

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE 3<sup>rd</sup> QUARTER ENDED 31 DECEMBER 2021**



**CAELY**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2021 RM	Quarter ended 31.12.2020 RM	Period ended 31.12.2021 RM	Period ended 31.12.2020 RM
Revenue	15,953,084	18,264,069	45,234,462	44,632,913
Operating expenses	(14,936,916)	(16,942,182)	(44,485,047)	(44,082,198)
Other operating income	722,708	0	3,698,608	719,424
Profit from operations	1,738,876	1,321,887	4,448,023	1,270,139
Finance costs	(131,926)	(123,542)	(625,052)	(903,930)
Profit before taxation	1,606,950	1,198,345	3,822,971	366,209
Taxation	(520,132)	(584,167)	(1,164,763)	(363,549)
Profit from continuing operations	1,086,818	614,178	2,658,208	2,660
Total comprehensive income	1,086,818	614,178	2,658,208	2,660
Net profit attributable to:				
Owners of the Company	1,086,818	621,317	2,658,208	80,129
Non-controlling interest	0	(7,139)	0	(77,469)
Net profit	1,086,818	614,178	2,658,208	2,660
Total comprehensive income attributable to:				
Owners of the Company	1,086,818	621,317	2,658,208	80,129
Non-controlling interest	0	(7,139)	0	(77,469)
Total comprehensive income	1,086,818	614,178	2,658,208	2,660
Earnings per share:(Note 26)				
- basic (sen)	0.42	0.30	1.03	0.04
- diluted (sen)	0.42	0.27	1.03	0.04

*Note: The Other Operating Income includes gain from disposal of a subsidiary amounting to RM227,880.*

**The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and the accompanying notes to the quarterly financial statement.**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 31.12.2021 RM	As at 31.03.2021 RM
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	23,902,884	23,715,138
Right-of-use assets	581,642	192,420
Investment properties	4,100,000	4,100,000
Deferred tax assets	3,688,987	3,782,278
	<u>32,273,513</u>	<u>31,789,836</u>
<b>CURRENT ASSETS</b>		
Property development costs	25,117,041	25,096,689
Inventories	32,067,648	29,831,699
Receivables, deposits and prepayments	17,315,939	15,069,285
Tax recoverable	1,776	183,642
Deposits with licensed banks	10,569,410	3,128,518
Deposits, bank and cash balances	3,367,550	2,802,204
	<u>88,439,364</u>	<u>76,112,037</u>
Assets held for sales	0	580,591
	<u>88,439,364</u>	<u>76,692,628</u>
<b>TOTAL ASSETS</b>	<u><u>120,712,877</u></u>	<u><u>108,482,464</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	71,497,885	59,559,261
Other reserves	10,651,327	10,651,327
Retained profits	9,781,297	7,123,089
	<u>91,930,509</u>	<u>77,333,677</u>
Non-controlling interest	0	(218,944)
Equity attributable to owners of the Company	<u>91,930,509</u>	<u>77,114,733</u>
<b>NON CURRENT LIABILITIES</b>		
Lease liabilities	222,975	108,031
Term loans	8,556,319	10,413,079
Deferred tax liabilities	1,281,153	1,270,122
	<u>10,060,447</u>	<u>11,791,232</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 2021 and the accompanying notes to the quarterly financial statement.

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

	As at 31.12.2021 RM	As at 31.03.2021 RM
<b>CURRENT LIABILITIES</b>		
Payables and accruals	12,833,495	10,701,632
Amount owing to a director	0	635,100
Provisions	258,354	258,354
Contract liabilities	106,860	360,395
Tax payable	983,356	557,678
Lease liabilities	70,348	76,759
Term loans	2,201,546	1,576,775
Short term bank borrowings		
- bank overdrafts	484,338	2,605,615
- others	1,783,624	1,776,777
	<u>18,721,921</u>	<u>18,549,085</u>
Liabilities held for sales	0	1,027,414
	<u>18,721,921</u>	<u>19,576,499</u>
<b>TOTAL LIABILITIES</b>	<u>28,782,368</u>	<u>31,367,731</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>120,712,877</u>	<u>108,482,464</u>
<b>Net Tangible Assets per share</b>	<u><u>0.36</u></u>	<u><u>0.47</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 2021 and the accompanying notes to the quarterly financial statement.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company						Total equity
	Share capital	Reserve on consolidation	Revaluation reserve	Retained profits	Total	Non-controlling interest	
	RM	RM	RM	RM	RM	RM	
As at 1 April 2021	59,559,261	80,344	10,570,983	7,123,089	77,333,677	(218,944)	77,114,733
Net profit for the financial year	0	0	0	2,658,208	2,658,208	0	2,658,208
Total Comprehensive income	0	0	0	2,658,208	2,658,208	0	2,658,208
Disposal of a subsidiary	0	0	0	0	0	218,944	218,944
Exercise of Warrants	4,003,624	0	0	0	4,003,624	0	4,003,624
Private Placement Exercise	7,935,000	0	0	0	7,935,000	0	7,935,000
At 31 December 2021	71,497,885	80,344	10,570,983	9,781,297	91,930,509	0	91,930,509

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 2021 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 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	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 2021 and the accompanying explanatory notes to the quarterly financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	31.12.2021 RM	31.12.2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,822,971	366,209
Adjustments for:		
Property, plant and equipment		
- depreciation	532,664	490,933
Right-of-use assets		
- depreciation	49,095	166,460
- gains on disposal	(136,500)	(7,500)
Allowance for expected credit loss/impairment loss		
- charge for the financial year	146,364	0
Liquidated ascertained damages		
- Reversal for liquidated ascertained damages	(253,632)	(1,613,389)
Interest expense	625,052	903,930
Interest income	(107,103)	(50,714)
Allowance for slow moving inventories		
- provided for	302,984	463,574
- reversal	0	(396,222)
Fair value gain on derivative financial instruments	(271,213)	(12,198)
Net unrealized foreign exchange gain	274,945	8,199
Gain from disposal of a subsidiary	(227,879)	0
Operating profit before working capital changes	<u>4,757,748</u>	<u>319,282</u>
Inventories	(2,538,933)	(2,198,236)
Property development cost	(20,352)	480,671
Receivables	(2,393,019)	4,566,862
Payables	2,131,851	920,835
Cash flows generated from operations	<u>1,937,295</u>	<u>4,089,414</u>
Liquidated ascertained damages and compensation paid	0	(208,794)
Interest paid	(129,982)	(447,816)
Income tax refund	424	752
Income tax paid	(445,835)	119,206
Net cash generated from operating activities	<u>1,361,902</u>	<u>3,552,762</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 2021 and the accompanying notes to the quarterly financial statement.

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

	31.12.2021 RM	31.12.2020 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- payments for acquisition	(720,409)	(87,814)
- proceeds from disposals	210,000	94,310
Interest income received	107,103	50,714
Fixed deposit pledged with bank	(7,400,000)	0
Marketable securities		
- proceeds from disposals	0	3,113
Net cash (used in) / generated from investing activities	<u>(7,803,306)</u>	<u>60,323</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts / (Repayments) of short term bank borrowings	6,847	(382,931)
Repayment of advances to a director	(635,100)	(692,554)
Repayments of hire-purchase creditors	0	(82,209)
Repayments of lease liabilities	(217,688)	0
Repayments of term loan	(1,213,989)	(407,780)
Interest paid	(495,070)	(456,114)
Receipt from warrants exercised	4,003,624	7,753,995
Receipt from private placement exercised	7,935,000	0
Net cash generated from financing activities	<u>9,383,624</u>	<u>5,732,407</u>
Net movement in cash and cash equivalents	2,924,220	9,345,492
Effects of exchange rate changes on cash and cash equivalents	(274,946)	(8,199)
Cash and cash equivalent at beginning of the financial period	<u>(182,644)</u>	<u>(8,451,148)</u>
Cash and cash equivalent at end of the financial period	<u><u>2,466,630</u></u>	<u><u>886,145</u></u>
Notes:		
Cash and cash equivalent at the end of the financial period comprise the following:		
	RM	RM
Deposit, cash and bank balance	3,367,550	4,416,705
Less : Bank overdraft	(484,338)	(3,236,879)
Less : Bank balances held under Housing Development Account	(416,582)	(293,681)
	<u><u>2,466,630</u></u>	<u><u>886,145</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 2021 and the accompanying notes to the quarterly financial statement.**



## 1. Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concerns which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional and presentation currency.

## 2. Changes of Accounting Policies

### (a) Standards issued and effective

On 1 April 2020, the Group and the Company have also adopted the following new and amended MFRS which are mandatory for annual financial periods beginning on or after 1 January 2020.

#### Description

- Amendments to MFRS 3, *Business Combinations*: Definition of Business
- Amendments to MFRS 4, *Insurance Contracts*: Extension of the Temporary Exemption from Applying MFRS9
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurements* and MFRS 7, *Financial Instruments: Disclosures*: Interest Rate Benchmark Reform
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Material
- Amendments to MFRS 101, *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current-Deferral of Effective Date
- Amendments from other Standards:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 2, *Share-Based Payment*
  - Amendments to MFRS 3, *Business Combination*
  - Amendments to MFRS 5, *Non-current Assets Held for Sales and Discontinued Operations*
  - Amendments to MFRS 6, *Exploration for and evaluation of Mineral Resources*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 14, *Regulatory Deferral Accounts*
  - Amendments to MFRS 15, *Revenue from Contracts with Customers*
  - Amendments to MFRS 101, *Presentation of Financial Statements*

(a) Standards issued and effective (Continued)

**Description**

- Amendments from other Standards (Continued)
  - Amendments to MFRS 107, *Statement of Cash Flows*
  - Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
  - Amendments to MFRS 110, *Events after the Reporting Period*
  - Amendments to MFRS 116, *Property, Plant and Equipment*
  - Amendments to MFRS 119, *Employee Benefits*
  - Amendments to MFRS 128, *Investments in Associates and Joint Ventures*
  - Amendments to MFRS 132, *Financial Instruments: Presentation*
  - Amendments to MFRS 134, *Interim Financial Reporting*
  - Amendments to MFRS 136, *Impairment of Assets*
  - Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets*
  - Amendments to MFRS 138, *Intangible Assets*
  - Amendments to MFRS 140, *Investment Property*
  - Amendments to IC Interpretation 12, *Service Concession Arrangements*
  - Amendments to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
  - Amendments to IC Interpretation 20, *Stripping Costs in Production Phase*
  - Amendments to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
  - Amendments to IC Interpretation 132, *Intangible Assets - Web Site Costs*

Adoption of above amended MFRS did not have any material impact to the financial performances or positions of the Group and of the Company.

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

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

<b>Description</b>	<b>Effective for the Financial period beginning on or after</b>
<b>b) Standard issued but not yet effective (Continued)</b>	
• Amendments to MFRS 3, <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, <i>Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
• Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
• Annual improvements to MFRSs 2018-2020 cycle	
- Amendments to MFRS 1, <i>First Time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2022
- Amendments to MFRS 9, <i>Financial Instruments</i>	1 January 2022
- Amendments to MFRS 16, <i>Leases</i>	1 January 2022
- Amendments to MFRS 141, <i>Agriculture</i>	1 January 2022
• MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 101, <i>Presentations of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statement</i> : Disclosures of Accounting Policies	1 January 2023
• Amendments to MFRS 108, <i>Accounting Policies Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and <i>MFRS 128 Investment in Associate and Joint Ventures</i> : Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

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

**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 than what has already been disclosed in this report.

**4. Audit report of preceding annual financial statements**

The preceding year' audited financial statements ended 31 March 2021 of the Group were not subject to any qualification.

**5. Seasonal or Cyclical Factors**

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

**6. Extraordinary or Exceptional Items**

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

**7. Changes in Estimates**

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

**8. Debts and Equity or Securities**

Warrants A

The first warrants 2018/2021 issued by the Company on 26 April 2018 has expired on 006 April 2021. All unexercised Warrants remaining in the depositor's CDS Account by 5.00 p.m. on the Expiry Date has been debited from the respective depositor's CDS Account on Friday, 23 April 2021. A total of 5,560,396 unexercised warrants were debited from the respective depositor's CDS Account subsequent to the Expiry Date.

Warrants B

On 23 December 2021, the Company undertook a bonus issue of 128,719,802 free warrants on the basis of one warrant for every two exiting ordinary shares in the Company. The expiry date of warrants is 23 December 2024. The exercise price is RM0.35 per share.

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 22 December 2021	-	-	128,719,802

**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 and Property Development and Construction. The segmental analysis of the Group for the financial year under review are as follows:-

**Business segments**

Financial period ended 31.12.2021	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<b>Sales</b>						
Total sales	3,137,442	374,568	43,344,155	0	276,503	47,132,668
Intersegment sales	0	0	(1,898,206)	0	0	(1,898,206)
External sales	<u>3,137,442</u>	<u>374,568</u>	<u>41,445,949</u>	<u>0</u>	<u>276,503</u>	<u>45,234,462</u>
<b>Results</b>						
Profit / (Loss) from operations	(320,473)	832,986	4,847,986	(798,176)	(114,300)	4,448,023
Finance costs	(7,926)	(217,866)	(399,260)	0	0	(625,052)
Profit before tax						3,822,971
Taxation						(1,164,763)
Net profit for the financial period						<u>2,658,208</u>
Segment assets	9,238,734	52,213,780	54,556,822	4,343,186	360,355	120,712,877
Segment liabilities	279,966	11,205,512	16,880,785	330,768	85,337	28,782,368
Interest income	0	1,480	105,623	0	0	107,103
Capital expenditure	0	6,567	712,843	0	999	720,409
Depreciation - Property, plant & equipment	11,349	1,412	504,697	13,723	1,483	532,664
Depreciation - Right-of-use assets	0	0	49,095	0	0	49,095
Allowance for slow moving inventories: - provided for	26,908	0	276,076	0	0	302,984

**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
<b>Sales</b>						
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>
<b>Results</b>						
Profit / (Loss) on 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	<u>(903,930)</u>
Profit before tax						366,209
Taxation						<u>(363,549)</u>
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 - Property, plant & equipment	11,270	75,904	481,016	13,723	75,480	657,393
Depreciation - Right-of-used asset	0	17,334	1,658	0	8,494	27,486
Allowance for slow moving inventories: - provided for / (reversal)	134,167	0	(66,815)	0	0	67,352

**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. Changes in Composition of the Group**

**Disposed of 51% stake in Omni Green Sdn Bhd**

CHB has on 30 April 2021 disposed of its entire interest in the shares of Omni Green Sdn Bhd (“Omni Green”), representing 51% shareholdings, to Mr. Ng Choo Beng at a consideration of RM1.00. Omni Green has been a non-core business and loss making company. The disposal will enable the Group to be more focus on its core business and better utilization of its resources.

**14. Contingent Liabilities and Contingent Assets**

There were no changes in contingent liabilities since the last annual reporting date and there were no contingent assets as at end of the current quarter.

**15. Review of Performance**

**(a) Overall Results Commentary:**

**(i) Nine-month review**

For the nine month period under review, total revenue of the Group was RM45.23 million in Q3FY2022, and it was relatively unchanged as compared to RM44.63 million in the corresponding period of Q3FY2021.

The Group recorded a profit before tax (“PBT”) of RM3.82 million in Q3FY2022 against the profit before tax (“PBT”) of RM0.37 million recorded in Q3FY2021. The increase of RM3.45 million of PBT was mainly contributed by the recovery of amount of RM2.23 million received from the receivables of Property & Construction segment which amounts have been impaired in last financial year, gain from disposal of a subsidiary RM0.23 million, receipt of RM0.36 million of subsidies under the wages subsidies scheme implemented by government, saving in finance costs of RM0.26 million.

**(ii) Three-month review**

The Group’s revenue for the current financial quarter under review was RM15.95 million in Q3FY2022 against RM18.26 million in Q3FY2021. The RM2.31 million decrease in revenue came from the drop in sales of RM1.90 million and RM0.50 million of Manufacturing segment and Property & Construction segment respectively in Q3FY2022 against Q3FY2021.

The Group recorded a PBT of RM1.61 million in Q3FY2022 as compared to RM1.20 million in Q3FY2021. The higher PBT recorded was mainly from the recovery of amount of RM0.41 million received from the receivables of Property & Construction segment which amounts have been impaired in fourth quarter of last financial year.



**(b) Segmental Results Commentary:**

**(i) Property and Construction Segment**

**(a) Nine-month review**

For the nine month period under review, the Property and Construction segment record RM0.37 million revenue in Q3FY2022 compared to a negative revenue of RM0.59 million recorded in Q3FY2021. The negative revenue in Q3FY2021 was due by the cancellation of Sales & Purchase Agreement by some buyers due to their financial difficulty.

This segment has recorded a PBT of RM0.62 million in Q3FY2022 compared with LBT of RM2.16 million in Q3FY2021. The PBT recorded was mainly due to the recovery of amount of RM2.78 million from the receivables which amount have been impaired in last financial year and lower operating overheads expenses arised from cost saving exercise.

**(b) Three-month review**

The Property and Construction segment has captured a RM0.37 million revenue during the three-month current financial period ended Q3FY2022 as compared to RM0.88 million generated in Q3FY2021.

A PBT of RM0.13 million was recorded in Q3FY2022 as compared to RM0.76 million LBT in the corresponding quarter Q3FY2021. The PBT increased by RM0.89 million because of the recovery of amount of RM0.54 million received from the receivables during the period which amount have been impaired in quarter four of last financial year and lower operating overheads expenses arised from cost saving exercise.

**(ii) Manufacturing Segment**

**(a) Nine-month review**

For the nine month period under review, the Manufacturing segment achieved revenue of RM41.45 million in Q3FY2022 against the RM40.93 million in Q3FY2021, an increase of RM0.52 million or 1.27%. The increase in sales came from fabric face mask amounting to RM0.70 million. Demands for fabric face masks have been favourable due to public awareness for personal protection from Covid-19 pandemic.

PBT increased by RM1.74 million to RM4.45 million for Q3FY2022 compared to RM2.71 million for Q3FY2021. The increase in PBT was mainly due by better profit margin resulting from better efficiency in production operations. Average gross margin has improved from 15.83% in Q3FY2021 to 18.61% in Q3FY2022. There were

higher other operating income by RM0.51 million mainly derived from gain in forex exchange and interests income of fixed deposit pledged with banks. The manufacturing segment has also received RM0.36 million of subsidies under the wages subsidies schemes implemented by government. The manufacturing segment also incurred lower finance cost by RM0.30 million due by less utilisation of bank overdraft facilities.

**(b) Three-month review**

During the financial period ended Q3FY2022, revenue recorded for Manufacturing segment was RM14.22 million, a decrease of RM1.90 million or 11.78% as compared to the RM16.13 million recorded in the corresponding financial period of Q3FY2021. The decrease in sales was mainly due by delay shipment of sales deliveries which in turn were caused by disruption of supply chain which is happening worldwide now.

Despite of the decrease in revenue, PBT increased by RM0.22 million to RM2.13 million for Q3FY2022 compared to PBT of RM1.91 million for Q3FY2021. The increase in PBT was due by higher gross margin resulting from better productivity.

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

**(a) Nine-month review**

For the Nine month period under review, the Direct Selling and Retail segment recorded a revenue of RM3.14 million in Q3FY2022 against RM3.90 million in Q3FY2021. The decline of RM0.76 million or 0.19% was attributed to the cautious spending behaviour by consumers after suffering from the negative economy impact caused by Covid-19 pandemic outbreak.

A LBT of RM0.33 million was incurred in Q3FY2022 as compared to PBT RM0.36 million in Q3FY2021 although the decline in sales was only RM0.69 million. This was because gross margin for Q3FY2022 was only 31% compared with gross margin of 41% in Q3FY2022. And the lower gross margin in Q3FY2022 was due by the sales of lower margin products.

**(b) Three-month review**

For the three-month period under review, this segment has recorded a revenue of RM1.18 million in Q3FY2022 against RM1.12 million in Q3FY2021, an increase of RM0.06 million.

Despite of the slight increase in sales in Q3FY2022, a LBT of RM196,678 was incurred in Q3FY2022 as compared to PBT of RM188,721 in Q3FY2021. This was mainly due to sales of lower gross margin products in Q3FY2022.

## **16. Prospects**

The uncertainties in global economy, unstable geo-political situation and 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 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 plans cautiously for its Property Development segment by going in small scale in the effort to complete the balance phases of property development projects located in Taman University Wallagonia, Tapah Road, Perak and Estana Court Casamas Condominium, Ulu Kelang, Kuala Lumpur.

The Company has been producing fabric face masks in large scale to cater for the market demand for fabric face masks as part of the personal protection equipment against the infection of Covid-19 pandemic virus. We foresee the necessity of wearing face masks will continue for a certain periods of time especially with the continuing mutation of virus variants. With Delta variant still exist, a new mutated variant, namely Omicron has widespread, which is more contaminous despite less fatal.

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. Efforts have also been taken to sell our products in our own brand and co-brand with other famous brand names in the market. This would enhance the existence of our brand in the market, push up more sales with better profit margin.

## **17. Profit Forecast and Profit Guarantee**

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

**18. Taxation**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31.12.2021 RM	31.12.2020 RM	31.12.2021 RM	31.12.2020 RM
Taxation				
- current period	493,986	442,645	1,052,955	614,656
Deferred taxation				
- current period	26,146	141,522	111,808	(251,107)
Tax charge	<u>520,132</u>	<u>584,167</u>	<u>1,164,763</u>	<u>363,549</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.

**19. Unquoted Investments and Properties**

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

**20. Status of The Utilisation of Proceeds From Corporate Proposals**

As at 31 December 2021, the status of the utilisation of proceeds from the private placement exercise which was completed on 19 May 2021, amounting to RM7.935 million is as follows:

Purpose	Proposed Utilisation RM' 000	Actual Utilisation RM' 000	Balance Unutilised RM' 000	Intended Timeframe for Utilisation from the date of Receipts of Proceeds	Remarks
i) Project Development project	6,923	183	6,740	24 months	
ii) General Working capital	762	334	428	24 months	
iii) Expenses for private placement exercise	250	235	15	1 months	Unutilised amount to be used for general working capital
Total	<u>7,935</u>	<u>752</u>	<u>7,183</u>		

**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 2021 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	2,470,654	8,556,319	11,026,973
Unsecured	<u>215,230</u>	<u>0</u>	<u>215,230</u>
	2,685,884	8,556,319	11,242,203
<u>US Dollar</u>			
Secured	<u>1,783,624</u>	<u>0</u>	<u>1,783,624</u>
	<u><u>4,469,508</u></u>	<u><u>8,556,319</u></u>	<u><u>13,025,827</u></u>

**21. Derivative Financial Instruments**

There were no derivative instruments for foreign currency forward contracts and option forward contracts as at the end of the financial period ended 31 December 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 Board of Directors proposes payment of the 1<sup>st</sup> single tier interim dividend of RM 0.005 (0.5 sen) per share amounting RM 1,287,198.02 on 257,439,604 ordinary shares for the financial year ending 31 March 2022 in respect of the current period and the dates for dividend payment, entitlement and closure of books will be determined and announced later.

**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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<u>Basic EPS</u>				
Profit attributable to equity holders of the Company (RM)	1,086,818	621,317	2,658,208	80,129
Weighted average no. of ordinary shares in issue	257,439,604	205,269,400	257,439,604	205,269,400
Basic EPS (sen)	<u>0.42</u>	<u>0.30</u>	<u>1.03</u>	<u>0.04</u>

For the financial period ended 31 December 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 9 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<u>Diluted EPS</u>				
Profit attributable to equity holders of the Company (RM)	1,086,818	621,317	2,658,208	80,129
Weighted average no. of ordinary shares in issue	257,439,604	227,406,844	257,439,604	227,406,844
Diluted EPS (sen)	<u>0.42</u>	<u>0.27</u>	<u>1.03</u>	<u>0.04</u>

**27. Capital Commitments**

As at 31 December 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 31.12.2021 RM	9 Months Ended 31.12.2021 RM
(a) Interest income	(46,240)	(107,103)
(b) Interest expense	378,054	625,052
(c) Depreciation		
- Property, plant & equipment	213,785	532,664
- Right-of-use assets	6,047	49,095
(d) Allowance for expected loss / credit loss		
- Provided for	146,364	146,364
- Reversal	(536,979)	(2,396,120)
(e) Allowance for slow moving inventories		
- Provided for	44,258	302,984
(f) Reversal for liquidated ascertained damages	(35,590)	(253,632)
(g) Foreign exchange loss / (gain)		
- Realized	(78,629)	(154,828)
- Unrealized	(52,747)	274,945
(h) Gain on PPE Disposal	0	(136,500)
(i) Gain from disposal of a subsidiary	0	(227,880)

**29. Authorisation for issue**

The Board of Directors has authorised the release of the unaudited interim financial statements for the fourth quarter ended 31 December 2021 pursuant to a resolution dated 23 February 2022.