

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 1st QUARTER ENDED 30 JUNE 2019



Caely

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.06.2019 RM	Quarter ended 30.06.2018 RM	Period ended 30.06.2019 RM	Period ended 30.06.2018 RM
Revenue	18,031,857	19,829,966	18,031,857	19,829,966
Operating expenses	(17,550,894)	(19,472,595)	(17,550,894)	(19,472,595)
Other operating income	428,359	355,915	428,359	355,915
Profit from operations	909,322	713,286	909,322	713,286
Finance costs	(456,704)	(363,655)	(456,704)	(363,655)
Profit before taxation	452,618	349,631	452,618	349,631
Taxation	(338,669)	(260,066)	(338,669)	(260,066)
Profit from continuing operations	113,949	89,565	113,949	89,565
Total comprehensive income	113,949	89,565	113,949	89,565
Net profit attributable to:				
Owners of the Company	158,028	108,572	158,028	108,572
Non-controlling interest	(44,079)	(19,007)	(44,079)	(19,007)
Net profit	113,949	89,565	113,949	89,565
Total comprehensive income attributable to:				
Owners of the Company	158,028	108,572	158,028	108,572
Non-controlling interest	(44,079)	(19,007)	(44,079)	(19,007)
Total comprehensive income	113,949	89,565	113,949	89,565
Earnings per share: (Note 25)				
- basic (sen)	0.10	0.13	0.10	0.13
- diluted (sen)	0.08	0.10	0.08	0.10

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes to the quarterly financial statement.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As At 30.06.2019 RM	As at 31.03.2019 RM
NON CURRENT ASSETS		
Property, plant and equipment	25,357,393	25,562,748
Investment property	4,100,000	4,100,000
Deferred tax assets	1,050,396	1,050,395
	<u>30,507,789</u>	<u>30,713,143</u>
CURRENT ASSETS		
Property Development costs	41,377,745	41,080,403
Inventories	19,062,059	18,333,260
Receivables, deposits and prepayments	55,676,467	56,183,311
Tax recoverable	1,157,004	1,177,350
Marketable securities	7,615	6,316
Derivative assets receivable	0	2,625
Deposits with licensed banks	2,990,970	2,967,493
Deposits, bank and cash balances	776,047	1,004,454
	<u>121,047,907</u>	<u>120,755,212</u>
TOTAL ASSETS	<u><u>151,555,696</u></u>	<u><u>151,468,355</u></u>
EQUITY AND LIABILITIES		
Share capital	50,105,013	49,930,688
Other reserves	10,822,281	10,822,281
Retained profits	28,838,212	28,680,184
	<u>89,765,506</u>	<u>89,433,153</u>
Non-controlling interest	(1,121,272)	(1,077,193)
Equity attributable to owners of the Company	<u>88,644,234</u>	<u>88,355,960</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	262,366	295,304
Term loans	12,256,134	12,543,186
Deferred tax liabilities	1,003,525	971,070
	<u>13,522,025</u>	<u>13,809,560</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 2019 and the accompanying explanatory notes to the quarterly financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (Continued)

	As at 30.06.2019 RM	As at 31.03.2019 RM
CURRENT LIABILITIES		
Payables and accrued liabilities	31,033,677	29,858,130
Amount owing to a director	1,659,207	1,753,739
Provisions	545,148	565,148
Contract liabilities	1,705,576	1,363,461
Tax payable	176,708	0
Hire-purchase creditors	111,084	103,287
Term loans	1,414,887	1,452,317
Short term bank borrowings		
- bank overdrafts	10,717,937	9,758,446
- others	2,025,213	4,448,307
	<u>49,389,437</u>	<u>49,302,835</u>
TOTAL LIABILITIES	<u>62,911,462</u>	<u>63,112,395</u>
TOTAL EQUITY AND LIABILITIES	<u>151,555,696</u>	<u>151,468,355</u>
Net Assets per share	<u><u>0.54</u></u>	<u><u>1.09</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 2019 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	Reserve on consolidation	Revaluation reserve	Retained profits	Total	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM	RM
As at 1 April 2018	49,419,360	80,344	10,220,071	27,870,285	87,590,060	(1,025,415)	86,564,645
Exercise of warrants	511,328	0	0	0	511,328	0	511,328
Net profit for the financial period	0	0	0	1,508,003	1,508,003	(51,778)	1,456,225
Other Comprehensive income net of tax							
- Revaluation gain	0	0	607,343	0	607,343	0	607,343
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)
Transfer of reserve	0	0	(85,477)	0	(85,477)	0	(85,477)
Realisation of revaluation reserve	0	0	0	111,962	111,962	0	111,962
At 31 March 2019	49,930,688	80,344	10,741,937	28,680,184	89,433,153	(1,077,193)	88,355,960

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 2019 and the accompanying explanatory notes to the quarterly financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total	Non-controlling interest	Total equity
	Share capital	Reserve on consolidation	Revaluation reserve	Retained profits			
	RM	RM	RM	RM			
As at 1 April 2019	49,930,688	80,344	10,741,937	28,680,184	89,433,153	(1,077,193)	88,355,960
Dividend				0	0		0
Net profit for the financial period	0	0	0	113,949	113,949		113,949
Total Comprehensive income	0	0	0	113,949	113,949		113,949
Non-controlling interest				44,079	44,079	(44,079)	0
Exercise of Warrants	174,325	0	0	0	174,325	0	174,325
At 30 June 2019	50,105,013	80,344	10,741,937	28,838,212	89,765,506	(1,121,272)	88,644,234

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 2019 and the accompanying explanatory notes to the quarterly financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30.06.2019 RM	30.06.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	452,618	349,631
Adjustments for:		
Property, plant and equipment - depreciation	219,137	250,199
Allowance for doubtful debts - write back	0	(7,050)
Liquidated damages receivable from contractors		
Provision for liquidated damages	342,115	0
Interest expense	454,311	406,134
Interest income	(14,355)	(35,277)
Allowance for slow moving inventories - provided for	18,660	0
Fair Value (gain) / loss on marketable securities	(1,299)	2,704
Fair value (gain) / loss on derivative financial instruments	2,625	5,453
Net unrealised foreign exchange loss	(42,915)	0
	<u>1,430,897</u>	<u>971,794</u>
Net movements in working capital:		
Inventories	(728,799)	2,977,965
Increase / (Decrease) in HDA	(297,342)	(83,737)
Receivables	506,844	(3,065,221)
Payables	1,175,547	27,746
Cash flows generated (used in) / from operations	<u>2,087,147</u>	<u>828,547</u>
Liquidated damages and compensation paid	(20,000)	(447,983)
Interest paid	(454,311)	(408,679)
Income tax paid	(107,674)	(671,708)
Net operating cash flow	<u>1,505,162</u>	<u>(699,823)</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 2019 and the accompanying explanatory notes to the quarterly financial statements.

	30.06.2019 RM	30.06.2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(13,784)	(34,147)
Interest income received	14,355	3,803
	<u>571</u>	<u>(30,344)</u>
Net Investing cash flow		
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of)/ Receipts of short term bank borrowings	(2,423,092)	110,035
(Repayment)/receipt of advances to/from directors	(94,532)	163,000
Repayments of hire-purchase creditors	(25,145)	(28,738)
Repayments of term loan	(324,483)	(328,113)
Receipt from warrants exercised	174,325	266
	<u>(2,692,927)</u>	<u>(83,550)</u>
Net financing cash flow		
Net movement in cash and cash equivalents	(1,187,194)	(813,717)
Effects of exchange rate changes on cash and cash equivalents	0	278
Cash and cash equivalent at beginning of the financial period	<u>(9,166,382)</u>	<u>(9,123,806)</u>
Cash and cash equivalent at end of the financial period	<u>(10,353,576)</u>	<u>(9,937,245)</u>
Notes:		
Cash and cash equivalent at the end of the financial period comprise the following:		
	RM	RM
Deposits with licensed bank	776,047	511,876
Bank overdraft	(10,717,937)	(10,034,398)
Bank balance held under HDA Account	(411,686)	(414,723)
	<u>(10,353,576)</u>	<u>(9,937,245)</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 2019 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.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted for the condensed interim financial statement of the Group are consistent with those adopted for the annual financial statements of the Group for the financial year ended 31 March 2019 except for the adoption of the following new Malaysian Financial Reporting Standard ("MFRSs") and amendments or improvements to MFRSs:

New MFRS

MFRS 16 Leases

Amendments / Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangement
MFRS 112	Income Taxes
MFRS 119	Employees Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Interpretations

IC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above new and amendments/improvements to MFRSs and new IC Interpretations did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

New MFRSs, amendments/improvement to MFRSs that are issued, but not yet effective and have not been early adopted

The Group intends to adopt the following standards, where applicable, when they become effective. The adoption of the following standards is not expected to have material effect on the financial statements:-

		Effective for the Financial period beginning on or after
New MFRSs		
MFRSs 17	Insurance Contracts	1 January 2021
Effective for the Financial period beginning on or after		
Amendments/Improvements to MFRSs		
MFRS 1	First -time Adoption of Malaysia Financial Reporting Standards	1 January 2021
MFRS 2	Share-based payment	1 January 2020
MFRS 3	Business Combinations	1 January 2020
MFRS 5	Non-current Assets Hled for Sales and Discontinued Operations	1 January 2021
MFRS 6	Exploration for an Evaluation of Mineral Resources	1 January 2020
MFRS 7	Financial Instruments: Disclosures	1 January 2021
MFRS 9	Financial Instruments	1 January 2021
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 14	Regulatory Deferral Accounts	1 January 2020
MFRS 15	Revenue from Contracts with Customers	1 January 2021
MFRS 101	Presentation of Financial Statements	1 January 2020
MFRS 107	Statements of Cash Flows	1 January 2021
MFRS 108	Accounting Policies, changes in Accounting Estimates and Errors	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021
MFRS 119	Employee Benefits	1 January 2021
MFRS 128	Investment in Associates and Joint Ventures	Deferred
MFRS 132	Financial Instruments: Presentation	1 January 2021
MFRS 134	Interim Financial Reporting	1 January 2020
MFRS 136	Impairment of Assets	1 January 2021
MFRS 137	Provision, Contingent Liabilities and Contingent Assets	1 January 2021
MFRS 138	Intangible Assets	1 January 2021
MFRS 140	Investment Property	1 January 2021

		Effective for the Financial period beginning on or after
New IC Interpretations		
IC Int 12	Service Concession Arrangements	1 January 2020
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Int 20	Stripping Cost in the Production Phase of a Surface Mine	1 January 2020
IC Int 22	Foreign Currency Transactions and Advances Consideration	1 January 2020
IC Int 132	Intangible Assets - Web Site Costs	1 January 2020

The Group is in the process of assessing the impact which may arise from adoption of the above standards and amendments.

3. Unusual Items due to their Nature, size or Incidence

The were no unusual items that have material effect on the assets, liabilities, equity, net income, or cash flows for the current quarter other that what has already been disclosed in this report.

4. Qualification of Auditors' Report

The auditors' report of the preceding financial statements ended 31 March 2019 was not subject to any qualification.

5. 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.

6. Extraordinary or Exceptional Items

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

7. Changes in Estimates

There were no material changes in the estimates that have had a material effect in the current financial quarter ended 30 June 2019.

8. Debts and Equity or Securities

Warrants

On 26 April 2018, the Company undertook a bonus issue of 80,000,000 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.

Prior to the bonus issue, the exercise price is RM0.38 per share. Pursuant to the bonus issue share undertaken by the Company, the exercise price is adjusted to RM0.19 and with the additional 38,654,400 warrants listed and quoted on 10 April 2019.

The warrants exercised by the registered warrants holders to new ordinary shares during the financial period are as follow:

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
After bonus issue			77,308,800
April 2019	RM0.19	917,500	76,391,300

9. Dividend Paid

No dividend was paid since the beginning of the current quarter.

10. Segmental Reporting

Financial period ended 30.06.2019	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	870,240	770,066	16,452,688	0	114,881	18,207,875
Intersegment sales	0	0	(176,018)	0	0	(176,018)
External sales	<u>870,240</u>	<u>770,066</u>	<u>16,276,670</u>	<u>0</u>	<u>114,881</u>	<u>18,031,857</u>
<u>Results</u>						
Profit / (Loss) from operations	(34,782)	(678,569)	1,906,557	(191,448)	(92,436)	909,322
Finance costs	(5,508)	(112,593)	(338,115)	0	(488)	(456,704)
Profit before tax						452,618
Taxation						(338,669)
Net profit for the financial period						<u>113,949</u>
Segment assets	4,555,916	95,437,530	46,791,518	4,364,984	405,748	151,555,696
Segment liabilities	528,316	31,782,479	29,483,111	503,783	613,773	62,911,462
Interest income	0	1,209	13,146	0	0	14,355
Capital expenditure	0	0	11,700	1,584	500	13,784
Depreciation and amortisation	5,774	28,631	167,371	4,561	12,800	219,137

10. Segmental Reporting (Continue)

Financial period ended 30.06.2018	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	625,986	2,486,008	16,802,576	0	95,286	20,009,856
Intersegment sales	0	0	(179,890)	0	0	(179,890)
External sales	<u>625,986</u>	<u>2,486,008</u>	<u>16,622,686</u>	<u>0</u>	<u>95,286</u>	<u>19,829,966</u>
<u>Results</u>						
Profit / (Loss) on operations	(134,154)	178,994	853,131	(144,855)	(39,830)	713,286
Finance costs	(9,331)	(4,840)	(349,185)	0	(299)	<u>(363,655)</u>
Profit before tax						349,631
Taxation						<u>(260,066)</u>
Net profit for the financial period						<u>89,565</u>
Segment assets	4,754,971	87,849,540	45,340,016	83,155	4,494,761	142,522,443
Segment liabilities	587,156	24,714,541	29,001,894	271,093	668,590	55,243,274
Interest income	0	1,302	33,975	0	0	35,277
Capital expenditure	0	0	34,147	0	0	34,147
Depreciation and amortisation	7,938	32,498	186,634	4,535	18,594	250,199

11. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment have been revalued and amended from the financial statements for the financial year ended 31 March 2019.

12. Subsequent Events

There were no other material events subsequent to the end for the financial period ended 30 June 2019 except for the exercise of warrants as follows:-

Date of exercise	No. of warrants exercised	Consideration received (RM)
12 July 2019	25,000	4,750
26 July 2019	100,000	19,000
29 August 2019	1,100	209
29 August 2019	100	19

13. Changes in Composition of the Group

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

14. Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities since the last annual reporting date and there were no contingent assets as at end of the current quarter.

15. Performance Review

(a) Overall Results Commentary:

For the Current Quarter

The Group recorded a revenue of RM18.03 million, which was 9.07% lower than RM19.83 million generated during last year's corresponding quarter. The RM1.80 million decline was mainly attributed to a drop in Property Development and the absence of revenue from sale of stocks.

Despite the decline in the total revenue, the Group has posted higher profit before tax to RM0.45 million from RM0.35 as compared to the preceding year's corresponding quarter under review. The improvement of RM0.10 million PBT was mainly attributable to the cost control effect in the operation.

15. Performance Review (Continued)

(i) Property and Construction Segment

The division recorded a revenue of RM0.77 million, a 69.1% decrease from the RM2.49 million generated during last year's corresponding quarter. The decline was mainly attributable to weak property market sentiment and the absence of revenue from sales of stocks.

In line with the revenue reduction, the division posted a loss before tax of RM0.79 million against the profit before tax RM0.17 million, a decrease of RM0.96 million for the current quarter compared with last year's corresponding quarter.

(ii) Manufacturing Segment

During the current financial period under review, the manufacturing division recorded a revenue of RM16.28 million, a 2.0% decrease from the RM16.62 million generated during last year's corresponding quarter. The decrease was mainly attributed to lower sales orders from United States of America (USA) and Netherland. However, the decrease is partially offset by the increase export to Germany, Hong Kong and Canada.

Profit before tax (PBT) for this division has increased by RM1.06 million to RM1.57 million from RM0.50 million in June 2018. The significant improvement in PBT was attributed to the better cost control in operation and favorable of foreign exchange rate.

(iii) Direct Selling and Retail Segment

The revenue for the Direct Selling and Retail segment increased by RM0.24 million to RM0.87 million from RM0.63 million reported during last year's corresponding quarter. The increase in revenue was mainly derived from overall better sales performance.

In line with the higher revenue and write back of inventory, the loss before tax for the Direct Selling and Retail division has reduced by RM103,196 to RM40,289 in June 2019 from loss before tax of RM143,485 in June 2018.

16. Quarterly Results Comparison

For the current financial quarter under review, the Group registered turnover of RM18.03 million compared to RM19.83 million for last year's corresponding quarter. The decline in revenue of RM1.80 million was due to lower contribution from Property Development division of RM1.72 million and the Manufacturing division of RM0.30 million.

17. Quarterly Results Comparison (Continued)

The Group current quarter recorded a profit before tax of RM0.45 million compared to profit before tax of RM0.35 million for same quarter last year. The higher profit was mainly attributed to cost saving exercise carried out by the Group in this corresponding quarter.

18. Prospects

The Group foresee 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.

19. Profit Forecast and Profit Guarantee

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

20. Taxation

	Current Year Quarter 30.06.2019 RM	Preceding Year Corresponding Quarter 30.06.2018 RM	Current Year to Date 30.06.2019 RM	Preceding Corresponding Year to Date 30.06.2018 RM
Taxation				
- current period	298,729	230,480	298,729	230,480
- prior year	0	0	0	0
Deferred taxation				
- current period	39,940	29,586	39,940	29,586
Tax charge	<u>338,669</u>	<u>260,066</u>	<u>338,669</u>	<u>260,066</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.

22. Unquoted Investments and Properties

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

23. 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.

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.

23. Corporate Proposal (Continued)

(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.

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.

23. Corporate Proposal (Continued)

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.

(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

23. Corporate Proposal (Continued)

- (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

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 Securitties 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 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.

(i) Proposed Bonus Issue

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

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

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 existing 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 Sdn. 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 Sdn. Bhd. On behalf of the Company announced That Bursa had, vide its letter dated 9 January, 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 exercised Of the Additional Warrants 2018/2021

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

- (a) 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;
- (b) Caely and M & A Securities Sdn. Bhd. Is to inform Bursa upon the completion Of the Proposed Bonus Issue;

(ii) Proposed Bonus Issue (Continue)

- (c) 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;
- (d) Caely and M & A Securities Sdn. Bhd. Are required to make the relevant Announcement pursuant to Paragraph 6.35(2) (a) and (b) of the Main Market LR;
- (e) 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;
- (f) Payment of outstanding processing fees based on the market value of the Bonus Shares to be listed (based on the adjusted price), if applicable; and
- (g) To incorporate the comments made in the Circular to shareholders to be issue Pertaining the Proposed Bonus Issue.

On 9 April 2019, M & A Securities Sdn. 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.

24. Borrowings and Debts Securities

There were no debts securities for the current financial period to date. Particulars of the Group's borrowings as at 30 June 2019 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	9,488,736	12,518,500	22,007,236
Unsecured	2,999,970	0	2,999,970
	<u>12,488,706</u>	<u>12,518,500</u>	<u>25,007,206</u>
<u>US Dollar</u>			
Secured	1,780,415	0	1,780,415
	<u>14,269,121</u>	<u>12,518,500</u>	<u>26,787,621</u>

25. Derivative Financial Instruments

There is no derivative instruments for foreign currency forward contracts and option forward as at the end of the financial period ended 30 June 2019.

26. 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.

27. Changes in Material Litigation

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

28. Proposed Dividend

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

29. 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 3 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	158,028	108,572	158,028	108,572
Weighted average no. of ordinary shares in issue	163,608,700	80,000,131	163,608,700	800,000,131
Basic EPS (sen)	<u>0.10</u>	<u>0.13</u>	<u>0.10</u>	<u>0.13</u>

For the financial period ended 30 June 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.

29. Earnings Per Share (EPS) (Continue)

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	158,028	108,572	158,028	108,572
Adjusted weighted average no. of ordinary shares	<u>208,170,292</u>	<u>105,408,153</u>	<u>208,170,292</u>	<u>105,408,153</u>
Diluted EPS (sen)	<u>0.08</u>	<u>0.10</u>	<u>0.08</u>	<u>0.10</u>

30. Capital Commitments

As at 30 June 2019, there was no material capital commitment for the purchase of property, plant and equipment in the interim financial statements.

31. Profit Before Taxation

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

	3 Months Ended 30.06.2019 RM	3 Months Ended 30.06.2019 RM
(a) Interest income	(14,355)	(14,355)
(b) Interest expense	454,311	454,311
(c) Depreciation and amortisation	219,137	219,137
(d) Allowance of receivables	0	0
(e) Loss allowance of inventories	18,660	18,660
(f) Foreign exchange gain / (loss)	(356,891)	356,891
(g) Gain / (Loss) on derivatives	(2,625)	(2,625)

32. Authorisation for issue

The Board of Directors has authorised the release of the unaudited interim financial statements for the first quarter ended 30 June 2019 pursuant to a resolution dated 30 August 2019.