### **15. Prospects**

The Group's achieved revenue of RM85.6 million where the manufacturing export segment had contributed RM71.3 million of the total sales. Notwithstanding the total sales achieved to-date, the property market remains subdued, and the tough lending guidelines by Bank Negara Malaysia, the Board foresees a challenging environment ahead in the property market.

The Group expects the global and local business conditions and environment to remain uncertain and challenging. Operational costs such as levy and the proposed increase in minimum wages will certainly affect the Group's margin. In the long run, the Group will exercise prudent measures to mitigate these challenges. Barring any unforeseen circumstances, the Board is cautiously optimistic that the financial performance for the coming financial period to be satisfactory.

### **16. Profit Forecast and Profit Guarantee**

For the current financial quarter there was no profit forecast or profit guarantee issued.

## 17. Taxation

	Current Year Quarter 31.03.2019 RM	Preceding Year Corresponding Quarter 31.03.2018 RM	Current Year to Date 31.03.2019 RM	Preceding Year to Date 31.03.2018 RM
Taxation				
- current period	540,336	37,588	1,482,085	(937,416)
- prior year	4,814	0	64,023	(91,960)
Deferred taxation				
- current period	(434,241)	(38,445)	(404,655)	81,283
Tax charge	<u>110,909</u>	<u>(857)</u>	<u>1,141,453</u>	<u>(948,093)</u>

The Group's has incurred higher tax expense and effective tax rate which in turn was due to certain expenses being disallowed for taxation purposes and losses incurred by certain subsidiaries were not utilised during the year.

## 18. Unquoted Investments and Properties

There were no other material transactions involving unquoted investments and properties during the financial quarter under review.

## 19. Corporate Proposal

Save for the following corporate proposals, there were no other corporate proposal announced by the company:-

### (i) Proposed Bonus Issue of Warrants

On 16 January 2018, the Company ("Caely") has proposed to undertake a bonus issue of 40,000,000 free detachable Warrants ("Proposed Bonus Issue of Warrants") on the basis of one (1) Warrant for every two (2) existing ordinary shares in Caely held by the entitled shareholders of Caely on an entitlement date to be determined later.

## **19. Corporate Proposal** (Continued)

On 12 February 2018, the Company announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) had, vide its letter dated 9 February 2018, approved the followings:-

1. Admission to the Official List and the listing of and quotation for 40,000,000 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
2. Listing of and quotation for up to 40,000,000 new Caely Shares to be issued pursuant to the exercise of *Warrants*.

The approval granted by Bursa Securities for the Proposed Bonus Issue of Warrants is subject to the following conditions:-

1. Caely and M&A Securities Sdn Bhd (“M&A Securities” or “Advisers”) must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Bonus Issue of Warrants;
2. Caely and M&A Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;
3. Caely and M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Bonus Issue of Warrants is completed;
4. Caely is to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and

To incorporate Bursa Securities' comments in respect of the circular to shareholders to be issued pertaining the Proposed Bonus Issue of Warrants.

The Bonus Issue of Warrants had been completed following the listing of and quotation for 40,000,000 warrants on the Main Market Bursa Securities Berhad on 26 April 2018.

### **(ii) Proposed Land Acquisition**

On 9 November 2018, The Company Caely Development Sdn Bhd (“CDSB”) a wholly-owned subsidiary of Caely has entered into a conditional Sales and Purchase Agreement (“SPA”) with GTM Property Management Sdn Bhd (“GTM” or Vendor”) for the purchase of three (3) parcels of freehold land.

The Proposed land Acquisition is a related party transaction pursuant to the provisions of Chapter 10.08 on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in view of the interest of a director and major shareholder of the Company and the person connected with them in the Proposed Land Acquisition.

## **19. Corporate Proposal (Continued)**

The Proposal land Acquisition is subjected to the approval of Securities Commission and Bursa, and also the shareholders' approval to be convened Extraordinary General Meeting.

Details of the land are set out in the table below:

Title details	:	Lot 677, 679 and 681 held under GRN 11567, 26180 and 26181, all located in Sekyen 3, Bandar Bukit Mertajam, Sebarang Perai, Tengah, Pulau Penang	
Tenure	:	Freehold	
Land area	:	Lot 679	7,689 sq meters
		Lot 681	3,718 sq meters
		Lot 677	10,699.89 sq meters
		Total	22,106.89 sq meters
Purchase Consideration	:	RM30,934,352	
Payment Milestone	:	10% deposit or RM3,093,435.20 upon signing the SPA balance sum RM27,840,916.80 shall be paid to The Vendor within the agreed period	

On 13 February 2019, M&A Securities Sdn Bhd, on behalf of the Company announced that it had submitted an application to Bursa for an extension of time up to 28 February 2019 to issue the Circular in relation to the Proposed Land Acquisition.

On 18 February 2019, M&A Securities Sdn Bhd, on behalf of the Company announced that Bursa had resolved the approval the extension of time up to 28 February 2019 for the Company to issue the Circular.

On 28 February 2019, the Company issued the Circular for the Extraordinary General Meeting ("EGM") to be held on 20 March 2019 for the Proposed Bonus Issue and Proposed Land Acquisition accordingly.

On 20 March 2019, M & A Securities Bhd, on behalf of the Company announced that the EGM's result for the Proposed land Acquisition was not carried, thereby rendering the Conditions Precedent stipulated in the SPA, particularly Clause 5.2(a) (iii) unfulfilled.

On 1 April 2019, the Company announced the termination of the SPA with GTM Property Management Sdn Bhd.

## **19. Corporate Proposal (Continued)**

### **(iii) Proposed Bonus issue**

On 26 November 2018, the Company announced its proposal to undertake a bonus issue of up to 120,000,000 new ordinary shares on the basis of 1 bonus for every 1 exiting share of the Company, held on an entitlement date to be determined at a later date (“Proposed Bonus Issue”).

On 26 December 2018, M&A Securities Bhd, on behalf of the Company announced that the listing application has been submitted to Bursa on 24 December 2018.

On 11 January 2019, M&A Securities Bhd, on behalf of the Company announced that Bursa had, vide its letter dated 9 January 2019, resolved to approve the listing of and quotation for the following:

- (a) Up to 120,000,000 Caely Shares to be issued pursuant to the Proposed Bonus Issue
- (b) Up to 38,993,400 Additional Warrants 2018/2021 arising from the adjustment made pursuant to the Proposed Bonus Issue; and
- (c) Up to additional 38,993,400 Caely Shares to be listed pursuant to the exercise of the Additional Warrants 2018/2021

The approval granted by Bursa for the Proposed Bonus Issue is subjected to the following conditions:

- (i) Caely and M&A Securities Sdn Bhd must fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the Proposed Bonus Issue
- (ii) Caely and M&A Securities Sdn Bhd is to inform Bursa upon the completion of the Proposed Bonus Issue
- (iii) Caely to furnish Bursa with a written confirmation of its compliance with the terms and conditions of Bursa’s approval once the Proposed Bonus Issue is completed
- (iv) Caely and M&A Securities Sdn Bhd are required to make the relevant announcements pursuant to Paragraph 6.35(2) (a) and (b) of the Main Market LR
- (v) Caely to furnish Bursa with a certified true copy of the resolution passed by shareholders at an Extraordinary General Meeting for the Proposed Bonus issue
- (vi) Payment of outstanding processing fee based on the market value of the Bonus Shares to be listed (based on the adjusted price), if applicable; and
- (vii) To incorporate the comments made in the Circular to shareholders to be issued pertaining the Proposed Bonus Issue

## 19. Corporate Proposal (Continued)

Caely is required to ensure full compliance of all the requirements as provided under the Main Market LR at all times.

On 28 February 2019, the Company issued the Circular for the Extraordinary General Meeting (“EGM”) to be held on 20 March 2019 for the Proposed Bonus Issue and Proposed Land Acquisition accordingly.

On 20 March 2019, M & A Securities Bhd, on behalf of the Company announced that the EGM’s result for the Proposed Bonus Issue was carried and approved by the shareholders

On 25 March 2019, M & A Securities Bhd, on behalf of the Company announced the book closure date for the Bonus Shares on 5 April 2019.

On 9 April 2019, M & A Securities Bhd, on behalf of the Company announced that 81,345,600 Bonus Shares have been issued arising from the Bonus Issue. Subsequent to the Bonus Issue, the existing Warrants 2018/2021 Holders shall be entitled to additional Warrants based on the ratio of 1 additional warrant for every 1 warrant held on 9 April 2019, and the exercise price will be revised from RM0.38 to RM0.19.

On 10 April 2019, M & A Securities Sdn Bhd on behalf of the Company announced the listing and quotation of 81,345,600 Bonus Shares arising from the Bonus Issue and 38,654,400 new additional Warrants 2018/2021 arising from the adjustment to the number of outstanding Warrants 2018/2021 pursuant to the Bonus Issue.

## 20. Borrowings and Debts Securities

There were no debts securities for the current financial period to date. Particulars of the Group’s borrowings as at 31 March 2019 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	8,630,874	12,868,127	21,499,001
Unsecured	5,372,388	0	5,372,388
	<u>14,003,262</u>	<u>12,868,127</u>	<u>26,871,389</u>
<u>US Dollar</u>			
Secured	1,729,460	0	1,729,460
	<u>15,732,722</u>	<u>12,868,127</u>	<u>28,600,849</u>

## 21. Derivative Financial Instruments

The derivative instruments for foreign currency forward contracts and option forward contracts are as follows:-

	<b>Contract / Notional amount RM</b>	<b>Fair value as at 31.03.2019 RM</b>	<b>Fair value Gain / (loss) as at 31.03.2019 RM</b>
Foreign currency forward contracts - less than 1 year	411,125	408,500	2,625

## 22. Fair Value Changes of Financial Liabilities

As at the end of the current financial period, the Group does not have any financial liabilities measured at fair value through profit or loss.

## 23. Changes in Material Litigation

There is no material litigation as at the date of these interim financial statements.

## 24. Proposed Dividend

The Directors do not recommend any payment of dividends in respect of the current period.

## 25. Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.03.2019 (unaudited)	31.03.2018 (restated)	31.03.2019 (unaudited)	31.03.2018 (restated)
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	1,063,631	731,800	1,508,633	1,415,155
Weighted average no. of ordinary shares in issue	81,345,600	80,000,000	81,345,600	80,000,000
Basic EPS (sen)	<u>1.31</u>	<u>0.91</u>	<u>1.85</u>	<u>1.77</u>

## 25. Earnings Per Share (EPS) (Continued)

For the financial period ended 31 March 2019, diluted EPS was calculated by dividing the profit attributable to owners of the Company by the weighted average diluted number of ordinary shares outstanding during the period and after accounting for the effect of all dilutive potential ordinary shares arising from the exercise of outstanding warrants.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.03.2019 (unaudited)	31.03.2018 (restated)	31.03.2019 (unaudited)	31.03.2018 (restated)
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	1,063,631	731,800	1,508,633	1,415,155
Adjusted weighted average no. of ordinary shares	104,759,626	80,000,000	104,759,626	80,000,000
Diluted EPS (sen)	1.02	0.91	1.44	1.77

## 26. Prior Year Adjustment

During the financial quarter under review, the Group made prior year adjustments in relation to:

- (i) MFRS 1 'First-time Adoption of MFRS';
- (ii) MFRS 9 'Financial Instruments'; and
- (iii) MFRS 15 'Revenue from contracts with customers'.

The financial effects arising from the Group's prior year adjustments are as follows:

	As previously reported RM	Prior year adjustments RM	As restated RM
<b>At 31 March 2018</b>			
<b>Consolidated statement of financial position</b>			
<u>Assets</u>			
Property development costs	42,175,461	(439,114)	41,736,347
Deferred tax assets	749,368	85,192	834,560



**26. Prior Year Adjustment** (Continued)

**Liabilities**

Retained earnings	28,919,262	(424,284)	28,494,978
Payables and accruals	27,352,791	(499,387)	26,853,404
Provisions	1,685,841	569,749	2,255,590
			<hr/>

**As 31 March 2019  
Consolidated statement of financial position**

**Assets**

Property development costs	41,600,264	0	41,600,264
Deferred tax assets	1,135,588	0	1,135,588
			<hr/>

**Liabilities**

Retained earnings	29,193,544	(10,893)	29,182,651
Payables and accruals	29,367,601	0	29,367,601
Provisions	2,438,678	0	2,438,678
			<hr/>

**Consolidated statement of comprehensive income  
Financial period ended 31 March 2018**

	As previously reported RM	Prior year adjustments RM	As restated RM
Revenue	97,946,149	454,430	98,400,579
Operating expenses	(96,129,589)	(419,055)	(96,548,644)
Other operating income	1,977,981		1,977,981
	<hr/>		<hr/>
Profit from operations	3,794,541		3,829,916
Finance costs	(1,531,587)		(1,531,587)
	<hr/>		<hr/>
Profit before tax	2,262,954		2,298,329
Taxation	(948,093)		(948,093)
	<hr/>		<hr/>
Profit from continuing operations	1,314,861		1,350,236
Other comprehensive income, net of tax	0		0
	<hr/>		<hr/>
Total comprehensive income	<u>1,314,861</u>		<u>1,350,236</u>

**26. Prior Year Adjustment (Continued)**

Net profit attributable to:		
Owner of the Company	1,379,780	1,415,155
Non-controlling interest	(64,919)	(64,919)
Net profit	<u>1,314,861</u>	<u>1,350,236</u>

Total comprehensive income attributable to:		
Owner of the Company	1,379,780	1,415,155
Non-controlling interest	(64,919)	(64,919)
Total comprehensive income	<u>1,314,861</u>	<u>1,350,236</u>

Certain comparative figures in the notes to the interim report above have been adjusted or extended to conform with changes in presentation and to comply with the additional disclosures requirements of the MFRS that are applicable for the financial year ended 31 March 2019

**27. Capital Commitments**

As at 31 March 2019, there was no material capital commitment for the purchase of property, plant and equipment in the interim financial statements.

**28. Profit Before Taxation**

The profit before taxation is arrived at after crediting / (charging) the following income / (expenses):

	3 Months Ended 31.03.2019 RM	12 Months Ended 31.03.2019 RM
(a) Interest income	27,957	110,546
(b) Interest expense	541,301	1,775,605
(c) Depreciation and amortisation	240,150	957,898

**28. Profit Before Taxation (Continued)**

(d) Allowance of receivables	0	70,894
(e) Loss allowance of inventories	305,752	564,202
(f) Foreign exchange gain / (loss)	282,618	1,412,781
(g) Gain / (Loss) on derivatives	(29,877)	2,625

**29. Authorisation for issue**

The Board of Directors has authorised the release of the unaudited interim financial statements for the third quarter ended 31 March 2019 pursuant to a resolution dated 30 May 2019.