

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE 2nd QUARTER ENDED 30 SEPTEMBER 2020**



Caely

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.09.2020 RM	Quarter ended 30.09.2019 RM	Period ended 30.09.2020 RM	Period ended 30.09.2019 RM
Revenue	15,852,048	18,013,628	26,368,844	36,045,485
Operating expenses	(15,009,041)	(18,323,770)	(27,152,836)	(35,874,664)
Other operating income	441,363	63,208	732,246	491,566
Profit / (loss) from operations	1,284,370	(246,934)	(51,746)	662,387
Finance costs	(391,653)	(496,251)	(780,389)	(952,955)
Profit / (loss) before taxation	892,717	(743,185)	(832,135)	(290,568)
Taxation	(145,577)	(73,083)	220,618	(411,752)
Profit / (loss) from continuing operations	747,140	(816,268)	(611,517)	(702,320)
Total comprehensive income	747,140	(816,268)	(611,517)	(702,320)
Net profit attributable to:				
Owners of the Company	778,521	(819,338)	(541,187)	(661,312)
Non-controlling interest	(31,381)	3,070	(70,330)	(41,008)
Net profit / (loss)	747,140	(816,268)	(611,517)	(702,320)
Total comprehensive income attributable to:				
Owners of the Company	778,521	(819,338)	(541,187)	(661,312)
Non-controlling interest	(31,381)	3,070	(70,330)	(41,008)
Total comprehensive income	747,140	(816,268)	(611,517)	(702,320)
Earnings per share:(Note 26)				
- basic (sen)	0.44	(0.50)	(0.30)	(0.40)
- diluted (sen)	0.36	(0.39)	(0.25)	(0.32)

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 30.09.2020 RM	As at 31.03.2020 RM
NON CURRENT ASSETS		
Property, plant and equipment	24,084,302	24,461,396
Right-of-use assets	723,643	751,129
Investment properties	4,100,000	4,100,000
Deferred tax assets	3,062,579	2,530,607
	<u>31,970,524</u>	<u>31,843,132</u>
CURRENT ASSETS		
Property development costs	24,004,284	23,746,955
Inventories	31,630,576	29,019,926
Receivables, deposits and prepayments	35,139,678	36,492,517
Tax recoverable	295,958	184,306
Marketable securities	0	3,113
Deposits with licensed banks	3,100,741	3,061,802
Deposits, bank and cash balances	3,611,802	2,121,831
	<u>97,783,039</u>	<u>94,630,450</u>
TOTAL ASSETS	<u><u>129,753,563</u></u>	<u><u>126,473,582</u></u>
EQUITY AND LIABILITIES		
Share capital	52,865,067	50,266,551
Other reserves	10,736,804	10,736,804
Retained profits	20,774,040	21,315,227
	<u>84,375,911</u>	<u>82,318,582</u>
Non-controlling interest	(1,238,635)	(1,168,305)
Equity attributable to owners of the Company	<u>83,137,276</u>	<u>81,150,277</u>
NON CURRENT LIABILITIES		
Lease liabilities	555,548	609,536
Term loans	11,517,666	10,966,509
Deferred tax liabilities	1,163,452	1,045,079
	<u>13,236,666</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 30.09.2020 RM	As at 31.03.2020 RM
CURRENT LIABILITIES		
Payables and accruals	19,331,095	14,605,835
Amount owing to a director	771,917	1,461,589
Provisions	332,074	467,148
Contract liabilities	1,200,195	2,155,034
Derivative liabilities payable	0	12,198
Tax payable	0	22,932
Lease liabilities	122,262	122,629
Term loans	1,430,168	1,588,043
Short term bank borrowings		
- bank overdrafts	8,297,967	10,158,010
- others	1,893,943	2,108,763
	<u>33,379,621</u>	<u>32,702,181</u>
TOTAL LIABILITIES	<u>46,616,287</u>	<u>45,323,305</u>
TOTAL EQUITY AND LIABILITIES	<u>129,753,563</u>	<u>126,473,582</u>
Net Tangible Assets per share	<u><u>0.47</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	(541,187)	(541,187)	(70,330)	(611,517)
Total Comprehensive income	0	0	0	0	(541,187)	(541,187)	(70,330)	(611,517)
Exercise of Warrants	2,598,516	0	0	0	0	2,598,516	0	2,598,516
At 30 September 2020	52,865,067	0	80,344	10,656,460	20,774,040	84,375,911	(1,238,635)	83,137,276

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	(661,312)	(661,312)	(41,008)	(702,320)
Total Comprehensive income	0	0	0	0	(661,312)	(661,312)	(41,008)	(702,320)
Exercise of Warrants	264,139	0	0	0	0	264,139	0	264,139
At 30 September 2019	50,194,827	0	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 2020 and the accompanying explanatory notes to the quarterly financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30.09.2020 RM	30.09.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(832,135)	(290,568)
Adjustments for:		
Property, plant and equipment		
- depreciation	327,710	435,440
- Gains on disposal	0	(25,700)
Right-of-use assets		
- depreciation	110,973	0
- Gains on disposal	(500)	0
Liquidated damages receivable from contractors		
- (Reversal) / Provision for liquidated damages	(954,839)	855,463
Interest expense	780,389	948,192
Interest income	(37,386)	(47,403)
Allowance for slow moving inventories		
- provided for	352,730	133,905
- reversal	(435,032)	(670,038)
Fair value (gain) / loss on disposal of marketable securities	0	(2,148)
Fair value (gain) / loss on derivative financial instruments	(12,198)	2,625
Net unrealized foreign exchange loss / (gain)	(3,558)	0
	<u>(703,846)</u>	<u>1,339,768</u>
Net movements in working capital:		
Inventories	(2,528,348)	(102,624)
Property development cost	(257,329)	(1,145,769)
Receivables	3,819,765	2,233,431
Payables	2,303,510	702,862
	<u>2,633,752</u>	<u>3,027,668</u>
Cash flows generated from operations	2,633,752	3,027,668
Liquidated damages and compensation paid	(135,074)	(40,000)
Interest paid	(780,389)	(948,192)
Income tax refund	752	1,865,159
Income tax paid	0	(269,185)
	<u>1,719,041</u>	<u>3,635,450</u>
Net operating cash flow	1,719,041	3,635,450

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)

	30.09.2020	30.09.2019
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(35,744)	(99,669)
- proceeds from disposals	40,310	25,700
Interest income received	37,386	47,403
Marketable securities		
- proceeds from disposals	3,113	0
Net Investing cash flow	<u>45,065</u>	<u>(26,566)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of)/ Receipts of short term bank borrowings	(214,820)	(884,939)
Repayment of advances to a director	(689,672)	(50,967)
Repayments of hire-purchase creditors	(54,354)	(50,741)
Repayments of term loan	(393,283)	(680,147)
Receipt from warrants exercised	2,598,516	264,138
Net financing cash flow	<u>1,246,387</u>	<u>(1,402,656)</u>
Net movement in cash and cash equivalents	3,010,493	2,206,228
Effects of exchange rate changes on cash and cash equivalents	3,559	0
Cash and cash equivalent at beginning of the financial period	<u>(8,451,148)</u>	<u>(9,166,382)</u>
Cash and cash equivalent at end of the financial period	<u><u>(5,437,096)</u></u>	<u><u>(6,960,154)</u></u>

Notes:

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

	RM	RM
Cash and bank balance	3,611,802	3,478,259
Less : Bank overdraft	(8,297,967)	(10,025,585)
Less : Bank balances held under Housing Development Account	(750,931)	(412,828)
	<u><u>(5,437,096)</u></u>	<u><u>(6,960,154)</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:

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

Description	Effective for the Financial period beginning on or after
• 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
• 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:

Description	Effective for the Financial period beginning on or after
• 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

	Effective for the Financial period beginning on or after
Description	
• 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

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

	Effective for the Financial period beginning on or after
- 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
- 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 auditors' report on the annual financial statements of the Group for the financial year ended 31 March 2020 was qualified and the details of the qualification are as described belows:-

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Qualified Opinion

The Company 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, the Company 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 realized 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 Company 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 above mentioned carrying amount of the said receivables in accordance with MFRS 9 Financial Instruments. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standard on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide as a basis for our qualified opinion.

The company did not receive any payment from the above mention construction sum as at to date of this financial reporting period. However, efforts of applying for the Certificate of Compliance and Completion ("CCC") has been progressing with expected date of obtaining the CCC in fourth quarter for financial year ended 31 March 2021

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 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 unexercised warrants
As at 1 st April 2020			75,541,100
May 2020	RM0.19	1,864,700	73,676,400
June 2020	RM0.19	611,300	73,065,100
July 2020	RM0.19	1,777,100	71,288,000
August 2020	RM0.19	9,343,300	61,944,700
September 2020	RM0.19	80,000	61,864,700

9. Dividend Paid

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

10. Significant Related Party Transaction

There were no significant related party transactions during the quarter under review.

11. Segmental Reporting

The Group is principally involved in Manufacturing and sales of undergarments, Direct Selling and retails business, Property development and construction and Recreational and hospitality. The segmental analysis of the Group for the financial year under review are as follows:-

Business segments

Financial period ended 30.09.2020	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	2,777,673	(1,466,912)	25,809,112	0	249,530	27,369,403
Intersegment sales	0	0	(1,000,559)	0	0	(1,000,559)
External sales	<u>2,777,673</u>	<u>(1,466,912)</u>	<u>24,808,553</u>	<u>0</u>	<u>249,530</u>	<u>26,368,844</u>
<u>Results</u>						
Profit / (Loss) from operations	189,845	(1,193,559)	1,365,227	(266,288)	(146,971)	(51,746)
Finance costs	(9,537)	(202,407)	(568,445)	0	0	(780,389)
Profit before tax						(832,135)
Taxation						220,618
Net profit for the financial period						<u>(611,517)</u>
Segment assets	4,287,076	74,055,312	46,495,698	4,261,141	654,336	129,753,563
Segment liabilities	619,486	16,440,728	27,971,998	421,094	1,162,981	46,616,287
Interest income	0	1,694	35,692	0	0	37,386
Capital expenditure	1,635	0	34,109	0	0	35,744
Depreciation & amortisation	7,490	50,680	321,005	9,149	50,359	438,683
Allowance for slow moving inventories: - provided for / (reversal)	131,350	0	(213,652)	0	0	(82,302)

Business segments

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>36,045,458</u>
<u>Results</u>						
Profit / (Loss) on 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)	<u>(952,955)</u>
Profit before tax						(290,568)
Taxation						<u>(411,752)</u>
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
Allowance for slow moving inventories: - provided for / (reversal)	(186,077)	0	(350,056)	0	0	(536,133)

12. 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.

13. Subsequent Events

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

Date of exercise	No. of warrants exercised	Consideration received (RM)
06 October 2020	40,000	7,600
13 October 2020	6,095,400	1,158,126
15 October 2020	5,000,000	950,000
16 October 2020	2,000,000	380,000
22 October 2020	84,000	15,960
27 October 2020	200,000	38,000
05 November 2020	4,000,000	760,000

14. Changes in Composition of the Group

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

15. 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.

16. Review of Performance

(a) Overall Results Commentary:

(i) Current Quarter versus Preceding Corresponding Quarter

The Group recorded a revenue of RM26.37 million, which was 26.85% lower than RM36.05 million generated during last year's corresponding quarter. The RM9.68 million decline was mainly attributed to adverse business conditions due by Covid-19 pandemic outbreak in the world as well as weak property market in Malaysia.

In line with the drop in revenue, the loss before tax ("LBT") of the Group increased to RM0.83 million from the LBT of RM0.29 million as compared to the preceding year's corresponding quarter under review.

For the current period under review, the Group recorded a revenue of RM15.85 million as compared to the RM18.01 million for the preceding corresponding period, a decline of RM2.16 million. The decline was mainly due to the cancellation of Sales & Purchase Agreement of the property buyers.

Despite of lower sales recorded, the Group managed to achieve a profit before tax (“PBT”) of RM0.89 million for the current period under review, and increase of RM1.63 million over the LBT of RM0.74 million of preceding corresponding period. This was largely due to the reversal of Liquidated Ascertain Damages (“LAD”) which has been provided for in previous periods after obtaining agreement for discount from the buyers. The total amount of LAD being reversed during the current period was RM0.95 million.

(b) Segmental Results Commentary:

(i) Property and Construction Segment

The property segment recorded a negative revenue of RM1.47 million in this reporting quarter compared to RM0.21 million recorded in the corresponding preceding quarter. The negative revenue was due by the cancellation of Sales & Purchase Agreement of the property buyers while and at the same time there was no sales transaction being recorded.

Despite the negative revenue, a lower pre-tax loss of RM1.40 million was recorded as compared to RM2.16 million pre-tax loss in the corresponding quarter 2019. The lower loss was due to the reversal of LAD of RM0.95 million and lower operating expenses were incurred in the current period.

(ii) Manufacturing Segment

Revenue for Manufacturing segment for the current period was RM24.81 million, a decrease of RM9.00 million as compared to the preceding corresponding period of RM33.81 million. The decline in revenue was mainly due to the Covid-19 outbreak which has affected our export market.

In line with the decrease in revenue, PBT has declined by RM1.76 million to RM0.80 million from RM2.56 million.

(iii) Direct Selling and Retail Segment

The revenue of the Direct Selling and Retail segment has increased by RM1.02 million to RM2.78 million during the quarter as compared compared with last year corresponding quarter of RM1.76 million. The sales increase was attributed to the intensive marketing efforts, especially on line and digital marketing, carried out by the Company.

In line with the higher turnover, the pre-tax profit has increased RM0.35 million to RM0.18 million as compared to pre-tax loss of RM0.17 million in the last year corresponding quarter.

17. 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.

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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM	RM	RM	RM
Taxation				
- current period	172,011	278,615	172,011	577,344
- prior year	0	0	0	0
Deferred taxation				
- current period	(26,434)	(205,532)	(392,629)	(165,592)
Tax charge	<u>145,577</u>	<u>73,083</u>	<u>(220,618)</u>	<u>411,752</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.

20. Unquoted Investments and Properties

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

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 30 September 2020 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	8,572,380	11,517,666	20,090,046
Unsecured	<u>1,268,568</u>	<u>0</u>	<u>1,268,568</u>
	9,840,948	11,517,666	21,358,614
<u>US Dollar</u>			
Secured	<u>1,781,130</u>	<u>0</u>	<u>1,781,130</u>
	<u><u>11,622,078</u></u>	<u><u>11,517,666</u></u>	<u><u>23,139,744</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 30 September 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 6 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	778,821	(819,338)	(541,187)	(661,312)
Weighted average no. of ordinary shares in issue	178,135,300	164,081,400	178,135,300	164,081,400
Basic EPS (sen)	<u><u>0.44</u></u>	<u><u>(0.50)</u></u>	<u><u>(0.30)</u></u>	<u><u>(0.40)</u></u>

For the financial period ended 30 September 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 6 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	778,821	(819,338)	(541,187)	(661,312)
Adjusted weighted average no. of ordinary shares	<u>216,650,193</u>	<u>208,872,391</u>	<u>216,650,193</u>	<u>208,872,391</u>
Diluted EPS (sen)	<u>0.36</u>	<u>(0.39)</u>	<u>(0.25)</u>	<u>(0.32)</u>

27. Capital Commitments

As at 30 September 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 30.09.2020 RM	6 Months Ended 30.09.2020 RM
(a) Interest income	(17,374)	(37,386)
(b) Interest expense	391,653	780,389
(c) Depreciation and amortisation		
- Normal assets items	274,377	327,710
- Right-of-use assets	55,486	110,973

(d) Allowance for slow moving inventories		
- Provided for	93,380	352,730
- Reversal	(433,160)	(435,032)
(e)(Reversal)/ Provision of Liquidated Ascertained Damages (1,015,449)		(954,839)
(f) Foreign exchange loss / (gain)		
- Realized	(268,606)	(448,093)
- Unrealized	(3,558)	(3,558)
(g) Gain on PPE Disposal	(500)	(500)
(h) Loss / (Gain) on derivatives	0	(12,198)

29. Authorisation for issue

The Board of Directors has authorised the release of the unaudited interim financial statements for the second quarter ended 30 September 2020 pursuant to a resolution dated 17 November 2020.