

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE 3rd QUARTER ENDED 31 DECEMBER 2020**



Caely

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2020 RM	Quarter ended 31.12.2019 RM	Period ended 31.12.2020 RM	Period ended 31.12.2019 RM
Revenue	18,264,069	13,689,889	44,632,913	49,735,374
Operating expenses	(16,942,182)	(16,424,251)	(44,082,198)	(52,298,915)
Other operating income	0	190,088	719,424	681,655
Profit / (loss) from operations	1,321,887	(2,544,274)	1,270,139	(1,881,886)
Finance costs	(123,542)	(426,244)	(903,930)	(1,379,199)
Profit / (loss) before taxation	1,198,345	(2,970,518)	366,209	(3,261,085)
Taxation	(584,167)	385,036	(363,549)	(26,716)
Profit / (loss) from continuing operations	614,178	(2,585,482)	2,660	(3,287,801)
Total comprehensive income	614,178	(2,585,482)	2,660	(3,287,801)
Net profit attributable to:				
Owners of the Company	621,317	(2,547,321)	80,129	(3,208,631)
Non-controlling interest	(7,139)	(38,161)	(77,469)	(79,170)
Net profit / (loss)	614,178	(2,585,482)	2,660	(3,287,801)
Total comprehensive income attributable to:				
Owners of the Company	621,317	(2,547,321)	80,129	(3,208,631)
Non-controlling interest	(7,139)	(38,161)	(77,469)	(79,170)
Total comprehensive income	614,178	(2,585,482)	2,660	(3,287,801)
Earnings per share:(Note 26)				
- basic (sen)	0.30	(1.55)	0.04	(1.96)
- diluted (sen)	0.27	(1.22)	0.04	(1.53)

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 31.12.2020 RM	As at 31.03.2020 RM
NON CURRENT ASSETS		
Property, plant and equipment	23,933,041	24,461,396
Right-of-use assets	709,900	751,129
Investment properties	4,100,000	4,100,000
Deferred tax assets	2,530,607	2,530,607
	<u>31,273,548</u>	<u>31,843,132</u>
CURRENT ASSETS		
Property development costs	23,266,284	23,746,955
Inventories	30,358,366	29,019,926
Receivables, deposits and prepayments	32,702,597	36,492,517
Tax recoverable	0	184,306
Marketable securities	0	3,113
Deposits with licensed banks	3,114,848	3,061,802
Deposits, bank and cash balances	4,416,705	2,121,831
	<u>93,858,800</u>	<u>94,630,450</u>
TOTAL ASSETS	<u><u>125,132,348</u></u>	<u><u>126,473,582</u></u>
EQUITY AND LIABILITIES		
Share capital	58,020,546	50,266,551
Other reserves	10,736,804	10,736,804
Retained profits	21,395,356	21,315,227
	<u>90,152,706</u>	<u>82,318,582</u>
Non-controlling interest	(1,245,774)	(1,168,305)
Equity attributable to owners of the Company	<u>88,906,932</u>	<u>81,150,277</u>
NON CURRENT LIABILITIES		
Lease liabilities	542,916	609,536
Term loans	10,936,922	10,966,509
Deferred tax liabilities	786,487	1,045,079
	<u>12,266,325</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 31.12.2020 RM	As at 31.03.2020 RM
CURRENT LIABILITIES		
Payables and accruals	15,526,681	14,605,835
Amount owing to a director	769,035	1,461,589
Provisions	258,354	467,148
Contract liabilities	541,644	2,155,034
Derivative liabilities payable	0	12,198
Tax payable	334,828	22,932
Lease liabilities	107,039	122,629
Term loans	1,458,800	1,588,043
Short term bank borrowings		
- bank overdrafts	3,236,879	10,158,010
- others	1,725,831	2,108,763
	<u>23,959,091</u>	<u>32,702,181</u>
TOTAL LIABILITIES	<u>36,225,416</u>	<u>45,323,305</u>
TOTAL EQUITY AND LIABILITIES	<u>125,132,348</u>	<u>126,473,582</u>
Net Tangible Assets per share	<u><u>0.43</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						
	Share capital	Reserve on consolidation	Revaluation reserve	Retained profits	Total	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM	RM
As at 1 April 2020	50,266,551	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	80,129	80,129	(77,469)	2,660
Total Comprehensive income	0	0	0	80,129	80,129	(77,469)	2,660
Exercise of Warrants	7,753,995	0	0	0	7,753,995	0	7,753,995
At 31 December 2020	58,020,546	80,344	10,656,460	21,395,356	90,152,706	(1,245,774)	88,906,932

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	Reserve on consolidation	Revaluation reserve	Retained profits	Total			
	RM	RM	RM	RM	RM	RM	RM	
As at 1 April 2019	49,930,688	80,344	10,741,937	28,680,184	89,433,153	(1,077,193)	88,355,960	
Net profit for the financial period	0	0	0	(3,208,631)	(3,208,631)	(79,170)	(3,287,801)	
Total Comprehensive income	0	0	0	(3,208,631)	(3,208,631)	(79,170)	(3,287,801)	
Exercise of Warrants	275,348	0	0	0	275,348	0	275,348	
At 31 December 2019	50,206,036	80,344	10,741,937	25,471,553	86,499,870	(1,156,363)	85,343,507	

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

	31.12.2020 RM	31.12.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	366,209	(3,261,085)
Adjustments for:		
Property, plant and equipment		
- depreciation	490,933	652,009
- Gains on disposal	0	(54,400)
Right-of-use assets		
- depreciation	166,460	0
- Gains on disposal	(7,500)	0
Liquidated damages receivable from contractors		
- (Reversal) / Provision for liquidated ascertained damages	(1,613,389)	1,927,502
Interest expense	903,930	1,372,597
Interest income	(50,714)	(72,430)
Allowance for slow moving inventories		
- provided for	463,574	100,390
- reversal	(396,222)	(1,054,371)
Fair value (gain) / loss on disposal of marketable securities	0	101
Fair value (gain) / loss on derivative financial instruments	(12,198)	2,625
Net unrealized foreign exchange loss / (gain)	8,199	0
Operating profit / (loss) before working capital changes	319,282	(387,062)
Inventories	(2,198,236)	1,106,257
Property development cost	480,671	(65,984)
Receivables	4,566,862	338,984
Payables	920,835	3,451,422
Cash flows generated from operations	4,089,414	4,443,617
Liquidated ascertained damages and compensation paid	(208,794)	(40,000)
Interest paid	(447,816)	(1,372,597)
Income tax refund	752	1,865,158
Income tax paid	119,206	(878,041)
Net cash generated from operating activities	3,552,762	4,018,137

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)

	31.12.2020	31.12.2019
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(87,814)	(99,669)
- proceeds from disposals	94,310	54,400
Interest income received	50,714	72,430
Marketable securities		
- proceeds from disposals	3,113	0
	<u>60,323</u>	<u>27,161</u>
Net cash generated from investing activities		
	<u>60,323</u>	<u>27,161</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of)/ Receipts of short term bank borrowings	(382,931)	(2,211,237)
Repayment of advances to a director	(692,554)	(78,467)
Repayments of hire-purchase creditors	(82,209)	(76,789)
Repayments of term loan	(407,780)	(1,056,790)
Interest paid	(456,114)	0
Receipt from warrants exercised	7,753,995	275,348
	<u>5,732,407</u>	<u>(3,147,935)</u>
Net cash genetated from / (used in) financing activities		
	<u>5,732,407</u>	<u>(3,147,935)</u>
Net movement in cash and cash equivalents	9,345,492	897,363
Effects of exchange rate changes on cash and cash equivalents	(8,199)	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>886,145</u></u>	<u><u>(8,269,019)</u></u>

Notes:

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

	RM	RM
Deposit, cash and bank balance	4,416,705	1,972,220
Less : Bank overdraft	(3,236,879)	(10,744,364)
Less : Bank balances held under Housing Development Account	<u>(293,681)</u>	<u>503,125</u>
	<u><u>886,145</u></u>	<u><u>(8,269,019)</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) Standards issued and 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
- 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
- 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

(a) Standards issued and effective (continue)

- | | |
|--|----------------|
| - 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 |
| • MFRS 17, Insurance Contracts | 1 January 2021 |

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(b) 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:

(b) Standards issued and not effective

Description	Effective for the Financial period beginning on or after
- 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

There were no unusual items that have material effect on the assets, liabilities, equity, net income, or cash flows for the current quarter other than 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 has in this announcement date received a payment of RM500,000 (Ringgit Malaysia Five Hundred Thousand only) from the trade debtor, leaving the net outstanding balance owing by the trade debtor at RM11.495 million. Efforts of applying for the Certificate of Compliance and Completion ("CCC") are still in progress and are in schedule with expected date of obtaining the CCC by June 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 31 December 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
October 2020	RM0.19	13,419,400	48,445,300
November 2020	RM0.19	10,508,000	37,937,300
December 2020	RM0.19	3,206,700	34,730,600

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 31.12.2020	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	3,897,535	(587,443)	42,425,611	0	396,438	46,132,141
Intersegment sales	0	0	(1,499,228)	0	0	(1,499,228)
External sales	<u>3,897,535</u>	<u>(587,443)</u>	<u>40,926,383</u>	<u>0</u>	<u>396,438</u>	<u>44,632,913</u>
<u>Results</u>						
Profit / (Loss) from operations	376,733	(1,964,405)	3,404,973	(384,366)	(162,796)	1,270,139
Finance costs	(13,705)	(192,787)	(697,438)	0	0	(903,930)
Profit before tax						366,209
Taxation						(363,549)
Net profit for the financial period						<u>2,660</u>
Segment assets	6,684,337	69,856,260	43,275,586	4,722,306	593,859	125,132,348
Segment liabilities	1,399,185	14,678,857	18,760,607	325,182	1,061,585	36,225,416
Interest income	0	2,261	48,453	0	0	50,714
Capital expenditure	1,100	0	86,714	0	0	87,814
Depreciation & amortisation	11,270	75,904	481,016	13,723	75,480	657,393
Allowance for slow moving inventories: - provided for / (reversal)	134,167	0	(66,815)	0	0	67,352

Business segments

Financial period ended 31.12.2019	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	2,691,720	(775,453)	48,026,605	0	340,470	50,283,342
Intersegment sales	0	0	(547,968)	0	0	(547,968)
External sales	<u>2,691,720</u>	<u>(775,453)</u>	<u>47,478,637</u>	<u>0</u>	<u>340,470</u>	<u>49,735,374</u>
<u>Results</u>						
Profit / (Loss) on operations	96,235	(4,164,817)	2,897,221	(546,442)	(164,083)	(1,881,886)
Finance costs	(16,778)	(328,549)	(1,032,797)	0	(1,075)	<u>(1,379,199)</u>
Profit before tax						(3,261,085)
Taxation						<u>(26,716)</u>
Net profit for the financial period						<u>(3,287,801)</u>
Segment assets	4,709,716	97,881,662	44,233,290	4,300,040	381,520	151,506,228
Segment liabilities	650,815	36,035,798	28,335,772	492,719	647,618	66,162,722
Interest income	0	3,529	68,901	0	0	72,430
Capital expenditure	1,635	0	95,100	1,584	1,350	99,669
Depreciation and amortisation	15,910	85,841	498,154	13,710	38,394	652,009
Allowance for slow moving inventories: - provided for / (reversal)	(437,451)	0	(516,530)	0	0	(953,981)

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 31 December 2020 except for the exercise of warrants as follows:-

Date of exercise	No. of warrants exercised	Consideration received (RM)
07 January 2021	3,800	3,800
12 January 2021	145,000	27,550
19 January 2021	330,000	62,700
25 January 2021	300,100	57,019
02 February 2021	2,237,000	425,030
15 February 2021	50,000	9,500

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) For current period-to-date

During the financial period ended Q3 FY2021, the Group recorded a lower revenue of RM44.63 million, which was 10.27% or RM5.11 million lower than RM49.74 million generated in Q3 FY2020.

The drop in revenue was mainly from manufacturing segment which sales and operations were adversely affected when the lockdown and Moving Control Order (“MCO”) were implemented by the government of our overseas suppliers and Malaysia during the first quarter of calendar year 2020 due to Covid-19 pandemic outbreak.

The Group recorded a profit before tax (“PBT”) of RM0.37 million in Q3 FY2021 as compared to the loss before tax (“LBT”) of RM3.26 million recorded in Q3 FY2020 under review. The improvement in PBT was attributed to higher profit margin recorded in manufacturing segment which came from austerity exercise implemented by the Management and there was no more provision for the Liquidated Ascertained Damages (“LAD”) in Property Development and Construction segment in this financial year period as compared to previous financial period which RM1.65 million of LAD had been provided for.

(ii) **For current quarter**

For the current period under review, the Group recorded a revenue of RM18.26 million as compared to the RM13.69 million for the preceding corresponding quarter, representing an RM4.57 million or 33.38% increased in revenue.

The increased was mainly contributed by the Manufacturing segment where the Company managed to ship out orders which were delayed by the oversea clients during the first quarter of this financial year. The Property Development segment also contributed additional sales of RM0.78 million from sales of inventories of Casamas project.

The Group posted a pre-tax profit of RM1.20 million for the current quarter under review, as opposed to a pre-tax loss of RM2.97 million reported in the corresponding financial period. The improvement was mainly attributed to the higher sales amount and better profit margin in Manufacturing segment. The zero LAD provision during the period also contributed positively to the PBT when compared with the RM0.69 million LAD provision in Q3 FY2020.

(b) **Segmental Results Commentary:**

(i) **Property and Construction Segment**

For current period-to-date

For the current period ended Q3 FY2021 under review, the property segment recorded a negative revenue of RM0.59 million as compared to a negative RM0.78 million recorded in the corresponding period Q3 FY2020. The negative revenue in Q3 FY2021 was due by the cancellation of Sales & Purchase Agreement by some buyers due to their financial difficulty and the cancellation sales amount was higher than the sales recorded during the period whereas, the negative revenue in Q3 FY2020 were resulting from the provision for LAD of RM1.65 million which was also higher than the sales amount recorded during that period.

A pre-tax loss of RM2.16 million was recorded in Q3 FY2021 as compared to RM4.49 million pre-tax loss in the corresponding quarter Q3 FY2020. The lower loss was due by the reversal of LAD of RM0.86 million in Q3 FY2021 due to LAD discount obtained from the buyers and the absence of writing off of project development expenditure which was written off in Q3 FY2020 for unsuccessful bidding of project.

For current quarter

For the current quarter Q3 FY2021 under review, a RM0.88 million turnover were recorded in the property development segment as compared to RM0.99 million negative revenue in Q3 FY2020. The negative revenue in Q3 FY2020 was mainly due to the higher LAD provision amount being offset against the revenue recorded.

In line with the lower revenue recorded, a lower pre-tax loss of RM0.76 million was recorded in Q3 FY2021 as compared to RM2.34 million pre-tax loss in Q3 FY2020.

(ii) Manufacturing Segment

For current period-to-date

Revenue for manufacturing segment recorded at RM40.93 million during the financial period ended Q3 FY2021, a decrease of RM6.55 million or 13.80% as compared to the RM47.48 million recorded in the corresponding financial period of Q3 FY2020. The decline in revenue was mainly due to the sales and operations of manufacturing segment were adversely affected when the lockdown and Moving Control Order (“MCO”) were implemented by the government of our overseas suppliers and Malaysia during the first quarter of calendar year 2020 due to Covid-19 pandemic outbreak.

Despite the decrease in revenue, PBT increased by RM0.85 million to RM2.71 million for Q3 FY2021 from RM1.86 million for Q3 FY2020. The better PBT was due by higher profit margin recorded which came from austerity exercise implemented by the Management.

For current quarter

The manufacturing segment has captured a RM16.12 million revenue during the quarter as compared to RM13.63 million generated during last year corresponding quarter, an increase of RM2.49 million or 18.27%. The increase of sales was because the Company managed to ship out orders which were delayed by the overseas clients during the first quarter of this financial year.

In line with the increase in sales coupled with the better profit margin, the Manufacturing segment recorded a pre-tax profit of RM1.46 million in the current

quarter against the pre-tax loss of RM0.67 million recorded in the preceding corresponding quarter.

(iii) Direct Selling and Retail Segment

For current period-to-date

The revenue of the Direct Selling and Retail segment has increased by RM1.21 million or 44.98% to RM3.90 million in Q3 FY2021 from RM2.69 million as compared to the corresponding financial period Q3 FY2020. The sales increase was attributed to the intensive marketing efforts, especially the online and digital marketing, carried out by the Company.

In line with the higher turnover, the pre-tax profit has increased by RM0.28 million to RM0.36 million for Q3 FY2021 as compared to pre-tax profit of RM79,457 for Q3 FY2020.

For current quarter

The Direct Selling and Retail segment recorded a revenue of RM1.12 million in Q3 FY2021, a RM0.19 million increase from the RM0.93 million generated in Q3 FY2020. The increase in revenue was mainly derived from overall better sales performance.

The segment recorded a pre-tax profit of RM0.19 million during the quarter Q3 FY2021 as compared to RM0.25 million generated in Q3 FY2020.

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. Meanwhile, the political uncertainty in Myanmar government recently may also affect the Group future revenue performance, as the Company has a subcontractor whose volume of output for lingerie products contribute a significant percentage to the total revenue of the Company and the Group. While we keep monitoring and following up closely the political development there, the Company is sourcing and identifying other alternate equally competent sub-contractors in other countries to alleviate the risks that may result from Myanmar. We are always cost conscious in mind and acknowledge that the escalating operational cost remain a challenge and will certainly affected the Group's margin. Moving forward in light of the prevailing challenges in the manufacturing and property development 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 9 months ended	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Taxation				
- current period	442,645	18,058	614,656	595,403
- prior year	0	(403,094)	0	(403,094)
Deferred taxation				
- current period	141,522	0	(251,107)	(165,593)
Tax charge	<u>584,167</u>	<u>(385,036)</u>	<u>363,549</u>	<u>26,716</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 31 December 2020 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	3,884,244	10,936,922	14,821,166
Unsecured	<u>811,435</u>	<u>0</u>	<u>811,435</u>
	4,695,679	10,936,922	15,632,601
<u>US Dollar</u>			
Secured	<u>1,725,831</u>	<u>0</u>	<u>1,725,831</u>
	<u>6,421,510</u>	<u>10,936,922</u>	<u>17,358,432</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 December 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 9 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	621,317	(2,547,321)	80,129	(3,208,631)
Weighted average no. of ordinary shares in issue	205,269,400	164,115,400	205,269,400	164,115,400
Basic EPS (sen)	<u>0.30</u>	<u>(1.55)</u>	<u>0.04</u>	<u>(1.96)</u>

For the financial period ended 31 December 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 9 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	621,317	(2,547,321)	80,129	(3,208,631)
Adjusted weighted average no. of ordinary shares	<u>227,406,844</u>	<u>209,381,877</u>	<u>227,406,844</u>	<u>209,381,877</u>
Diluted EPS (sen)	<u>0.27</u>	<u>(1.22)</u>	<u>0.04</u>	<u>(1.53)</u>

27. Capital Commitments

As at 31 December 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 31.12.2020 RM	9 Months Ended 31.12.2020 RM
(a) Interest income	(13,328)	(50,714)
(b) Interest expense	123,542	903,930
(c) Depreciation and amortisation		
- Normal assets items	163,223	490,933
- Right-of-use assets	55,486	166,460
(d) Allowance for slow moving inventories		
- Provided for	93,380	463,574
- Reversal	38,810	(396,222)

(e)(Reversal)/ Provision of Liquidated Ascertained Damages (658,550) (1,613,389)

Profit Before Taxation (continue)

(f) Foreign exchange loss / (gain)		
- Realized	209,055	(239,038)
- Unrealized	(8,199)	(8,199)
(g) Gain on PPE Disposal	(7,000)	(7,500)
(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 third quarter ended 31 December 2020 pursuant to a resolution dated 23 February 2021.