

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE 4th QUARTER ENDED 31 MARCH 2021**



CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2021 RM	Quarter ended 31.03.2020 RM	Period ended 31.03.2021 RM	Period ended 31.03.2020 RM
Revenue	14,259,028	19,720,142	58,891,940	69,455,516
Operating expenses	(29,181,451)	(24,924,863)	(73,263,649)	(77,223,778)
Other operating income	2,363,984	277,189	3,083,410	958,844
Profit / (loss) from operations	(12,558,439)	(4,927,532)	(11,288,299)	(6,809,418)
Finance costs	(269,176)	(448,462)	(1,173,106)	(1,827,661)
Profit / (loss) before taxation	(12,827,615)	(5,375,994)	(12,461,405)	(8,637,079)
Taxation	(581,698)	1,122,249	(945,247)	1,095,533
Profit / (loss) from continuing operations	(13,409,313)	(4,253,745)	(13,406,652)	(7,541,546)
Total comprehensive income	<u>(13,409,313)</u>	<u>(4,253,745)</u>	<u>(13,406,652)</u>	<u>(7,541,546)</u>
Net profit attributable to:				
Owners of the Company	(14,427,681)	(4,241,803)	(14,347,550)	(7,450,434)
Non-controlling interest	1,018,368	(11,942)	940,898	(91,112)
Net profit / (loss)	<u>(13,409,313)</u>	<u>(4,253,745)</u>	<u>(13,406,652)</u>	<u>(7,541,546)</u>
Total comprehensive income attributable to:				
Owners of the Company	(14,427,681)	(4,241,803)	(14,347,550)	(7,450,434)
Non-controlling interest	1,018,368	(11,942)	940,898	(91,112)
Total comprehensive income	<u>(13,409,313)</u>	<u>(4,253,745)</u>	<u>(13,406,652)</u>	<u>(7,541,546)</u>
Earnings per share:(Note 26)				
- basic (sen)	(6.76)	(2.58)	(6.72)	(4.53)
- diluted (sen)	(6.36)	(1.77)	(6.32)	(3.11)

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 31.03.2021 RM	As at 31.03.2020 RM
NON CURRENT ASSETS		
Property, plant and equipment	23,939,895	24,461,396
Right-of-use assets	503,982	751,129
Investment properties	4,100,000	4,100,000
Deferred tax assets	2,775,452	2,530,607
	<u>31,319,329</u>	<u>31,843,132</u>
CURRENT ASSETS		
Property development costs	25,005,216	23,746,955
Inventories	29,831,699	29,019,926
Receivables, deposits and prepayments	17,257,547	36,492,517
Tax recoverable	0	184,306
Marketable securities	0	3,113
Deposits with licensed banks	3,128,518	3,061,802
Deposits, bank and cash balances	2,838,371	2,121,831
	<u>78,061,351</u>	<u>94,630,450</u>
TOTAL ASSETS	<u><u>109,380,680</u></u>	<u><u>126,473,582</u></u>
EQUITY AND LIABILITIES		
Share capital	59,559,261	50,266,551
Other reserves	10,736,804	10,736,804
Retained profits	6,967,677	21,315,227
	<u>77,263,742</u>	<u>82,318,582</u>
Non-controlling interest	(227,407)	(1,168,305)
Equity attributable to owners of the Company	<u>77,036,335</u>	<u>81,150,277</u>
NON CURRENT LIABILITIES		
Lease liabilities	527,617	609,536
Term loans	10,336,320	10,966,509
Deferred tax liabilities	1,078,988	1,045,079
	<u>11,942,925</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 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 year	0	0	0	(14,347,550)	(14,347,550)	940,898	(13,406,652)
Total Comprehensive income	0	0	0	(14,347,550)	(14,347,550)	940,898	(13,406,652)
Exercise of Warrants	9,292,710	0	0	0	9,292,710	0	9,292,710
At 31 March 2021	59,559,261	80,344	10,656,460	6,967,677	77,263,742	(227,407)	77,036,335

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						
	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 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 year	0	0	0	(7,450,434)	(7,450,434)	(91,112)	(7,541,546)
Total Comprehensive income	0	0	0	(7,450,434)	(7,450,434)	(91,112)	(7,541,546)
Exercise of Warrants	335,863	0	0	0	335,863	0	335,863
Transfer of reserve	0	0	(85,477)	85,477	0	0	0
At 31 March 2020	50,266,551	80,344	10,656,460	21,315,227	82,318,582	(1,168,305)	81,150,277

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

	31.03.2021 RM	31.03.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(12,461,405)	(8,637,079)
Adjustments for:		
Property, plant and equipment		
- depreciation	629,144	729,356
- Gains on disposal	0	(76,700)
- write off	0	13,942
Right-of-use assets		
- depreciation	247,147	146,395
- Gains on disposal	(10,000)	0
Allowance for expected credit loss/impairment loss		
- charge for the financial year	16,791,369	2,042,333
- reversal	(2,013,148)	(71,467)
Liquidated damages receivable from contractors		
- (Reversal) / Provision for liquidated ascertained damages	(1,824,579)	1,593,397
Interest expense	1,173,106	1,820,836
Interest income	(65,758)	(98,748)
Allowance for slow moving inventories		
- provided for	553,129	911
- reversal	(424,653)	(150,322)
Fair value loss on disposal of marketable securities	0	3,203
Fair value (gain) / loss on derivative financial instruments	(12,198)	14,823
Net unrealized foreign exchange loss / (gain)	259,638	66,726
Operating profit / (loss) before working capital changes	<u>2,841,792</u>	<u>(2,602,394)</u>
Inventories	(1,789,554)	6,796,193
Property development cost	(1,258,261)	(2,581)
Receivables	5,075,405	17,700,385
Payables	(2,427,165)	(15,299,479)
Cash flows generated from operations	<u>2,442,217</u>	<u>6,592,124</u>
Liquidated ascertained damages and compensation paid	(208,794)	(899,824)
Interest paid	(529,622)	(800,937)
Income tax refund	752	2,015,290
Income tax paid	(119,206)	(1,309,983)
Net cash generated from / (used in) operating activities	<u>1,585,347</u>	<u>5,596,670</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)

	31.03.2021	31.03.2020
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(107,648)	(99,669)
- proceeds from disposals	134,445	76,700
Interest income received	65,758	98,748
Addition of right-of-use assets	0	(439,801)
Marketable securities		
- proceeds from disposals	3,113	0
	<u>95,668</u>	<u>(364,022)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits released under lien for credit facilities		
with licensed banks	0	(94,309)
Repayments of short term bank borrowings	(331,985)	(2,339,544)
Repayment of advances to a director	(811,061)	(292,150)
Repayments of lease liabilities	(94,345)	333,574
Repayments of term loan	(564,697)	(1,440,951)
Interest paid	(643,484)	(1,019,899)
Receipt from warrants exercised	9,292,710	335,863
	<u>6,847,138</u>	<u>(4,517,416)</u>
Net movement in cash and cash equivalents	8,528,153	715,232
Effects of exchange rate changes on cash and cash equivalents	(259,637)	0
Cash and cash equivalent at beginning of the financial period	<u>(8,451,148)</u>	<u>(9,166,380)</u>
Cash and cash equivalent at end of the financial period	<u><u>(182,632)</u></u>	<u><u>(8,451,148)</u></u>

Notes:

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

	RM	RM
Deposit, cash and bank balance	2,838,371	2,121,831
Less : Bank overdraft	(2,605,615)	(10,158,010)
Less : Bank balances held under Housing Development Account	(415,388)	(414,969)
	<u><u>(182,632)</u></u>	<u><u>(8,451,148)</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	1 January 2022
• 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.

After due consideration of the uncertainty caused by Covid-19 pandemic and the Full Movement Control Order implemented by the government, the Group has decided to make full provision of impairment during the quarter Q4 FY2021 for the balance amount brought forward from last quarter of RM11.495 million.

5. Seasonal or Cyclical Factors

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial quarter under review.

6. Extraordinary or Exceptional Items

There were no extraordinary or exceptional items for the current financial period under review.

7. Changes in Estimates

There were no material changes in the estimates that have had a material effect in the current financial quarter ended 31 March 2021.

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 year 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
January 2021	RM0.19	795,100	33,935,500
February 2021	RM0.19	3,294,000	30,641,500
March 2021	RM0.19	4,009,400	26,632,100

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 31.03.2021	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	4,792,106	687,898	54,721,580	0	536,610	60,738,194
Intersegment sales	0	0	(1,846,254)	0	0	(1,846,254)
External sales	<u>4,792,106</u>	<u>687,898</u>	<u>52,875,326</u>	<u>0</u>	<u>536,610</u>	<u>58,891,940</u>
<u>Results</u>						
Profit / (Loss) from operations	450,765	(16,787,088)	5,709,344	(603,623)	(57,697)	(11,288,299)
Finance costs	(17,812)	(278,620)	(876,674)	0	0	(1,173,106)
Profit before tax						(12,461,405)
Taxation						(945,247)
Net profit for the financial period						<u>(13,406,652)</u>
Segment assets	6,339,993	54,866,388	42,400,408	5,075,888	698,003	109,380,680
Segment liabilities	1,439,093	12,893,423	16,449,801	338,099	1,223,929	32,344,345
Interest income	0	(2,769)	(62,989)	0	0	(65,758)
Capital expenditure	3,999	0	93,930	0	9,720	107,649
Depreciation & amortisation	15,103	6,888	543,346	18,298	45,509	629,144
Depreciation - Right-of-used assets	0	94,175	98,000	0	54,972	247,147
Allowance for slow moving inventories: - provided for / (reversal)	130,292	0	(1,816)	0	0	128,476

Business segments

Financial period ended 31.03.2020	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	3,433,538	5,631,686	60,727,415	0	436,403	70,229,042
Intersegment sales	0	0	(773,526)	0	0	(773,526)
External sales	<u>3,433,538</u>	<u>5,631,686</u>	<u>59,953,889</u>	<u>0</u>	<u>436,403</u>	<u>69,455,516</u>
Results						
Profit / (Loss) on operations	(281,847)	(8,461,576)	2,433,177	(132,284)	(366,888)	(6,809,418)
Finance costs	(22,080)	(429,818)	(1,368,579)	0	(7,184)	<u>(1,827,661)</u>
Profit before tax						(8,637,079)
Taxation						<u>1,095,533</u>
Net profit for the financial period						<u>(7,541,546)</u>
Segment assets	1,889,954	76,876,559	42,840,920	4,212,306	653,843	126,473,582
Segment liabilities	48,827	19,533,189	24,409,430	228,484	1,103,375	45,323,305
Interest income	0	(5,165)	(93,583)	0	0	(98,748)
Capital expenditure	1,635	0	95,100	1,584	1,350	99,669
Depreciation and amortisation	19,679	16,265	625,710	18,285	49,417	729,356
Depreciation - Right-of-used asset	0	98,005	35,005	0	13,385	146,395
Allowance for slow moving inventories: - provided for / (reversal)	(67,490)	0	(81,921)	0	0	(149,411)

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 2021.

13. Subsequent Events

(a) Warrants

The exercises of warrants subsequent to year end were as follows:-

Date of exercise	No. of warrants exercised	Consideration received (RM)
01 April 2021	1,609,000	305,710.00
02 April 2021	343,200	65,208.00
05 April 2021	99,000	18,810.00
06 April 2021	237,700	45,163.00
07 April 2021	242,000	45,980.00
08 April 2021	772,600	146,794.00
09 April 2021	3,090,500	587,195.00
12 April 2021	406,400	77,216.00
13 April 2021	507,100	96,349.00
14 April 2021	295,000	56,050.00
15 April 2021	4,412,304	838,337.76
16 April 2021	7,927,400	1,506,206.00
19 April 2021	162,000	30,780.00
20 April 2021	646,000	122,740.00
21 April 2021	321,500	61,085.00

Pursuant to the terms and conditions as stipulated in the Deed Poll dated 3 April 2018 Governing the Warrants, the Exercise Rights of the Warrants will expire at 5.00 p.m. on Thursday, 22 April 2021.

The last day and time from trading of the Warrants will be on Tuesday, 6 April 2021 at 5.00 p.m. The Warrants will be suspended from trading on Bursa Securities with effect from 9.00 a.m. on Wednesday, 7 April 2021 until 5.00 p.m. on the Expiry Date.

Bursa Depository will not be accepting any request for transfer of Warrants for period commencing from 4.30 p.m. on Thursday, 15 April 2021 up to the Expiry Date.

All unexercised Warrants remaining in the depositor's CDS Account by 5.00 p.m. on the Expiry Date will be debited from the respective depositor's CDS Account on Friday, 23 April 2021

(b) Proposed Private Placement of up to 10% of the Issued Shares in the Company

Caely Holdings Bhd (“CHB”) is proposing to undertake a private placement of new ordinary shares in CHB of up to ten percent (10%) of the Company’s existing issued share capital to be subscribed by certain independent third party investors to be identified, at an issue price to be determined and fixed by the directors of CHB at a later date.

The utilization of the Proposed Private Placement proceeds will be:-

- i. to continue its Property Development project, namely, Taman Wallagonia at Tapah Road - Phase 6, comprising 86 units of double-storey terraced houses;
- ii. to pay for general working capital requirements; and
- iii. To pay proposed private placement exercise expenses

Bursa Securities had vide its letter dated 3 May 2021, approved the listing of and quotation for up to 24,000,000 new ordinary shares, representing up to 10% of the total number of issued shares of CHB.

The Proposed Private Placement on the Main Market of Bursa Securities are subject to the following conditions:

- I. CHB and M & A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- II. CHB and M & A Securities are required to inform Bursa Securities upon completion of the Proposed Private Placement;
- III. M & A is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Private Placement is completed;
- IV. CHB to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Sections 75 and 76 of the Companies Act 2016, in the event the current authority has expired; and
- V. M & A Securities is required to furnish Bursa Securities with details of the places in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.

On 4 May 2021, the price of the proposed Private Placement shares was fixed at RM0.345 each. The issued price of RM0.345 per Placement Share represents a discount of a RM0.0346 or 9.11% from the five (5)-day weighted average market price of CHB from 26 April 2021 to 3 May 2021 of RM0.3796 per share. The final total number of new ordinary shares issued for this Private Placement was 23,000,000 shares, representing 9.8% of existing total number of ordinary shares and total fund raised was RM7,935,000.00

On 19 May 2021, the Private Placement is completed with the listing of 23,000,000 new ordinary shares in CHB on the Main Market of Bursa Securities.

14. Changes in Composition of the Group

Incorporation of a new subsidiary

CHB has on 12 January 2021 incorporated a wholly owned subsidiary company, namely Caely Ecommerce Sdn. Bhd. The principle business activities of the company is to supply and selling all kinds of garments, clothes & scarf; ecommerce and online manufacturing & logistics; general trading & services, pharmaceutical products, cosmetic, skincare & personal care products. The incorporation of the new subsidiary is in line with the Group's future business plan by enlarging its existing advantage and strength in terms of products and manufacturing skills, and tapping into current business trend by boarding on e-commerce platform.

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

During the financial period ended Q4 FY2021, the Group recorded a lower revenue of RM58.89 million, which was 15.22% or RM10.57 million lower than RM69.46 million generated in Q4 FY2020.

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

The Group recorded a loss before tax (“LBT”) of RM12.46 million in Q4 FY2021 as compared to the loss before tax (“LBT”) of RM8.64 million recorded in Q4 FY2020 under review. The higher LBT was mainly due to major provision for impairment of receivables during the financial year amounting to RM16.15 million in Property & Construction segment. The impact of the impairment provision was mitigated by other incomes amount arising from discount of LAD and reversal of impairment provision for receivables which had been provided for in previous financial year. On top of that the group also received RM0.75 million of subsidies under the wages subsidies scheme implemented by government.

(ii) For current quarter

For the current period under review, the Group recorded a revenue of RM14.26 million as compared to the RM19.72 million for the preceding corresponding quarter, representing an RM5.46 million or 27.69% decrease in revenue.

The decrease was mainly attributed by the sales reduction in Manufacturing and Property & Construction segment.

The Group posted a pre-tax loss of RM12.83 million for the current quarter under review, as compared to a pre-tax loss of RM5.38 million reported in the corresponding financial period. The widen of losses was mainly due to major provision for impairment of receivables amounting to RM16.15 million in Property & Construction segment. The impact of the impairment provision was mitigated by other incomes amount arising from discount of LAD, reversal of impairment provision for receivables which had been provided for in previous financial year and receipt of subsidies under the wages subsidies scheme implemented by government.

(b) Segmental Results Commentary:

(i) Property and Construction Segment

For current year-to-date

For the current period ended Q4 FY2021 under review, the property segment recorded a revenue of RM0.69 million as compared to a RM5.63 million recorded in the corresponding period Q4 FY2020. The lower revenue in Q4 FY2021 was due by weak demand for our property inventories and the cancellation of Sales & Purchase Agreement by some buyers due to their financial difficulty.

A pre-tax loss of RM17.07 million was recorded in Q4 FY2021 as compared to RM8.89 million pre-tax loss in the corresponding quarter Q4 FY2020. The widen of losses was mainly due to major provision for impairment of receivables amounting to RM16.15 million during the financial year. The impact of the impairment provision was mitigated by the discount of LAD and reversal of impairment provision for receivables which had been provided for in previous financial year.

For current quarter

For the current quarter Q4 FY2021 under review, a RM1.28 million turnover were recorded in the property development segment as compared to RM6.41 million negative revenue in Q4 FY2020.

A pre-tax loss of RM14.91 million was recorded in Q4 FY2021 as compared to RM4.42 million pre-tax loss in Q4 FY2020. The widen of losses was mainly due to major provision for impairment of receivables amounting to RM16.15 million during the period. The impact of the impairment provision was mitigated by the discount of LAD and reversal of impairment provision for receivables which had been provided for in previous financial year.

(ii) Manufacturing Segment

For current year-to-date

Revenue for manufacturing segment recorded was RM52.88 million during the financial period ended Q4 FY2021, a decrease of RM7.07 million or 11.79% as compared to the RM59.95 million recorded in the corresponding financial period of Q4 FY2020. The decline in revenue was mainly due to the sales and operations of manufacturing segment were adversely affected when the lockdown and Movement Control Order (“MCO”) were implemented by the government of our overseas suppliers and Malaysia during the first quarter of calender year 2020 due to Covid-19 pandemic outbreak.

Despite the decrease in revenue, PBT increased by RM3.77 million to RM4.83 million for Q4 FY2021 from RM1.06 million for Q4 FY2020. The better PBT was due by higher profit margin recorded which came from austerity exercise implemented by the Management and the wages subsidies received from the government.

For current quarter

The manufacturing segment has captured a RM11.95 million revenue during the quarter Q4 FY2021 as compared to RM12.47 million generated during last year corresponding quarter, a decrease of RM0.52 million or 4.17%.

In line with the lower revenue, the Manufacturing segment recorded a lower pre-tax profit of RM0.20 million in Q4 FY2021 against the pre-tax profit of RM0.80 million recorded in Q4 FY2020.

(iii) Direct Selling and Retail Segment

For current period-to-date

The revenue of the Direct Selling and Retail segment has increased by RM1.36 million or 39.65% to RM4.79 million in Q4 FY2021 from RM3.43 million as compared to the corresponding financial period Q4 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 RM0.73 million to RM0.43 million for Q4 FY2021 as compared to pre-tax loss of RM0.30 million for Q4 FY2020.

For current quarter

The Direct Selling and Retail segment recorded a revenue of RM0.89 million in Q4 FY2021, a RM0.15 million increase from the RM0.74 million generated in Q4 FY2020. The increase in revenue was mainly derived from overall better sales performance.

The segment recorded a pre-tax profit of RM69,925 during the quarter Q4 FY2021 as compared to pre-tax loss of RM0.22 million generated in Q4 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.

The Company and the Group are also taking proactive steps by tapping into e-commerce business and expanding its Direct Sales & Retail segment by collaborating with potential business partners in the efforts to enlarge its product range and outlet accounts with the aim of improving its overall business performance.

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 12 months ended	
	31.03.2021 RM	31.03.2020 RM	31.03.2021 RM	31.03.2020 RM
Taxation				
- current period	534,042	542,318	1,148,698	(857,584)
- prior year	0	(12,390)	0	(403,094)
Deferred taxation				
- current period	47,656	(1,652,177)	(203,451)	165,145
Tax charge	<u>581,698</u>	<u>(1,122,249)</u>	<u>945,247</u>	<u>(1,095,533)</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 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 March 2021 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	3,654,060	10,336,320	13,990,380
Unsecured	605,089	0	605,089
	<u>4,259,149</u>	<u>10,336,320</u>	<u>14,595,469</u>
<u>US Dollar</u>			
Secured	1,776,777	0	1,776,777
	<u>6,035,926</u>	<u>10,336,320</u>	<u>16,372,246</u>

22. Derivative Financial Instruments

There were no derivative instruments for foreign currency forward contracts and option forward contracts as at the end of the financial period ended 31 March 2021.

23. Fair Value Changes of Financial Liabilities

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

24. Changes in Material Litigation

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

25. Proposed Dividend

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

26. Earnings Per Share (EPS)

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	(14,427,681)	(4,241,803)	(14,347,550)	(7,450,434)
Weighted average no. of ordinary shares in issue	213,367,900	164,376,705	213,367,900	164,376,705
Basic EPS (sen)	<u>(6.76)</u>	<u>(2.58)</u>	<u>(6.72)</u>	<u>(4.53)</u>

For the financial period ended 31 March 2021, 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 12 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	(14,427,681)	(4,241,803)	(14,347,550)	(7,450,434)
Adjusted weighted average no. of ordinary shares	226,945,049	239,917,805	226,945,049	239,917,805
Diluted EPS (sen)	(6.36)	(1.77)	(6.32)	(3.11)

27. Capital Commitments

As at 31 March 2021, there was no material capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements.

28. Profit Before Taxation

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

	3 Months Ended 31.03.2021 RM	12 Months Ended 31.03.2021 RM
(a) Interest income	(15,044)	(65,758)
(b) Interest expense	269,176	1,173,106
(c) Depreciation and amortisation		
- Normal assets items	138,211	629,144
- Right-of-use assets	80,687	247,147
(d) Allowance of receivables		
- Provided for	16,791,369	16,791,369
- Reversal	(2,013,148)	(2,013,148)
(e) Allowance for slow moving inventories		
- Provided for	89,555	553,129
- Reversal	(28,431)	(424,653)

Profit Before Taxation (continue)

(f)(Reversal)/ Provision of Liquidated Ascertained Damages	(211,190)	(1,824,578)
(g) Foreign exchange loss / (gain)		
- Realized	138,403	(114,955)
- Unrealized	(259,638)	(259,638)
(h) Gain on PPE Disposal	(2,500)	(10,000)
(i) 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 fourth quarter ended 31 March 2021 pursuant to a resolution dated 03 June 2021.