

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 1<sup>st</sup> QUARTER ENDED 30 JUNE 2020**



**Caely**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.06.2020 RM (unaudited)	Quarter ended 30.06.2019 RM (audited)	Period ended 30.06.2020 RM (unaudited)	Period ended 30.06.2019 RM (audited)
Revenue	10,516,795	18,031,857	10,516,795	18,031,857
Operating expenses	(12,143,796)	(17,550,894)	(12,143,796)	(17,550,894)
Other operating income	290,883	428,359	290,883	428,359
Profit from operations	(1,336,118)	909,322	(1,336,118)	909,322
Finance costs	(388,736)	(456,704)	(388,736)	(456,704)
(Loss) / Profit before taxation	(1,724,854)	452,618	(1,724,854)	452,618
Taxation	366,195	(338,669)	366,195	(338,669)
Profit from continuing operations	(1,358,659)	113,949	(1,358,659)	113,949
Total comprehensive income	<u>(1,358,659)</u>	<u>113,949</u>	<u>(1,358,659)</u>	<u>113,949</u>
Net profit attributable to:				
Owners of the Company	(1,319,710)	158,028	(1,319,710)	158,028
Non-controlling interest	(38,949)	(44,079)	(38,949)	(44,079)
Net profit	<u>(1,358,659)</u>	<u>113,949</u>	<u>(1,358,659)</u>	<u>113,949</u>
Total comprehensive income attributable to:				
Owners of the Company	(1,319,710)	158,028	(1,319,710)	158,028
Non-controlling interest	(38,949)	(44,079)	(38,949)	(44,079)
Total comprehensive income	<u>(1,358,659)</u>	<u>113,949</u>	<u>(1,358,659)</u>	<u>113,949</u>
Earnings per share:(Note 26)				
- basic (sen)	(0.79)	0.10	(0.79)	0.10
- diluted (sen)	(0.66)	0.10	(0.66)	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 2020 and the accompanying notes to the quarterly financial statement.**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 30.06.2020 RM (unaudited)	As at 31.03.2020 RM (audited)
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	24,044,319	24,461,396
Right-of-use assets	737,386	751,129
Investment property	4,100,000	4,100,000
Deferred tax assets	2,896,802	2,530,607
	<u>31,778,507</u>	<u>31,843,132</u>
<b>CURRENT ASSETS</b>		
Property development costs	23,691,535	23,746,955
Inventories	30,369,235	29,019,926
Receivables, deposits and prepayments	36,118,125	36,492,517
Tax recoverable	183,554	184,306
Marketable securities	9,163	3,113
Deposits with licensed banks	3,083,185	3,061,802
Deposits, bank and cash balances	2,122,397	2,121,831
	<u>95,577,194</u>	<u>94,630,450</u>
<b>TOTAL ASSETS</b>	<u><u>127,355,701</u></u>	<u><u>126,473,582</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	50,736,991	50,266,551
Other reserves	10,736,804	10,736,804
Retained profits	19,995,517	21,315,227
	<u>81,469,312</u>	<u>82,318,582</u>
Non-controlling interest	(1,207,254)	(1,168,305)
Equity attributable to owners of the Company	<u>80,262,058</u>	<u>81,150,277</u>
<b>NON CURRENT LIABILITIES</b>		
Lease liabilities	577,424	609,536
Term loan	11,323,425	10,966,509
Deferred tax liabilities	1,045,079	1,045,079
	<u>12,945,928</u>	<u>12,621,124</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 2020 and the accompanying notes to the quarterly financial statement.

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

	As at 30.06.2020 RM (unaudited)	As at 31.03.2020 RM (audited)
<b>CURRENT LIABILITIES</b>		
Payables and accruals	17,227,657	14,605,835
Amount owing to a director	1,401,412	1,461,589
Provisions	467,148	467,148
Contract liabilities	2,215,644	2,155,034
Derivative liabilities payable	0	12,198
Tax payable	0	22,932
Lease liabilities	127,789	122,629
Term loan	1,430,168	1,588,043
Short term bank borrowings		
- bank overdrafts	9,194,807	10,158,010
- others	2,083,090	2,108,763
	<u>34,147,715</u>	<u>32,702,181</u>
<b>TOTAL LIABILITIES</b>	<u>47,093,643</u>	<u>45,323,305</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>127,355,701</u>	<u>126,473,582</u>
<b>Net Tangible Assets per share</b>	<u><u>0.48</u></u>	<u><u>0.49</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 2020 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 2020	50,266,551	0	80,344	10,656,460	21,315,227	82,318,582	(1,168,305)	81,150,277
Net profit for the financial period	0	0	0	0	(1,319,710)	(1,319,710)	(38,949)	(1,358,659)
Total Comprehensive income	0	0	0	0	(1,319,710)	(1,319,710)	(38,949)	(1,358,659)
Exercise of Warrants	470,440	0	0	0	0	470,440	0	470,440
At 30 June 2020	50,736,991	0	80,344	10,656,460	19,995,517	81,469,312	(1,207,254)	80,262,058

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 2020 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 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	158,028	158,028	(44,079)	113,949
Total Comprehensive income	0	0	0	0	158,028	158,028	(44,079)	113,949
Exercise of Warrants	174,325	0	0	0	0	174,325	0	174,325
At 30 June 2019	50,105,013	0	80,344	10,741,937	28,838,212	89,765,506	(1,033,114)	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 2020 and the accompanying explanatory notes to the quarterly financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	30.06.2020 RM (unaudited)	30.06.2019 RM (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(1,358,659)	452,618
Adjustments for:		
Property, plant and equipment		
- depreciation	206,051	219,137
Right-of-use assets		
- depreciation	13,743	0
Liquidated damages receivable from contractors		
- Provision for liquidated damages	60,610	342,115
Interest expense	388,736	454,311
Interest income	(20,012)	(14,355)
Allowance for slow moving inventories		
- provided for	141,713	85,389
- reversal	(15,585)	(66,729)
Gain on disposal of marketable securities	(6,050)	(1,299)
Fair value (gain) / loss on derivative financial instruments	(12,198)	2,625
Net unrealized foreign exchange gain	(26,874)	(22,879)
	<u>(628,525)</u>	<u>1,450,933</u>
Net movements in working capital:		
Inventories	(1,475,437)	(728,799)
Property development cost	55,419	(297,342)
Receivables	584,369	463,929
Payables	2,621,822	1,175,547
Cash flows generated from operations	<u>1,157,648</u>	<u>2,064,268</u>
Liquidated damages and compensation paid	0	(20,000)
Interest paid	(388,736)	(454,311)
Tax refund	752	0
Income tax paid	0	(107,674)
Net operating cash flow	<u>769,664</u>	<u>1,482,283</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 2020 and the accompanying notes to the quarterly financial statement.**

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

	30.06.2020 RM (unaudited)	30.06.2019 RM (unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment - payments for acquisition	(5,703)	(13,784)
Interest income received	20,012	14,355
Net Investing cash flow	<u>14,309</u>	<u>571</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short term bank borrowings	(25,672)	(2,423,092)
Repayment of advances to a director	(98,337)	(94,532)
Repayments of hire-purchase creditors	(26,951)	(25,145)
Repayments of term loan	0	(324,483)
Interest paid	(4,804)	0
Receipt from warrants exercised	470,440	174,325
Net financing cash flow	<u>314,676</u>	<u>(2,692,927)</u>
Net movement in cash and cash equivalents	1,098,649	(1,210,073)
Effects of exchange rate changes on cash and cash equivalents	26,874	22,879
Cash and cash equivalent at beginning of the financial period	<u>(8,613,497)</u>	<u>(9,166,382)</u>
Cash and cash equivalent at end of the financial period	<u><u>(7,487,974)</u></u>	<u><u>(10,353,576)</u></u>

Notes:

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

	RM	RM
Cash and bank balance	2,122,397	776,047
Less : Bank overdraft	(9,194,807)	(10,717,937)
Less : Bank balances held under Housing Development Account	(415,564)	(411,686)
	<u><u>(7,487,974)</u></u>	<u><u>(10,353,576)</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 2020 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 2020.

## 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 2020 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:-

(a) **Standard issued and effective**

Effective for the  
 Financial period  
 beginning on or  
 after

**Description**

- Annual improvements to MFRS 2015 - 2017 cycle
  - Amendments to MFRS 3, Business Combinations 1 January 2019
  - Amendments to MFRS 11, Joint Arrangements 1 January 2019
  - Amendments to MFRS 112, Income Taxes 1 January 2019
  - Amendments to MFRS 123, Borrowing Costs 1 January 2019
- Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment and Settlement 1 January 2019
- MFRS 16, Leases 1 January 2019
- Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation 1 January 2019
- Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures 1 January 2019
- IC Interpretation 23, Uncertainty over Income Tax Treatments 1 January 2019

Adoption of above amended MFRS did not have any material impact to the financial performances or positions of the Group and of the Company except for changes in accounting policies as disclosed in Note 1(c) to the Financial Statements.

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for the  
 Financial period  
 beginning on or  
 after

**Description**

- Amendments to References to the Conceptual Framework in MFRS Standards
  - Amendments to MFRS 2, Share-Based Payment 1 January 2020
  - Amendments to MFRS 3, Business Combinations 1 January 2020
  - Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources 1 January 2020
  - Amendments to MFRS 14, Regulatory Deferral Accounts 1 January 2020
  - Amendments to MFRS 101, Presentation of Financial Statements 1 January 2020

**(a) Standard issued and effective (continued)**

	Effective for the Financial period beginning on or after
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
- Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
- Amendments to MFRS 138, Intangible Assets	1 January 2020
- Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
- Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
- Amendments to IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
- Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
- Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between An Investor and its Associate or Joint Venture	Deferred
• MFRS 17, Insurance Contracts	1 January 2021

**(b) Standards issued but not yet effective**

<b>Description</b>	Effective for the Financial period beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards (continued)	
- Amendments to MFRS 3, Business Combinations: Definition of Business	1 January 2020
- Amendments to MFRS 101, Presentation of Financial Statement and MFRS108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures Interest Rate Benchmark Reform	1 January 2020

**(c) Standards issued but not yet effective (continued)**

	Effective for the Financial period beginning on or after
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions	1 June 2020
- Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2022
- Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework	1 January 2022
- Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment -- Proceeds before Intended Use	1 January 2022
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts -- Cost of Fulfilling a Contract	
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141, Agriculture	1 January 2022

The initial application of the accounting standards, amendments or interpretations are not expected to have material impact to the financial statements of the Group and of the Company.

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's audited financial statements ended 31 March 2020 of the Group has a qualified opinion by the independent external auditor with the basis of qualified opinion as below:-

The Group through its subsidiary, Caely (M) Sdn Bhd ("CMSB") has trade receivables with a carrying amount of approximately RM11.995 million as at 31 March 2020 including the retention sum of RM4.863 million. On 28 February 2018, CMSB had completed the construction work, however only RM250,000 repayment received since then due to change of Government and Global Pandemic of Covid-19 in Malaysia. During the intervening period, all the payment of the construction had been delayed. In view of the prolonged delay of repayment, the carrying amount of trade receivables may be impaired because of the uncertainty as to the recoverable amounts. The Board of Directors of the Company (based on information/facts available) has assessed and concluded that there should not be any impairment loss on the trade receivables in its existing condition and/or realised at a value close to its carrying amount as at financial year end.

We are uncertain of the full recovery of certain trade receivables of the Group amounting to RM11.995 million as at financial year end, as a substantial amount on the completed constructions payments that have not been received. We were unable to obtain sufficient and appropriate audit evidence on the impairment assessment of the abovementioned carrying amount of the said receivables in accordance with MFRS 9 *Financial Instruments*. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

#### **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 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 <sup>st</sup> 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
May 2020	RM0.19	1,864,700	73,676,400
June 2020	RM0.19	611,300	73,065,100

## 9. Dividend Paid

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

**10. Segmental Reporting**

Financial period ended 30.06.2020	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	1,336,691	0	9,504,071	0	105,317	10,946,079
Intersegment sales	0	0	(429,284)	0	0	(429,284)
External sales	<u>1,336,691</u>	<u>0</u>	<u>9,074,787</u>	<u>0</u>	<u>105,317</u>	<u>10,516,795</u>
<u>Results</u>						
Profit / (Loss) from operations	60,086	(639,257)	(567,655)	(108,869)	(80,423)	(1,336,118)
Finance costs	(4,986)	(104,447)	(279,303)	0	0	(388,736)
Profit before tax						(1,724,854)
Taxation						366,195
Net profit for the financial period						<u>(1,358,659)</u>
Segment assets	4,267,103	76,112,025	42,075,063	4,240,025	661,485	127,355,701
Segment liabilities	587,248	19,458,759	25,453,803	422,326	1,171,507	47,093,643
Interest income	0	823	19,189	0	0	20,012
Capital expenditure	0	0	5,703	0	0	5,703
Depreciation and amortisation	3,745	25,340	160,896	4,575	25,238	219,794
Allowance for slow moving inventories: - provided for / (reversal)	0	0	126,128	0	0	126,128

**10. Segmental Reporting (Continued)**

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) on operations	(34,782)	(678,569)	1,906,557	(191,448)	(92,436)	909,322
Finance costs	(5,508)	(112,593)	(338,115)	0	(488)	<u>(456,704)</u>
Profit before tax						452,618
Taxation						<u>(338,669)</u>
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
Allowance for slow moving inventories: - provided for / (reversal)	(66,729)	0	85,389	0	0	18,660



### 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 2020.

### 12. Subsequent Events

There were no other material events subsequent to the end for the financial period ended 30 June 2020 except for the exercise of warrants as follows:-

Date of exercise	No. of warrants exercised	Consideration received (RM)
15 July 2020	230,300	43,757
17 July 2020	35,300	6,707
23 July 2020	200,000	38,000
24 July 2020	80,000	15,200
27 July 2020	130,000	24,700
28 July 2020	531,300	100,947
29 July 2020	260,200	49,438
30 July 2020	310,000	58,900
04 August 2020	245,000	46,550
05 August 2020	130,000	24,700
06 August 2020	484,000	91,960
07 August 2020	556,000	105,640
10 August 2020	500,000	95,000
11 August 2020	5,140,000	976,600
12 August 2020	1,361,300	258,647
13 August 2020	70,000	13,300

### 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**

Caely has achieved its revenue of RM10.52 million in the Q1 FYE2021 as compared to RM18.03 million in the corresponding preceding quarter. The decrease of RM7.51 million or 41.65% on revenue was attributed to the implementation of Movement control Order (MCO) by the government of Malaysia during the quarter resulting by Covid-19 pandemic outbreak in the world as well as the weak property market in Malaysia.

In line with the lower revenue in current quarter ended 30 June 2020, the group recorded pre-tax loss of RM1.72 million compared to pre-tax profit of RM0.45 million in the preceding quarter.

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

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

The property segment recorded zero revenue in this reporting quarter compared to RM0.77 million recorded in the corresponding preceding quarter.

Despite the zero sales during the quarter, a lower pre-tax loss of RM0.74 million was recorded as compared to RM0.79 million loss in the corresponding quarter 2019. This was mainly due to during the quarter no LAD was being provided and lower operating expenses were incurred as a result of cost saving exercise taken by the company during MCO period.

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

The manufacturing segment recorded a revenue of RM9.07 million during the current quarter as compared to RM16.28 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 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 segment recorded pre-tax loss of RM0.85 million compared to pre-tax profit of RM1.57 million garnered in the preceding corresponding quarter 2019. The loss was mainly attributed to low revenue secured in the quarter which was insufficient to cover the fixed cost incurred.

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

The revenue of the Direct Selling and Retail segment has increased by RM0.47 million to RM1.34 million during the quarter as compared with last year corresponding quarter of RM0.87 million.

In correspondence to the increase of revenue, the segment recorded a RM55,100 pre-tax profit during the quarter as compared to pre-tax loss of RM40,290 during the last year corresponding quarter.

**16. Prospects**

The uncertainties in global economy, 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 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 impact of the new venture remained to be seen in the second quarter of current financial year. 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 3 months ended	
	30.06.2020	31.06.2019	30.06.2020	30.06.2019
	RM	RM	RM	RM
Taxation				
- current period	0	298,729	0	298,729
Deferred taxation				
- current period	(366,195)	39,940	(366,195)	39,940
Tax charge	<u>(366,195)</u>	<u>338,669</u>	<u>(366,195)</u>	<u>338,669</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. 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 2020 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	8,640,329	11,124,383	19,764,712
Unsecured	<u>2,228,713</u>	<u>0</u>	<u>2,228,713</u>
	10,869,042	11,124,383	21,993,425
<u>US Dollar</u>			
Secured	<u>1,839,023</u>	<u>0</u>	<u>1,839,023</u>
	<u><u>12,708,065</u></u>	<u><u>11,124,383</u></u>	<u><u>23,832,448</u></u>

## 21. 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 30 June 2020.

## 22. Fair Value Changes of Financial Liabilities

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

## 23. Changes in Material Litigation

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

## 24. Proposed Dividend

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

## 25. Earnings Per Share (EPS)

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

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.06.2020 (unaudited)	30.06.2019 (audited)	30.06.2020 (unaudited)	30.06.2019 (audited)
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	(1,319,710)	158,028	(1,319,710)	158,028
Weighted average no. of ordinary shares in issue	166,934,900	163,608,700	163,934,900	163,608,700
Basic EPS (sen)	<u>(0.79)</u>	<u>0.10</u>	<u>(0.79)</u>	<u>0.10</u>

For the financial period ended 30 June 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.

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.06.2020 (unaudited)	30.06.2019 (audited)	30.06.2020 (unaudited)	30.06.2019 (audited)
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	(1,319,710)	158,028	(1,319,710)	158,028
Adjusted weighted average no. of ordinary shares	<u>200,861,661</u>	<u>163,608,700</u>	<u>200,861,661</u>	<u>163,608,700</u>
Diluted EPS (sen)	<u>(0.66)</u>	<u>0.10</u>	<u>(0.66)</u>	<u>0.10</u>

## 26. Capital Commitments

As at 30 June 2020, there was no material capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements.

## 27. Profit Before Taxation

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

	3 Months Ended 30.06.2020 RM	3 Months Ended 30.06.2020 RM
(a) Interest income	(20,012)	(20,012)
(b) Interest expense	388,736	388,6736
(c) Depreciation and amortisation		
- Normal assets items	206,051	206,051
- Right-of-use assets	13,743	13,743
(d) Allowance for slow moving inventories		
- Provided for	141,713	141,713
- Reversal	(15,585)	(15,585)
(e) Loss/ (Gain) on disposal of quoted or unquoted investments or properties	(6,050)	(6,050)
(f)(Reversal)/ Provision of Liquidated Ascertained Damages (LAD)	60,610	60,610
(g) Foreign exchange loss / (gain)		
- Realized	(152,613)	(152,613)
- Unrealized	(26,874)	(26,874)
(h) Loss / (Gain) on derivatives	(12,198)	(12,198)

## 28. Authorisation for issue

The Board of Directors has authorised the release of the unaudited interim financial statements for the first quarter ended 30 June 2020 pursuant to a resolution dated 24 August 2020.