

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**



**Caely**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Year Quarter 30.09.2011 RM	Preceding Year Corresponding Quarter 30.09.2010 RM	Current Year To Date 30.09.2011 RM	Preceding Corresponding Year to Date 30.09.2010 RM
<b>Revenue</b>	15,958,603	15,708,983	28,964,865	29,209,561
Operating expenses	(15,170,222)	(18,461,281)	(30,802,094)	(35,363,058)
Other operating income	0	947,110	445,786	1,506,368
Profit / (Loss) from operations	788,381	(1,805,188)	(1,391,443)	(4,647,129)
Finance cost	(179,244)	(159,615)	(340,415)	(393,454)
<b>Profit / (Loss) before taxation</b>	609,137	(2,039,027)	(1,731,858)	(5,040,583)
Taxation	13,641	143,347	46,148	143,347
<b>Profit / (Loss) after taxation</b>	622,778	(1,895,680)	(1,685,710)	(4,897,236)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Company	622,778	(1,895,680)	(1,685,710)	(4,897,236)
Non-controlling interest	-	-	-	-
Profit / (Loss) after taxation	622,778	(1,895,680)	(1,685,710)	(4,897,236)
Earnings per share:				
- basic (sen)	0.8	(2.4)	(2.1)	(6.1)
- diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 30.09.2011 RM (unaudited)	As at 31.03.2011 RM (audited)
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	25,839,743	26,015,093
Prepaid lease payments	798,703	806,010
Deferred tax assets	0	69,402
Receivables, deposits and prepayments	11,579	288,504
	<u>26,650,025</u>	<u>27,179,009</u>
<b>CURRENT ASSETS</b>		
Inventories	25,074,100	25,895,378
Receivables, deposits and prepayments	10,341,131	9,524,156
Derivative financial instruments	12,199	95,593
Tax recoverable	1,168,189	1,083,906
Marketable securities	2,022,007	2,410,746
Deposits, bank and cash balances	9,871,074	7,248,299
	<u>48,488,700</u>	<u>46,258,078</u>
<b>TOTAL ASSETS</b>	<u><u>75,138,725</u></u>	<u><u>73,437,087</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	40,000,000	40,000,000
Reserves	<u>18,912,097</u>	<u>20,597,807</u>
Equity attributable to -owners of the Company	58,912,097	60,597,807
Non-controlling interest	-	-
	<u>58,912,097</u>	<u>60,597,807</u>
<b>NON CURRENT LIABILITIES</b>		
Hire-purchase creditors	536,591	376,921
Term loan	898,697	1,012,570
Payables and accruals	64,439	74,889
Deferred tax liabilities	494,905	489,440
	<u>1,994,632</u>	<u>1,953,820</u>

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

	As at 31.09.2011 RM (unaudited)	As at 31.03.2010 RM (audited)
<b>CURRENT LIABILITIES</b>		
Payables and accruals	6,488,210	7,004,047
Derivative financial instruments	778,846	116,203
Hire-purchase creditors	166,165	210,590
Short term bank borrowings		
- bank overdrafts	3,679,366	1,694,160
- others	2,882,950	1,630,950
Term loan	235,564	228,615
Current tax liabilities	895	895
	<u>14,231,996</u>	<u>10,885,460</u>
<b>TOTAL LIABILITIES</b>	<u>16,226,628</u>	<u>12,839,280</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>75,138,725</u>	<u>73,437,087</u>
Net Assets per share of RM0.50 each	<u>0.74</u>	<u>0.76</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company							Total shareholders' equity
	Share capital	Reserve on consolidation	Revaluation reserve	Share premium	Currency Translation Reserve	Retained profits	Minority Interest	
At 1 April 2010	40,000,000	80,344	4,690,672	9,419,360	79,707	16,473,440	-	70,743,523
Effects on adoption of FRS 139	-	-	-	-	-	78,961	-	78,961
As restated	40,000,000	80,344	4,690,672	9,419,360	79,707	16,552,401	-	70,822,484
<u>Total comprehensive income</u>	-	-	-	-	-	(4,897,236)	-	(4,897,236)
Net profit for the period	40,000,000	80,344	4,690,672	9,419,360	79,707	11,655,165	-	65,925,248
At 1 April 2011	40,000,000	80,344	4,690,672	9,419,360	79,707	6,327,724	-	60,597,807
Net profit (loss) for the period	-	-	-	-	-	(1,685,710)	-	(1,685,710)
At 30 September 2011	40,000,000	80,344	4,690,672	9,419,360	79,707	4,642,014	-	58,912,097

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	30.09.2011 RM	30.09.2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) for the period/year	(1,685,710)	(4,897,236)
Adjustments for:		
Property, plant and equipment		
- depreciation	886,509	1,026,485
- (gain) / loss on disposals	-	(42,089)
- write off	-	-
Amortisation of investment property	-	11,664
Amortisation of prepaid lease payments	7,307	-
Allowance for doubtful debts	-	-
Interest expense	245,731	261,342
Taxation	(46,148)	(143,347)
Interest income	(89,443)	(64,586)
Fair Value (gains) / losses on marketable securities	249,669	-
Write back of impairment on marketable securities	-	(194,675)
(Gain) / loss on disposal of marketable securities	(38,230)	317,505
Fair value (gains) / losses on derivative financial instruments	746,017	-
Waiver of debt by a creditor	-	(4,392)
Gross dividend income from marketable securities	(5,730)	(20,915)
	<u>269,992</u>	<u>(3,750,244)</u>
Net movements in working capital:		
Inventories	821,277	(1,064,887)
Receivables	(540,050)	46,812
Payables	(526,286)	21,531
Cash flows generated/(used in) from operations	24,933	(4,746,788)
Interest paid	(245,731)	(261,342)
Tax refund	154,082	-
Tax paid	(117,351)	(298,948)
Net operating cash flow	<u>(184,067)</u>	<u>(5,307,078)</u>

**The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.**

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

	30.09.2011 RM	30.09.2010 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- payments for acquisition	(421,159)	(229,930)
- proceeds from disposals	-	42,520
Interest income received	89,443	37,742
Dividend income received	5,730	20,915
Marketable securities		
- payment for acquisition	(1,739,834)	(509,130)
- proceeds from disposals	1,917,134	293,542
Net investing cash flow	<u>(148,686)</u>	<u>(344,341)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments of)/ Proceeds from short term bank borrowings	1,252,000	(484,985)
Repayments of hire-purchase creditors	(174,755)	(52,040)
Repayments of term loan	(106,924)	(284,660)
Drawdown of term loan		488,191
Net financing cash flow	<u>970,321</u>	<u>(333,494)</u>
Net movement in cash and cash equivalents	637,568	(5,984,913)
Cash and cash equivalent at beginning of the financial period/year	<u>5,080,797</u>	<u>9,750,987</u>
Cash and cash equivalent at end of the financial period/year	<u><u>5,718,365</u></u>	<u><u>3,766,074</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

## 1. Basis of Preparation

The interim financial statements are unaudited and are prepared in accordance with Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2011.

The accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 March 2011, except for the adoption of the following relevant FRSs, amendments to FRSs and IC Interpretations.

FRS 3	Business Combination (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendment to FRS 1	First-time Adoption of Financial reporting Standard
Amendment to FRS 127	Consolidated & Separate Financial Statements
Amendment to FRS 134	Interim Financial Statements
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 140	Investment Property
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting Impairment
IC Interpretation 18	Transfer of Assets from Customers

The application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group

## 2. Qualification of Auditors’ Report

The auditors’ report of the preceding financial statements ended 31 March 2011 was not subject to any qualification.



**3. Seasonal or Cyclical Factors**

The business of the Group was not affected materially by any seasonal or cyclical factors for the quarter under review.

**4. Extraordinary or Exceptional Items**

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

**5. Changes in Estimates**

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

**6. Debts and Equity or Securities**

There were no issuance and repayment of debts and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares for period under review.

**7. Dividend Paid**

No dividend has been paid during the current financial quarter.

**8. Segmental information**

Financial period ended 30.09.2011	Direct Selling/Retail RM	Construction RM	Original Equipment Manufacturer RM	Own Brand RM	Car Accessories Manufacturer RM	Others RM	Total RM
<u>Sales</u>							
Total sales	2,155,736	1,347,264	25,336,614	996,113	125,251	7,500,060	37,461,038
Intersegment sales	-	-	-	(996,113)	-	(7,500,060)	(8,496,173)
External sales	<u>3,503,000</u>	<u>1,347,264</u>	<u>25,536,614</u>	<u>-</u>	<u>125,251</u>	<u>-</u>	<u>28,964,865</u>
<u>Results</u>							
Profit / (loss) on operations	(1,017,130)	(94,474)	87,842	288,031	(415,277)	(240,435)	(1,391,443)
Finance cost	(60,480)	(1,197)	(165,994)	(45,793)	(49,914)	(17,037)	(340,415)
Loss before tax							(1,731,858)
Taxation							<u>46,148</u>
Net loss for the period							<u>(1,685,710)</u>
Segment assets	8,994,127	282,468	43,117,303	12,578,622	2,941,727	7,224,478	75,138,725
Segment liabilities	2,416,937	378,139	10,575,804	559,024	1,442,690	854,034	16,226,628
Interest income	13	-	81,700	-	5,097	2,633	89,443
Capital expenditure	-	30,287	527,337	-	153,535	-	711,159
Depreciation and amortisation	89,525	830	590,405	101,377	76,091	35,588	893,816

**Caely Holdings Bhd (408376-U)**

Incorporated in Malaysia

**Unaudited Interim Financial Statements  
for 2<sup>nd</sup> Quarter ended 30 September 2011**

**Segment information (Continued)**

Financial period ended 30.09.2010	Direct Selling/Retail RM	Construction RM	Original Equipment Manufacturer RM	Own Brand Manufacturer RM	Car Accessories Manufacturer RM	Others RM	Total RM
<b>Sales</b>							
Total sales	2,065,821	-	26,664,402	577,506	479,338	409,283	30,196,350
Intersegment sales	-	-	-	(577,506)	-	(409,283)	(986,789)
External sales	<u>2,065,821</u>	<u>-</u>	<u>26,664,402</u>	<u>-</u>	<u>479,338</u>	<u>-</u>	<u>29,209,561</u>
<b>Results</b>							
Profit / (loss) on operations	(1,984,055)	-	(2,111,074)	274,309	(466,223)	(360,086)	(4,647,129)
Finance cost	(125,253)	-	(160,751)	(43,756)	(42,858)	(20,836)	(393,454)
Loss before tax							(5,040,583)
Taxation							143,347
Net profit for the period							<u>(4,897,236)</u>
Segment assets	13,929,425	-	47,615,708	12,947,988	3,779,851	4,326,632	82,599,604
Segment liabilities	4,337,351	-	7,642,528	1,943,160	1,761,704	989,613	16,674,356
Interest income	38,964	-	25,240	-	-	382	64,586
Capital expenditure	154,368	-	238,503	-	4,059	-	369,360
Depreciation and amortisation	174,834	-	631,872	114,263	81,592	35,588	1,038,149

#### **9. Valuations of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without any amendments from the financial statements for the financial period ended 31 March 2011.

#### **10. Subsequent events**

There have been no material events subsequent to the financial period end that require adjustment or disclosure in this interim financial statements.

#### **11. Changes in composition of the Group**

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

#### **12. Contingent liabilities and contingent assets**

There are no contingent liabilities nor contingent assets to be disclosed as at the date of this interim financial statements.

#### **13. Performance review**

For the current quarter under review, the Group recorded revenue of RM16.0 million as compared to RM15.7 million registered in the preceding year's corresponding quarter. The improvement in revenue was mainly attributable to the contribution by our new construction segment which generated RM1.3 million.

For the current quarter under review, the Group posted an after tax profit of RM0.6 million for the current quarter compared to an after tax loss tax of RM1.9 million recorded in the preceding year corresponding quarter. This improvement in the after tax profit was due to better margin from sales mix of the OEM segment as well as lower operating cost incurred by both the OEM and direct selling segments.

For the cumulative six months under review, the Group recorded revenue of RM29.0 million compared to RM29.2 million recording in the preceding year corresponding period. Despite the marginal drop in revenue of RM0.2 million, the Group posted an after tax loss of RM1.7 million for the cumulative six months compared to an after tax loss of RM4.9 million. This improvement of RM3.2 million was mainly attributable to lower operational costs incurred by both the OEM and direct selling segments.

**14. Quarterly results comparison**

The Group's current quarter revenue of RM16.0 million represented an increase of RM3.0 million as compared to the immediate preceding quarter of RM13.0 million. In line with the increase in revenue, improved efficiency, better margin from sales mix and lower operational costs from the OEM and direct selling segments, the Group posted a profit of RM0.6 million compared to after tax loss of RM2.3 million recorded in the immediate preceding quarter.

**15. Prospects for the current financial year**

The Group's operations are expected to face stiff challenges such as the rising operation cost and debt concerns in Europe and the United States which may affect market sentiment in the global and local economies. In view of this, the Group will continue to remain cautious and will adopt prudent measures to mitigate the impacts that these factors may have on the Group's performance.

**16. Profit forecast and profit guarantee**

Not applicable.

**17. Taxation**

	Current Year Quarter 30.09.2011 RM	Preceding Year Corresponding Quarter 30.09.2010 RM	Current Year To Date 30.09.2011 RM	Preceding Corresponding Year to Date 30.09.2010 RM
Taxation				
- current year	88,507	-	121,015	-
Deferred taxation				
- current year	(74,867)	143,347	(74,867)	143,347
	<u>32,508</u>	<u>143,347</u>	<u>46,148</u>	<u>143,347</u>

**18. Unquoted investments and properties**

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

**19. Corporate proposal**

On 27 June 2011, Caely (M) Sdn Bhd, a subsidiary of the Group, entered into a sale and purchase agreement (“SPA”) to acquire a piece of land from Tenaga Danawa Sdn Bhd for a total consideration of RM3,695,300 consisting of RM1,925,300 in cash and RM1,770,000 in kind. The land is intended for future mixed property development. As at 30 September 2011, the Group has paid RM192,530 in accordance to the terms for the acquisition and the balance is to be paid in various instalments over the period of development.

**20. Quoted investments**

(a) Purchases and disposals

	Current Year Quarter 30.09.2011 RM	Current Year To Date 30.09.2011 RM
Total purchase consideration	49,116	1,739,834
Total sales proceeds	50,000	1,917,134
Total profit / (loss) on disposal	<u>(76,539)</u>	<u>(38,230)</u>

(b) Investments as at 30 September 2011

	RM
At cost	2,451,112
At carrying value	2,022,007
At fair value	<u>2,022,007</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 30 September 2011 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	4,343,131	1,435,288	5,778,419
Unsecured	645,964	0	645,964
	<u>4,989,095</u>	<u>1,435,288</u>	<u>6,424,383</u>
<u>US Dollar</u>			
Secured	1,974,950	0	1,974,950
	<u>6,964,045</u>	<u>1,435,288</u>	<u>8,399,333</u>

## 22. Derivative financial instruments

With the adoption of FRS 139, foreign currency forward contracts which were previously classified as off balance sheet financial instruments are now recognised in the balance sheet as derivative instruments as follows:

	Contract / Notional amount RM	Fair value as at 30.09.2011 RM	Fair value Gain / (loss) as at 30.09.2011 RM
Foreign currency forward contracts			
- less than 1 year	15,730,950	15,226,580	(504,370)
Enhanced knockout forward			
- less than 1 year	4,908,000	4,645,723	(262,277)

The management objectives and policies in respect of the above derivatives and its various risk management are consistent with those adopted during the last financial year ended 31 March 2011.

## 23. Fair value changes of financial liabilities

As at 30 September 2011, 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 three months ended 30 September 2011.

**26. Earnings per share**

The earnings per ordinary share is calculated by dividing the net profit after tax and non-controlling interest for the period by the weighted average number of ordinary shares in issue during the period.

	Current Year Quarter 30.09.2011	Preceding Year Corresponding Quarter 30.09.2010	Current Year To Date 30.09.2011	Preceding Corresponding Year to Date 30.09.2010
Net profit / (loss) for the period (RM)	622,778	(1,895,680)	(1,685,710)	(4,897,236)
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.8	(2.4)	(2.1)	(6.1)
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**27. Capital commitments**

As at 30 September 2011, there was no capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements.



**28. Disclosure of realised and unrealised retained earnings**

	Current Year Year to Date 30.09.2011 RM	As at the End of Financial Year 30.03.2011 RM
Total retained earnings of the Company and its subsidiaries		
Realised	31,413,379	32,265,035
Unrealised	(1,269,993)	(246,155)
	<u>30,143,386</u>	<u>32,018,880</u>
Less: Consolidation adjustments	(25,501,372)	(25,691,156)
Total Group retained earnings as per consolidated accounts	<u>4,642,014</u>	<u>6,327,724</u>

The determination of realised and unrealised profit is compiled based on the format prescribed by Bursa Malaysian - Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

**30. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on **24 November 2011**.

