

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE 2nd QUARTER ENDED 30 SEPTEMBER 2019**



Caely

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.09.2019 RM	Quarter ended 30.09.2018 RM	Period ended 30.09.2019 RM	Period ended 30.09.2018 RM
Revenue	18,013,628	21,265,510	36,045,485	41,095,476
Operating expenses	(18,323,770)	(20,690,623)	(35,874,664)	(40,163,218)
Other operating income	63,208	664,871	491,566	1,020,786
Profit / (Loss) from operations	(246,934)	1,239,758	662,387	1,953,044
Finance costs	(496,251)	(246,385)	(952,955)	(610,040)
Profit / (Loss) before taxation	(743,185)	993,373	(290,568)	1,343,004
Taxation	(73,083)	(425,234)	(411,752)	(685,300)
Profit / (Loss) from continuing operations	(816,268)	568,139	(702,320)	657,704
Total comprehensive income / (Loss)	<u>(816,268)</u>	<u>568,139</u>	<u>(702,320)</u>	<u>657,704</u>
Net profit attributable to:				
Owners of the Company	(819,338)	560,025	(661,312)	668,597
Non-controlling interest	3,070	8,114	(41,008)	(10,893)
Net profit	<u>(816,268)</u>	<u>568,139</u>	<u>(702,320)</u>	<u>657,704</u>
Total comprehensive income attributable to:				
Owners of the Company	(819,338)	560,025	(661,312)	668,597
Non-controlling interest	3,070	8,114	(41,008)	(10,893)
Total comprehensive income	<u>(816,268)</u>	<u>568,139</u>	<u>(702,320)</u>	<u>657,704</u>
Earnings per share:(Note 29)				
- basic (sen)	(0.50)	0.69	(0.40)	0.83
- diluted (sen)	(0.39)	0.53	(0.32)	0.63

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 30.09.2019 RM	As at 31.03.2019 RM
NON CURRENT ASSETS		
Property, plant and equipment	25,226,974	25,562,748
Investment property	4,100,000	4,100,000
Deferred tax assets	1,050,396	1,050,395
	<u>30,377,370</u>	<u>30,713,143</u>
CURRENT ASSETS		
Property development costs	42,226,171	41,080,403
Inventories	18,889,315	18,333,260
Receivables, deposits and prepayments	53,995,008	56,183,311
Tax recoverable	265,596	1,177,350
Marketable securities	8,465	6,316
Derivative assets receivable	0	2,625
Deposits with licensed banks	3,014,509	2,967,493
Deposits, bank and cash balances	3,478,259	1,004,454
	<u>121,877,323</u>	<u>120,755,212</u>
TOTAL ASSETS	<u><u>152,254,693</u></u>	<u><u>151,468,355</u></u>
EQUITY AND LIABILITIES		
Share capital	50,194,827	49,930,688
Other reserves	10,822,281	10,822,281
Retained profits	28,018,872	28,680,184
	<u>89,035,980</u>	<u>89,433,153</u>
Non-controlling interest	(1,118,201)	(1,077,193)
Equity attributable to owners of the Company	<u>87,917,779</u>	<u>88,355,960</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	236,769	295,304
Term loans	11,900,470	12,543,186
Deferred tax liabilities	797,993	971,070
	<u>12,935,232</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 30.09.2019 RM	As at 31.03.2019 RM
CURRENT LIABILITIES		
Payables and accrued liabilities	30,578,351	29,858,130
Amount owing to a director	1,702,772	1,753,739
Provisions	525,148	565,148
Contract liabilities	2,218,927	1,363,461
Tax payable	1,261,562	0
Hire-purchase creditors	111,082	103,287
Term loans	1,414,887	1,452,317
Short term bank borrowings		
- bank overdrafts	10,025,585	9,758,446
- others	3,563,368	4,448,307
	<u>51,401,682</u>	<u>49,302,835</u>
TOTAL LIABILITIES	<u>64,336,914</u>	<u>63,112,395</u>
TOTAL EQUITY AND LIABILITIES	<u>152,254,693</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
Net profit for the financial period	0	0	0	668,597	668,597	(10,893)	657,704
Total Comprehensive income	0	0	0	668,597	668,597	0	657,704
Exercise of Warrants	382,50	0	0	0	382,508	0	382,508
At 30 September 2018	49,801,868	80,344	10,220,071	28,538,882	88,641,165	(1,036,308)	87,604,857

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
Net profit for the financial period	0	0	0	(661,312)	(661,312)	(41,008)	(702,320)
Total Comprehensive income	0	0	0	(661,312)	(661,312)		(702,320)
Exercise of Warrants	264,139	0	0	0	264,139	0	264,139
At 30 September 2019	50,194,827	80,344	10,741,937	28,018,872	89,035,980	(1,118,201)	87,917,779

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

	30.09.2019 RM	30.09.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(290,568)	1,343,004
Adjustments for:		
Property, plant and equipment		
- depreciation	435,440	480,626
- gains on disposal	(25,700)	(23,000)
-reversal of deferred tax upon PPE disposal	0	(84,817)
Liquidated damages receivable from contractors		
Provision for liquidated damages	855,463	98,135
Interest expense	948,192	884,520
Interest income	(47,403)	(56,614)
Fair Value (gain) / loss on marketable securities	(2,148)	4,255
Fair value loss on derivative financial instruments	2,625	17,058
	<u>1,875,901</u>	<u>2,663,167</u>
Net movements in working capital:		
Inventories	(556,055)	5,757,514
Increase / (Decrease) in HDA	(1,145,769)	(101,111)
Receivables	2,150,729	(2,890,879)
Payables	702,862	(2,987,076)
	<u>3,027,668</u>	<u>2,441,615</u>
Cash flows generated (used in) / from operations		
Liquidated damages and compensation paid	(40,000)	(56,041)
Interest paid	(948,192)	(884,520)
Income tax refund	1,865,159	0
Income tax paid	(269,185)	(1,241,768)
	<u>3,635,450</u>	<u>259,286</u>
Net operating cash flow		

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

	30.09.2019 RM	30.09.2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(99,669)	27,096
- proceeds from disposals	25,700	0
Interest income received	47,403	56,615
Net Investing cash flow	<u>(26,566)</u>	<u>83,711</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of)/ Receipts of short term bank borrowings	(884,939)	53,238
Repayment of advances to directors	(50,967)	(882,000)
Repayments of hire-purchase creditors	(50,741)	(60,158)
Repayments of term loan	(680,147)	(661,456)
Receipt from warrants exercised	264,138	382,508
Net financing cash flow	<u>(1,402,656)</u>	<u>(1,167,868)</u>
Net movement in cash and cash equivalents	2,206,228	(824,870)
Effects of exchange rate changes on cash and cash equivalents	0	9,734
Cash and cash equivalent at beginning of the financial period	<u>(9,166,382)</u>	<u>(8,088,375)</u>
Cash and cash equivalent at end of the financial period	<u><u>(6,960,154)</u></u>	<u><u>(8,903,511)</u></u>
Notes:		
Cash and cash equivalent at the end of the financial period comprise the following:		
	RM	RM
Deposit, bank and cash balance	3,478,259	511,876
Bank overdraft	(10,025,585)	(9,014,093)
Bank balance held under HDA Account	(412,828)	(401,294)
	<u><u>(6,960,154)</u></u>	<u><u>(8,903,511)</u></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 Held 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 September 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
July 2019	RM0.19	125,000	76,266,300
August 2019	RM0.19	1,200	76,265,100
September 2019	RM0.19	346,500	75,918,600

9. Dividend Paid

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

10. Segmental Reporting

Financial period ended 30.09.2019	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	1,760,493	210,458	34,326,012	0	260,582	36,557,545
Intersegment sales	0	0	(512,060)	0	0	(512,060)
External sales	<u>1,760,493</u>	<u>210,458</u>	<u>33,813,952</u>	<u>0</u>	<u>260,582</u>	<u>36,045,485</u>
<u>Results</u>						
Profit / (Loss) from operations	(157,071)	(1,932,082)	3,277,565	(437,583)	(88,442)	662,387
Finance costs	(11,139)	(224,925)	(715,954)	0	(937)	(952,955)
Profit before tax						(290,568)
Taxation						(411,752)
Net profit for the financial period						<u>(702,320)</u>
Segment assets	5,393,779	95,860,631	46,144,405	4,436,510	419,368	152,254,693
Segment liabilities	665,042	33,017,669	29,539,437	507,280	607,486	64,336,914
Interest income	0	2,348	45,055	0	0	47,403
Capital expenditure	1,635	0	95,100	1,584	1,350	99,669
Depreciation and amortisation	11,250	57,262	332,209	9,136	25,583	435,440

10. Segmental Reporting (Continue)

Financial period ended 30.09.2018	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	1,351,206	5,167,806	35,769,579	0	272,427	42,561,018
Intersegment sales	0	0	(1,465,542)	0	0	(1,465,542)
External sales	<u>1,351,206</u>	<u>5,167,806</u>	<u>34,304,037</u>	<u>0</u>	<u>272,427</u>	<u>41,095,476</u>
<u>Results</u>						
Profit / (Loss) on operations	(840,132)	215,670	2,924,628	(322,766)	(24,356)	1,953,044
Finance costs	(17,672)	(74,410)	(517,247)	0	(711)	<u>(610,040)</u>
Profit before tax						1,343,004
Taxation						<u>(685,300)</u>
Net profit for the financial period						<u>657,704</u>
Segment assets	4,171,955	86,805,991	43,025,276	4,534,607	118,683	138,656,512
Segment liabilities	710,578	20,954,077	27,768,781	715,860	288,559	50,437,855
Interest income	0	2,568	54,046	0	0	56,614
Capital expenditure	0	0	57,126	0	0	57,126
Depreciation and amortisation	15,538	64,798	371,200	9,070	20,020	480,626

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 September 2019.

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:

Current Quarter versus Preceding Corresponding Quarter

The Group recorded a revenue of RM18.01 million, which was 15.33% lower than RM21.27 million generated during last year's corresponding quarter. The RM3.26 million decline was mainly attributed to sharp decline in sales of Property Development segment.

In line with the drop in revenue, the Group has posted loss before tax ("LBT") to RM0.74 million from the profit before tax of RM0.99 million as compared to the preceding year's corresponding quarter under review. The loss of RM1.73 million LBT was mainly attributable to the provision of Liquidated and Ascertained Damages (LAD) compensation and sharp decline in sales in the property development segment.

For the current period under review, the Group recorded revenue RM36.05 million as compared to the RM41.10 million for the preceding corresponding period, a decline of RM5.05 million. The decline was due to sharp reduced from Property Development segment and reduction of OEM segment.

The Group posted a Loss before tax (LBT) of RM0.29 million for the current period under review, a decline of RM1.63 million over the profit before tax of RM1.34 million of preceding corresponding period.

15. Performance Review (Continued)

The Performance of the business segments of the Group for the current period is as follows:

(i) Property and Construction Segment

The division recorded a revenue of RM0.21 million, a 95.94% or RM4.96 million decrease from the RM5.17 million generated during last year's corresponding quarter. The decline was mainly attributable to weak property market sentiment, the absence of revenue from sales of stocks and the contra effect of provision of LAD.

In line with the revenue reduction, the division posted a loss before tax of RM2.16 million against the profit before tax RM0.14 million, a decrease of RM2.30 million for the current quarter compared with last year's corresponding quarter. The higher loss was due to lower sales recorded and provision of LAD.

(ii) Manufacturing Segment

Revenue for the Manufacturing segment for the current period was RM33.81 million, a decrease of RM0.49 million as compared to the preceding corresponding period of RM34.30 million. The decline in revenue was mainly due to lower contribution from our export and local market.

With the decreased in sales, PBT has also declined by RM0.02 million Profit before tax (PBT) from RM2.41 million to RM2.39 million.

(iii) Direct Selling and Retail Segment

The revenue for the Direct Selling and Retail segment increased by RM0.41 million to RM1.76 million from RM1.35 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 turnover, the loss before tax has narrowed by RM0.69 million for the Direct Selling and Retail division to RM0.17 million for the current quarter under review compared to the loss before tax of RM0.86 million in last year corresponding quarter.

16. Quarterly Results Comparison

For the current financial quarter under review, the Group registered a turnover of RM18.01 million compared to RM21.27 million for last year's corresponding quarter. The decline in revenue of RM3.26 million was due to sharp decline in sales of Property Development segment.

16. Quarterly Results Comparison (Continued)

The Group has posted a loss before tax of RM0.74 million compared to profit before tax of RM0.99 million for the same quarter last year. The loss of RM1.63 million was mainly attributed to the provision of Liquidated and Ascertained Damages (LAD) and sharp decline in sales of Property Development segment.

17. Prospect

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 and continuing weak property market 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.

18. Profit Forecast and Profit Guarantee

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

19. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.09.2019 RM	30.09.2018 RM	30.09.2019 RM	30.09.2018 RM
Taxation				
- current period	278,615	417,028	577,344	647,508
- prior year	0	0	0	0
Deferred taxation				
- current period	(205,532)	8,206	(165,592)	37,792
Tax charge	<u>73,083</u>	<u>425,234</u>	<u>411,752</u>	<u>685,300</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.

20. Unquoted Investments and Properties

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

21. 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.

21. 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 of 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.

21. 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:

- (a) Caely and M & A Securities Sdn. Bhd. Must fully comply with the relevant provision under the Main Market LR pertaining to the implementation of the Proposed Bonus Issue;

21. Corporate Proposal (Continued)

- (b) Caely and M & A Securities Sdn. Bhd. Is to inform Bursa upon the completion of the Proposed Bonus Issue;
- (c) Caely to furnish Bursa with a written confirmation of its compliance with the term 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 announcements 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 fee 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 issued pertaining the Proposed Bond 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 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.

22. 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 September 2019 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	9,435,661	12,137,239	21,572,900
Unsecured	3,848,538	0	3,848,538
	<u>13,284,199</u>	<u>12,137,239</u>	<u>25,421,438</u>
<u>US Dollar</u>			
Secured	1,830,725	0	1,830,725
	<u>15,114,924</u>	<u>12,137,239</u>	<u>27,252,163</u>

23. 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 September 2019.

24. 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.

25. Changes in Material Litigation

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

26. Proposed Dividend

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

27. 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 6 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	(819,338)	560,025	(661,312)	668,597
Weighted average no. of ordinary shares in issue	164,081,400	81,006,600	164,081,400	81,006,600
Basic EPS (sen)	<u>(0.50)</u>	<u>0.69</u>	<u>(0.40)</u>	<u>0.83</u>

For the financial period ended 30 September 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 6 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	(819,338)	560,025	(661,312)	668,597
Adjusted weighted average no. of ordinary shares	<u>208,872,391</u>	<u>106,408,465</u>	<u>208,872,391</u>	<u>106,408,465</u>
Diluted EPS (sen)	<u>(0.39)</u>	<u>0.53</u>	<u>(0.32)</u>	<u>0.63</u>

28. Capital Commitments

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

29. Profit Before Taxation

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

	3 Months Ended 30.09.2019 RM	6 Months Ended 30.09.2019 RM
(a) Interest income	33,048	47,403
(b) Interest expense	(493,881)	(948,192)
(c) Depreciation and amortisation	216,303	435,440
(d) Loss / Gain on allowance of inventories	(554,793)	(536,133)
(e) Foreign exchange gain / (loss)	(68,966)	287,925
(f) Gain / (Loss) on derivatives	0	2,625

30. Authorisation for issue

The Board of Directors has authorised the release of the unaudited interim financial statements for the second quarter ended 30 September 2019 pursuant to a resolution dated 19 November 2019.