

CAELY HOLDINGS BHD.
[COMPANY NO. 199601036023 (408376-U)]

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 4th QUARTER ENDED 31 MARCH 2020



Caely

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2020 RM (unaudited) (audited)	Quarter ended 31.03.2019 RM (audited)	Period ended 31.03.2020 RM (unaudited)	Period ended 31.03.2019 RM
Revenue	18,236,100	25,296,845	67,971,474	85,503,056
Operating expenses	(21,962,193)	(24,282,425)	(74,261,108)	(83,570,528)
Other operating income	268,047	1,050,782	949,701	2,462,340
Profit from operations	(3,458,046)	2,065,202	(5,339,933)	4,394,868
Finance costs	(442,466)	(901,831)	(1,821,664)	(1,805,494)
(Loss) / Profit before taxation	(3,900,512)	1,163,371	(7,161,597)	2,589,374
Taxation	260,427	(110,909)	233,711	(1,133,149)
Profit from continuing operations	(3,640,085)	1,052,462	(6,927,886)	1,456,225
Total comprehensive income	<u>(3,640,085)</u>	<u>1,052,462</u>	<u>(6,927,886)</u>	<u>1,456,225</u>
Net profit attributable to:				
Owners of the Company	(3,628,975)	1,063,631	(6,837,606)	1,508,003
Non-controlling interest	(11,110)	(11,169)	(90,280)	(51,778)
Net profit	<u>(3,640,085)</u>	<u>1,052,462</u>	<u>(6,927,886)</u>	<u>1,456,225</u>
Total comprehensive income attributable to:				
Owners of the Company	(3,628,975)	1,063,631	(6,837,606)	1,508,003
Non-controlling interest	(11,110)	(11,169)	(90,280)	(51,778)
Total comprehensive income	<u>(3,640,085)</u>	<u>1,052,462</u>	<u>(6,927,886)</u>	<u>1,456,225</u>
Earnings per share: (Note 26)				
- basic (sen)	(0.02)	0.01	(0.04)	0.02
- diluted (sen)	(0.02)	0.02	(0.03)	0.01

Caely Holdings Bhd [199601036023(408376-U)] **Unaudited Interim Financial Statements**
Incorporated in Malaysia **for 4th Quarter ended 31 March 2020**

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 notes to the quarterly financial statement.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31.03.2020 RM (unaudited)	As at 31.03.2019 RM (audited)
NON CURRENT ASSETS		
Property, plant and equipment	24,244,666	25,562,748
Right-of-use assets	967,852	0
Investment property	4,100,000	4,100,000
Deferred tax assets	1,050,395	1,050,395
	<u>30,362,913</u>	<u>30,713,143</u>
CURRENT ASSETS		
Property development costs	24,269,291	41,080,403
Inventories	28,125,267	18,333,260
Receivables, deposits and prepayments	40,160,771	56,183,311
Tax recoverable	468,721	1,177,350
Marketable securities	3,113	6,316
Derivative assets receivable	0	2,625
Deposits with licensed banks	3,061,802	2,967,493
Deposits, bank and cash balances	2,185,631	1,004,454
	<u>98,274,596</u>	<u>120,755,212</u>
TOTAL ASSETS	<u><u>128,637,509</u></u>	<u><u>151,468,355</u></u>
EQUITY AND LIABILITIES		
Share capital	50,266,551	49,930,688
Other reserves	10,822,281	10,822,281
Retained profits	21,842,578	28,680,184
	<u>82,931,410</u>	<u>89,433,153</u>
Non-controlling interest	(1,167,473)	(1,077,193)
Equity attributable to owners of the Company	<u>81,763,937</u>	<u>88,355,960</u>
NON CURRENT LIABILITIES		
Lease liabilities	604,375	295,304
Term loan	11,124,385	12,543,186
Deferred tax liabilities	708,493	971,070
	<u>12,437,253</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 notes to the quarterly financial statement.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (Continued)

	As at 31.03.2020 RM (unaudited)	As at 31.03.2019 RM (audited)
CURRENT LIABILITIES		
Payables and accruals	16,250,218	29,858,130
Amount owing to a director	1,499,750	1,753,739
Provisions	467,148	565,148
Contract liabilities	2,382,275	1,363,461
Derivative liabilities payable	12,198	0
Lease liabilities	127,789	103,287
Term loan	1,430,168	1,452,317
Short term bank borrowings		
- bank overdrafts	10,158,010	9,758,446
- others	2,108,763	4,448,307
	<u>34,436,319</u>	<u>49,302,835</u>
TOTAL LIABILITIES	<u>46,873,572</u>	<u>63,112,395</u>
TOTAL EQUITY AND LIABILITIES	<u>128,637,509</u>	<u>151,468,355</u>
Net Tangible Assets per share	<u><u>0.50</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 notes to the quarterly financial statement.

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 1 April 2019	49,930,688	0	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	0	(6,837,606)	(6,837,606)	(90,280)	(6,927,886)
Total Comprehensive income	0	0	0	0	(6,837,606)	(6,837,606)	(90,280)	(6,927,886)
Exercise of Warrants	335,863	0	0	0	0	335,863	0	335,863
At 31 March 2020	50,266,551	0	80,344	10,741,937	21,842,578	82,931,410	(1,167,473)	81,763,937

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						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 1 April 2018	49,419,360	0	80,344	10,220,071	27,870,285	87,590,060	(1,025,415)	86,564,645
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	1,508,003	1,508,003	(51,778)	1,456,225
Total Comprehensive income	0	0	0	0	1,508,003	1,508,003	(51,778)	1,456,225
Other comprehensive income, net of tax - Revaluation gain	0	0	0	607,343	0	607,343	0	607,343
Transfer of reserve	0	0	0	0	111,962	111,962	0	111,962
Realization of revaluation reserve	0	0	0	(85,477)	0	(85,477)	0	(85,477)
Exercise of Warrants	511,328	0	0	0	0	511,328	0	511,328
At 31 March 2019	49,930,688	0	80,344	10,741,937	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 CASH FLOW

	31.03.2020 RM (unaudited)	31.03.2019 RM (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(7,161,597)	2,589,374
Adjustments for:		
Property, plant and equipment		
- depreciation	875,398	957,897
- Gains on disposal	(56,900)	(30,500)
Allowance for expected credit loss/impairment loss		
- charge for the financial year	1,061,011	136,958
- reversal	0	(21,200)
Liquidated damages receivable from contractors		
- Provision for liquidated damages	1,038,814	852,146
Interest expense	1,596,497	1,800,171
Interest income	(98,747)	(142,308)
Allowance for slow moving inventories		
- provided for	522,402	231,810
- reversal	(671,813)	0
Loss on disposal of marketable securities	3,203	10,207
Fair value (gain) / loss on derivative financial instruments	14,823	(2,625)
Net unrealised foreign exchange loss	0	199,414
	<u>(2,876,909)</u>	<u>6,581,344</u>
Net movements in working capital:		
Inventories	(9,642,597)	7,379,346
Property development cost	16,811,111	29,632
Receivables	14,868,522	(19,055,589)
Payables	(13,607,913)	2,457,205
Cash flows generated from operations	<u>5,552,214</u>	<u>(2,608,062)</u>
Liquidated damages and compensation paid	(118,000)	(609,378)
Interest paid	(604,070)	(826,090)
Tax refund	2,015,291	766,362
Income tax paid	<u>(1,328,041)</u>	<u>(1,051,748)</u>
Net operating cash flow	<u>5,517,394</u>	<u>(4,328,916)</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 notes to the quarterly financial statement.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

	31.03.2020 RM (unaudited)	31.03.2019 RM (audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(99,669)	(308,289)
- proceeds from disposals	56,900	30,500
Interest income received	98,747	142,308
Net Investing cash flow	<u>55,978</u>	<u>(135,481)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits released under lien for credit facilities with licensed banks	0	987,619
(Repayments of)/ Receipts of short term bank borrowings	(2,339,544)	2,213,346
Repayment of advances to a director	(253,991)	(596,261)
Repayments of hire-purchase creditors	(103,288)	(132,917)
Repayments of term loan	(1,440,954)	(1,335,403)
Drawdown of term loan	0	5,000,000
Dividend paid	0	(810,066)
Interest paid	(992,427)	(974,081)
Receipt from warrants exercised	335,863	511,328
Net financing cash flow	<u>(4,794,341)</u>	<u>4,863,565</u>
Net movement in cash and cash equivalents	779,031	399,168
Effects of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalent at beginning of the financial period	(9,166,382)	(9,565,548)
Cash and cash equivalent at end of the financial period	<u>(8,387,351)</u>	<u>(9,166,380)</u>

Notes:

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

	RM	RM
Cash and bank balance	2,185,631	1,004,454
Less : Bank overdraft	(10,158,010)	(9,758,446)
Less : Bank balances held under Housing Development Account	(414,972)	(412,388)
	<u>(8,387,351)</u>	<u>(9,166,380)</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 notes to the quarterly financial statement.

1. Basis of Preparation

The condensed interim financial statements is unaudited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by Malaysian Accounting Standards Boards (MASB), and should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 March 2019.

2. Changes in Accounting Policies

The significant 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. Audit report of preceding annual financial statements

The preceding year' audited financial statements ended 31 March 2019 of the Group were 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 31 March 2020.

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
As at 1 st April 2019 (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
December 2019	RM0.19	59,000	75,859,600
January 2020	RM0.19	318,500	75,541,100

9. Dividend Paid

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

10. Segmental Reporting

Financial period ended 31.03.2020	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	3,433,538	4,071,708	60,727,415	0	436,403	68,669,064
Intersegment sales	0	0	(697,590)	0	0	(697,590)
External sales	<u>3,433,538</u>	<u>4,071,708</u>	<u>60,029,825</u>	<u>0</u>	<u>436,403</u>	<u>67,971,474</u>
<u>Results</u>						
Profit / (Loss) from operations	(307,768)	(7,027,704)	3,074,205	(708,782)	(369,884)	(5,339,933)
Finance costs	(22,080)	(429,818)	(1,368,579)	0	(1,188)	(1,821,664)
Profit before tax						(7,161,597)
Taxation						233,711
Net profit for the financial period						<u>(6,927,886)</u>
Segment assets	4,301,355	78,978,361	40,407,045	4,295,730	655,018	128,637,509
Segment liabilities	638,140	20,831,400	23,847,053	456,603	1,100,376	46,873,572
Interest income	0	5,165	93,583	0	0	98,748
Capital expenditure	1,635	0	95,100	1,584	1,350	99,669
Depreciation and amortisation	19,679	114,270	660,362	18,285	62,802	875,398
Allowance for slow moving inventories: - provided for / (reversal)	(67,490)	0	(81,920)	0	0	(149,410)

10. Segmental Reporting (Continued)

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	264,000	523,634	87,547,287
Intersegment sales	0	0	(1,780,231)	(264,000)	0	(2,044,231)
External sales	<u>2,799,432</u>	<u>10,882,300</u>	<u>71,297,690</u>	<u>0</u>	<u>523,634</u>	<u>85,503,056</u>
<u>Results</u>						
Profit / (Loss) on operations	(653,301)	(669,959)	5,119,342	(266,190)	(474,942)	4,394,868
Finance costs	(21,725)	(262,114)	(1,521,655)	0	0	(1,805,494)
Profit before tax						<u>2,589,374</u>
Taxation						<u>(1,133,149)</u>
Net profit for the financial period						<u>1,456,225</u>
Segment assets	1,182,957	97,785,087	47,741,315	4,326,990	432,006	151,468,355
Segment liabilities	105,139	30,805,004	31,122,674	467,373	612,205	63,112,395
Interest income	0	5,075	137,233	0	0	142,308
Capital expenditure	0	1,630	204,511	0	274,370	480,511
Depreciation and amortisation	125,755	29,510	742,211	18,139	42,282	957,897
Allowance for slow moving inventories: - provided for / (reversal)	191,881	0	39,929	0	0	231,810

11. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment have been revalued and amended from 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 31 March 2020 except for the exercise of warrants as follows:-

Date of exercise	No. of warrants exercised	Consideration received (RM)
13 May 2020	44,000	8,360
19 May 2020	430,000	81,700
20 May 2020	290,000	55,100
21 May 2020	240,000	45,600
22 May 2020	219,200	41,648
27 May 2020	140,000	26,600
28 May 2020	260,200	49,438
29 May 2020	241,300	45,847
01 June 2020	120,000	22,800
02 June 2020	11,000	2,090
11 June 2020	341,300	64,847
12 June 2020	45,000	8,550
15 June 2020	20,000	3,800
16 June 2020	30,000	5,700
22 June 2020	44,000	8,360

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. Review of Performance

(a) Overall Results Commentary:

(i) Financial review for the current quarter and corresponding quarter last year

During the current quarter ended 31 March 2020, the Group reported lower revenue of RM18.24 million, a RM7.06 million decline or equivalent to 27.91% drop in sales as compared to RM25.30 million from the corresponding preceding quarter.

The drop in revenue was mainly affected by the adverse global economy situation and Covid-19 pandemic which has caused sharp decline of demand in manufacturing segment during the quarter. The continuing soft property demand due to glut supplies and cautious behaviour of consumers during the uncertain economy situation in the country keep the performance of the property development segment under pressure.

In line with the drop in revenue, the Group posted a pre-tax loss of RM3.90 million for the current quarter under review, compared to pre-tax profit of RM1.16 million for the preceding corresponding quarter.

(ii) Financial review for the financial period to date and corresponding financial period last year

For the 12-months review, the Group registered a total revenue of RM67.97 million, a decrease of RM17.53 million or 20.50% as compared to the RM85.50 million recorded in the corresponding financial period.

The Group posted a pre-tax loss of RM7.16 million for the 12-months under review, as opposed to a pre-tax profit of RM2.59 million reported in the corresponding financial period. The contributing factors to loss incurred by the Group were adverse economy effect caused by corona virus outbreak, provision of LAD, debts impairment, and writing off development expenditure arising from unsuccessful bidding of project.

(iii) Financial review for current quarter compared with immediate preceding quarter

In the current quarter ended 31 March 2020, the Group recorded total revenue of RM 18.24 million against the revenue of RM13.69 million compared to the immediate preceding quarter, an increase of RM4.55 million or 33.24%. the increase was from the sales of inventory and lower provision of LAD during the quarter as compared to zero revenue in the immediate preceding quarter. Revenue for other segments was relatively constant.

The Group posted a pre-tax loss of RM3.90 million during the current quarter compared with pre-tax loss of RM2.97 million in the immediate preceding quarter. The increase in pre-tax loss of RM0.93 million was mainly due to provision for impairment for receivables and writing off of development expenditure due to unsuccessful bidding of development project.

(b) Segmental Results Commentary:

(i) Property and Construction Segment

For the current quarter

There was a RM4.85 million revenue recorded in this current quarter ended 31 March 2020 as compared to RM4.08 million generated during last year corresponding quarter 2019. The higher revenue was recorded mainly attributed to the Casamas project in Ulu Klang has obtained its Certificate of Fitness (CF) in January 2020.

A pre-tax loss of RM2.96 million was recorded for the current quarter ended 31 March 2020 as compared to RM0.56 million profit in the corresponding quarter 2019. The higher segment loss during the quarter under review was due to development expenditure cost charge out in a unsuccessful bidding of a property development project.

For the current year-to-date

During the financial year, the division posted a revenue of RM4.07 million, a RM6.81 million or 62.59% decreased from the RM10.88 million garnered during the last financial period in 2019. The decline was mainly attributable to weak property market sentiment, the absence of revenue from sales of stocks and contra effect of Liquidated and Ascertained Damages (LAD).

In line with the revenue reduction, the division posted a pre-tax loss of RM7.46 million against the pre-tax loss of RM0.93 million. The increase in pre-tax loss of RM6.53 million for the financial year ended 31 March 2020 as compared with last year's corresponding financial period ended March 2019 was due to lower sales recorded, provision of LAD and writing off of project development expenditure for unsuccessful bidding of project.

(ii) Manufacturing Segment

For the current quarter

The manufacturing segment recorded a revenue of RM12.51 million during the current quarter as compared to RM20.33 million generated during last year corresponding quarter. The decrease was mainly attributed to the Covid-19 pandemic outbreak globally. The implementation of lockdown by other affected countries and the Movement Control Order (MCO) by Malaysia government has caused disruptions in supply chain and operations, and delay of sales orders and deliveries by buyers were the main contributing factors for the decline in revenue.

The division recorded pre-tax loss of RM44,234 compared to pre-tax profit of RM1.16 million garnered in the preceding corresponding quarter 2019. The loss was mainly attributed to lower revenue secured in the quarter and a RM0.58 million impairment of doubtful debts under the MFRS guidance.

For the current year-to-date

Revenue for the manufacturing division recorded a total revenue of RM60.03 million during the current financial period, a decrease of RM11.27 million or 15.81% as compared to the RM71.30 million recorded in the corresponding financial period last year. The implementation of lockdown by other affected countries and the Movement Control Order (MCO) by Malaysia government has caused disruptions in supply chain and operations, and delay of sales orders and deliveries by buyers were the main contributing factors for the decline in revenue.

In line with the decline in revenue, the pre-tax profit during the current period has declined by RM2.17 from RM3.80 million to RM1.63 million.

(iii) Direct Selling and Retail Segment

For the current quarter

Revenue of the Direct Selling and Retail segment was relatively unchanged for the current quarter of RM0.74 million compared with last year corresponding quarter of RM0.72 million.

The division recorded a RM0.40 million pre-tax loss during the financial quarter as compared to RM0.26 million generated during the last year corresponding quarter.

For the current year-to-date

Revenue for Direct Selling and Retail segment for the current financial period increased by RM0.62 million or 22.50% to RM3.43 million from RM2.80 million for the preceding corresponding financial period. The increase in revenue was mainly derived from overall better sales performance.

A pre-tax loss of RM0.31 were recorded compared to pre-tax loss of RM0.68 million for the preceding corresponding financial period.

16. Prospects

The uncertainties in global economy caused by trade dispute and political impasse among gigantic countries, the unsettled outbreak of corona-virus pandemic in many countries of the world together with the slow down in domestic economy have posed challenges for the Group in its effort to remain resilient of its performance. Escalating operational cost such as levy and the implementation of minimum wages in February 2020 has certainly affected the Group's margin. Moving forward in light of the prevailing challenges in the manufacturing and construction industry, the Board will continue to manage the business with diligence and remain cautious of the challenges ahead. The Group has since April 2020 involved in the manufacturing of fabric face mask and Personal Protective Equipment, the demand arises as a result of the Covid-19 outbreak has provided the Group an opportunity to multiple its income resources. The Group is also pursuing to secure new contracts of its existing business segments whilst continuously implementing strategies to control costs and improve efficiency and operating performance.

17. Profit Forecast and Profit Guarantee

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

18. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.03.2020 RM	31.03.2019 RM	31.03.2020 RM	31.03.2019 RM
Taxation				
- current period	(170,927)	485,941	424,475	1,427,080
- prior year	0	59,209	(255,091)	35,252
Deferred taxation				
- current period	(89,500)	(434,241)	(403,095)	(329,183)
Tax charge	<u>(260,427)</u>	<u>110,909</u>	<u>(233,711)</u>	<u>1,113,149</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 utilized during the year.

19. Unquoted Investments and Properties

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

20. 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*.

20. Corporate Proposal (Continued)

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.

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.

20. Corporate Proposal (Continued)

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.

20. 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:

- (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;
- (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.

20. Corporate Proposal (Continued)

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.

21. 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 2020 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	8,787,087	11,124,385	19,911,472
Unsecured	<u>3,051,075</u>	<u>0</u>	<u>3,051,075</u>
	11,838,162	11,124,385	22,962,547
<u>US Dollar</u>			
Secured	<u>1,858,779</u>	<u>0</u>	<u>1,858,779</u>
	<u><u>13,696,941</u></u>	<u><u>11,124,385</u></u>	<u><u>24,821,326</u></u>

22. Derivative Financial Instruments

There were no derivative instruments for foreign currency forward contracts and option forward contracts as at the end of the financial period ended 31 March 2020.

23. 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.

24. Changes in Material Litigation

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

25. Proposed Dividend

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

26. 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	
	31.03.2020 (unaudited)	31.03.2019 (audited)	31.03.2020 (unaudited)	31.03.2019 (audited)
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	(3,628,975)	1,063,631	(6,837,606)	1,508,003
Weighted average no. of ordinary shares in issue	164,458,900	81,345,600	164,458,900	81,345,600
Basic EPS (sen)	<u>(0.02)</u>	<u>0.01</u>	<u>(0.04)</u>	<u>0.02</u>

For the financial period ended 31 March 2020, 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.

26. Earnings Per Share (EPS) (Continue)

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.03.2020 (unaudited)	31.03.2019 (audited)	31.03.2020 (unaudited)	31.03.2019 (audited)
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	(3,628,975)	1,063,631	(6,837,606)	1,508,003
Adjusted weighted average no. of ordinary shares	199,535,357	104,759,626	199,535,357	104,759,626
Diluted EPS (sen)	(0.02)	0.01	(0.03)	0.01

27. Capital Commitments

As at 31 March 2020, there was no material capital commitment for the purchase of property, plant and equipment not provided for 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 31.03.2020 RM	12 Months Ended 31.03.2020 RM
(a) Interest income	(26,318)	(98,747)
(b) Interest expense	244,187	1,616,784
(c) Depreciation and amortisation	223,389	875,399
(d) Allowance of receivables	1,061,011	2,261,011
(e) Allowance for slow moving inventories		
- Provided for	1,804,570	522,402
- Reversal	0	(671,813)

28. Profit Before Taxation (Continue)

(f) Loss on disposal of quoted or unquoted investments or properties	2,249	101
(g)(Reversal)/ Provision of Liquidated Ascertained Damages (LAD)	(888,687)	1,038,814
(h) Foreign exchange (loss) / gain	4,072	(359,527)
(i) Gain on PPE Disposal	(2,500)	(56,900)
(j) Loss on derivatives	12,198	14,823

29. Authorisation for issue

The Board of Directors has authorised the release of the unaudited interim financial statements for the fourth quarter ended 31 March 2020 pursuant to a resolution dated 29 June 2020.