

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**



**Caely**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Year Quarter 30.09.2012 RM	Preceding Year Corresponding Quarter 30.09.2011 RM	Current Year To Date 30.09.2012 RM	Preceding Corresponding Year to Date 30.09.2011 RM
<b>Revenue</b>	22,728,923	15,958,603	43,851,345	28,964,865
Operating expenses	(22,735,118)	(15,170,222)	(43,489,600)	(30,802,094)
Other operating income	748,111	0	733,713	445,786
Profit / (Loss) from operations	741,916	788,381	1,095,458	(1,391,443)
Finance cost	(166,200)	(179,244)	(329,448)	(340,415)
<b>Profit / (Loss) before taxation</b>	575,716	609,137	766,010	(1,731,858)
Taxation	(149,619)	13,641	(93,333)	46,148
<b>Profit / (Loss) after taxation</b>	426,097	622,778	672,677	(1,685,710)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Company	426,097	622,778	672,677	(1,685,710)
Non-controlling interest	-	-	-	-
Profit / (Loss) after taxation	426,097	622,778	672,677	(1,685,710)
Earnings per share:				
- basic (sen)	0.5	0.8	0.8	(2.1)
- 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 2012.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 30.09.2012 RM (Unaudited)	As at 31.03.2012 RM (Audited)
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	25,928,958	26,391,981
Prepaid lease payments	322,804	325,168
Deferred tax assets	213,194	92,439
Receivables, deposits and prepayments	24,707	60,070
	<u>26,489,663</u>	<u>26,869,658</u>
<b>CURRENT ASSETS</b>		
Property development costs	4,922,398	4,546,997
Inventories	27,035,554	25,587,108
Receivables, deposits and prepayments	18,153,945	17,674,326
Derivative financial instruments	87,580	8,916
Tax recoverable	672,425	689,001
Marketable securities	1,999,056	2,141,947
Deposits, bank and cash balances	4,683,240	5,047,894
	<u>57,554,198</u>	<u>55,696,189</u>
<b>Non current assets held for sale</b>	-	1,442,562
<b>TOTAL ASSETS</b>	<u>84,043,861</u>	<u>84,008,409</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	40,000,000	40,000,000
Reserves	24,347,014	23,674,337
Equity attributable to owners of the Company	64,347,014	63,674,337
Non-controlling interest	-	-
	<u>64,347,014</u>	<u>63,674,337</u>
<b>NON CURRENT LIABILITIES</b>		
Hire-purchase creditors	471,990	541,183
Term loan	147,852	192,641
Payables and accruals	43,540	53,990
Deferred tax liabilities	833,339	811,305
	<u>1,496,721</u>	<u>1,599,119</u>

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

	As at 30.09.2012 RM (Unaudited)	As at 31.03.2012 RM (Audited)
<b>CURRENT LIABILITIES</b>		
Payables and accruals	10,157,153	10,641,111
Derivative financial instruments	40,233	35,331
Hire-purchase creditors	193,344	186,416
Short term bank borrowings		
- bank overdrafts	5,668,993	4,186,675
- others	2,003,400	2,065,500
Term loan	128,535	153,544
Current tax liabilities	8,468	5,900
	<u>18,200,126</u>	<u>17,274,477</u>
<b>Liabilities associated with assets held for sale</b>	<u>-</u>	<u>1,460,476</u>
<b>TOTAL LIABILITIES</b>	<u>18,200,126</u>	<u>20,334,072</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>84,043,861</u>	<u>84,008,409</u>
Net Assets per share of RM0.50 each	<u><b>0.80</b></u>	<u><b>0.80</b></u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

**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	
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2011	40,000,000	80,344	4,690,672	9,419,360	79,707	6,327,724	-	60,597,807
Net 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
At 1 April 2012	40,000,000	80,344	6,681,853	9,419,360	-	7,492,780	-	63,674,337
Net profit for the period	-	-	-	-	-	672,677	-	672,677
At 30 September 2012	40,000,000	80,344	6,681,853	9,419,360	-	8,165,457	-	64,347,014

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	30.09.2012 RM (Unaudited)	30.09.2011 RM (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) for the period/year	672,677	(1,685,710)
Adjustments for:		
Property, plant and equipment		
- depreciation	813,670	886,509
- (gain) / loss on disposals	-	-
- write off	1,421	-
Amortisation of investment property	-	-
Amortisation of prepaid lease payments	2,365	7,307
Interest expense	265,169	245,731
Taxation	93,333	(46,148)
Interest income	(83,424)	(89,443)
Fair Value (gains) / losses on marketable securities	123,180	249,669
(Gain) / loss on disposal of marketable securities	260	(38,230)
Fair value (gains) / losses on derivative financial instruments	(73,761)	746,017
Gross dividend income from marketable securities	(8,136)	(5,730)
	<u>1,806,754</u>	<u>269,992</u>
Net movements in working capital:		
Inventories	(1,448,446)	821,277
Property development cost	(375,401)	-
Receivables	998,306	(540,050)
Payables	(1,954,884)	(526,286)
Cash flows generated/(used in) from operations	(973,671)	24,933
Interest paid	(265,169)	(245,731)
Tax refund	-	154,082
Tax paid	(172,909)	(117,351)
Net operating cash flow	<u>(1,411,749)</u>	<u>(184,067)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

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

	30.09.2012 RM (Unaudited)	30.09.2011 RM (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- payments for acquisition	(318,067)	(421,159)
- proceeds from disposals	-	-
Interest income received	83,424	89,443
Dividend income received	8,136	5,730
Marketable securities		
- payment for acquisition	(1,080,550)	(1,739,834)
- proceeds from disposals	1,100,000	1,917,134
Net investing cash flow	<u>(207,057)</u>	<u>(148,686)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments of)/ Proceeds from short term bank borrowings	(62,100)	1,252,000
Repayments of hire-purchase creditors	(96,266)	(174,755)
Repayments of term loan	(69,798)	(106,924)
Net financing cash flow	<u>(228,164)</u>	<u>970,321</u>
Net movement in cash and cash equivalents	(1,846,970)	637,568
Cash and cash equivalent at beginning of the financial period/year	<u>387,877</u>	<u>5,080,797</u>
Cash and cash equivalent at end of the financial period/year	<u>(1,459,093)</u>	<u>5,718,365</u>

**The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.**

## **1. Basis of Preparation**

The interim financial statements are unaudited and are prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2012.

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 2012, except for the first time adoption of MFRS Frameworks.

In the transition to the MFRS Framework, the Group has applied MFRS 1 “First time Adoption of MFRS” which provides certain optional exemptions and mandatory exemptions for first-time MFRS adopters.

At the date of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and the Group has not yet applied:

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 13	Fair Value Measurements
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income

The application of the above new accounting standards are not expected to have a material impact on the Group’s financial statements other than MFRS 9. MFRS 9 replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.



**2. Qualification of Auditors' Report**

The auditors' report of the preceding financial statements ended 31 March 2012 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 30.09.2012	Continuing Operations					Discontinued Operations		Total RM
	Direct Selling/Retail RM	Construction RM	Original Equipment Manufacturer RM	Own Brand RM	Others RM	Total RM	Car Accessories Manufacturer RM	
<u>Sales</u>								
Total sales	1,904,094	12,370,392	29,576,859	925,545	7,500,060	52,276,950	-	52,276,950
Intersegment sales	-	-	-	(925,545)	(7,500,060)	(8,425,605)	-	(8,425,605)
External sales	<u>1,904,094</u>	<u>12,370,392</u>	<u>29,576,859</u>	<u>-</u>	<u>-</u>	<u>43,851,345</u>	<u>-</u>	<u>43,851,345</u>
<u>Results</u>								
Profit / (loss) on operations	(960,217)	1,496,554	435,723	233,883	(110,848)	1,095,458	-	1,095,458
Finance cost	(59,527)	(6,833)	(202,310)	(48,669)	(12,109)	(329,448)	-	(329,448)
Loss before tax								766,010
Taxation								(93,333)
Net loss for the period								<u>672,677</u>
Segment assets	13,468,159	8,315,517	43,452,240	14,684,662	4,122,386	84,701,814	-	84,043,864
Segment liabilities	2,970,165	2,840,086	10,980,094	2,154,103	752,400	19,696,848	-	19,696,848
Interest income	5	-	80,932	-	2,487	83,424	-	83,424
Capital expenditure	197,159	44,698	12,397	97,813	-	352,067	-	352,067
Depreciation and amortisation	67,951	29,279	570,713	111,404	36,688	816,035	-	816,035

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

Incorporated in Malaysia

**Unaudited Interim Financial Statements  
for 2<sup>nd</sup> Quarter ended 30 September 2012**

**Segment information (Continued)**

Financial period ended 30.09.2011	Continuing Operations					Discontinued Operations		Total RM
	Direct Selling/Retail RM	Construction RM	Original Equipment Manufacturer RM	Own Brand RM	Others RM	Total RM	Car Accessories Manufacturer RM	
<b>Sales</b>								
Total sales	2,155,736	1,347,264	25,336,614	996,113	7,500,060	37,335,787	125,251	37,461,038
Intersegment sales	-	-	-	(996,113)	(7,500,060)	(8,496,173)	-	(8,496,173)
External sales	<u>2,155,736</u>	<u>1,347,264</u>	<u>25,336,614</u>	<u>-</u>	<u>-</u>	<u>28,839,614</u>	<u>125,251</u>	<u>28,964,865</u>
<b>Results</b>								
Profit / (loss) on operations	(1,017,130)	(94,474)	87,842	288,031	(240,435)	(976,166)	(415,277)	(1,391,443)
Finance cost	(60,480)	(1,197)	(165,994)	(45,793)	(17,037)	(290,501)	(49,914)	(340,415)
Loss before tax						(1,266,667)	(465,191)	(1,731,858)
Taxation						46,148	-	46,148
Net profit for the period						<u>(1,220,519)</u>	<u>(465,191)</u>	<u>(1,685,710)</u>
Segment assets	8,994,127	282,468	43,117,303	12,578,622	7,224,478	72,196,998	2,941,727	75,138,725
Segment liabilities	2,416,937	378,139	10,575,804	559,024	854,034	14,783,938	1,442,690	16,226,628
Interest income	13	-	81,700	-	2,633	84,346	5,097	89,443
Capital expenditure	-	30,287	527,337	-	-	557,624	153,535	711,159
Depreciation and amortisation	89,525	830	590,405	101,377	35,588	817,725	76,091	893,816

#### **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 2012.

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

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

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

Except for the disposal of the 51% owned subsidiary, Avana Technologies (M) Sdn Bhd, there have been 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 these interim financial statements.

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

The Group recorded revenue of RM22.7 million for the current quarter ended 30 September 2012 as compared to revenue of RM16.0 million registered in the preceding year's corresponding quarter. The increase in revenue of RM6.7 million was mainly contributed by the property and construction segment (RM5.6 million) and OEM segment (RM2.4 million) while the direct selling segment recorded a decline of RM1.2 million.

For the current quarter, the Group's after tax profit was RM0.426 million, a decline of RM0.2 million from the preceding year corresponding quarter of RM0.623 million. The slight drop in profit was mainly attributable to higher operating costs incurred in the OEM segment and lower sales volume in the direct sales segment. However, the contribution by the property and construction segment and the disposal of the loss making subsidiary, Avana Technologies (M) Sdn Bhd, help alleviate the decline in the profit after tax.

For the six months ended 30 September 2012, the Group recorded revenue of RM43.8 million compared to RM29.0 million for the preceding year's six months. Profit after tax for the current six months was RM0.673 million compared to an after tax loss of RM1.7 million for the preceding year's corresponding six months. The improvement of the profit after tax was mainly due to the contribution by the property and construction segment and the disposal of the said subsidiary company.

#### 14. Quarterly results comparison

For the current quarter under review, the Group recorded an increase in revenue of RM1.6 million to RM22.7 million as compared to the immediate preceding quarter of RM21.1 million. This increase in revenue was mainly attributable to the OEM segment. In line with the increase in revenue, the Group posted an after tax profit of RM0.426 million for the current quarter as compared to a profit after tax of RM0.246 million registered in the immediate preceding quarter.

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

As the Group enters the second half of the financial year, the on-going Euro-zone crisis and the uncertainties in the US continue to weaken the global economic growth and demand. These uncertainties in the global economy will have a direct impact on the Group's export market. In view of this, the Group's performance will largely depend on market demand, operating efficiencies and cost control measures of its various operations and the Group will continue to adopt prudent measures so as to lessen the impact these challenges may have on the Group.

#### 16. Profit forecast and profit guarantee

Not applicable.

#### 17. Taxation

	Current Year Quarter 30.09.2012 RM	Preceding Year Corresponding Quarter 30.09.2011 RM	Current Year To Date 30.09.2012 RM	Preceding Corresponding Year to Date 30.09.2011 RM
Taxation				
- current year charge / (credit)	248,339	(88,508)	192,053	(121,015)
Deferred taxation				
- current year	(98,720)	74,867	(98,720)	74,867
Tax charge / (credit)	<u>149,619</u>	<u>(13,641)</u>	<u>93,333</u>	<u>(46,148)</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

- (a) 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 June 2012, the Group has paid RM914,530 in accordance to the terms for the acquisition and the balance is to be paid in various instalments over the period of development.
- (b) On 29 March 2012, the Group entered into a Share Sale Agreement (“SSA”) to dispose of 51% equity in a subsidiary, Avana Technologies (M) Sdn Bhd, for a consideration of RM450,000. The transaction was completed in the second quarter of the current financial year.

## 20. 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 2012 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	3,397,803	619,842	4,017,645
Unsecured	<u>2,593,069</u>	<u>0</u>	<u>2,593,069</u>
	5,990,872	619,842	6,612,714
<u>US Dollar</u>			
Secured	<u>2,003,400</u>	<u>0</u>	<u>2,003,400</u>
	<u><u>7,994,272</u></u>	<u><u>619,842</u></u>	<u><u>8,614,114</u></u>

## 21. Derivative financial instruments

The derivative instruments for foreign currency forward contracts and option forward contracts are as follows:

	Contract / Notional amount RM	Fair value as at 30.09.2012 RM	Fair value Gain / (loss) as at 30.09.2012 RM
Foreign currency forward contracts			
- less than 1 year	3,609,000	3,524,755	84,245
Option forward contracts			
- less than 1 year	2,883,000	2,919,898	(36,898)

### **Derivative financial instruments (Continued)**

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 2012.

### **22. Fair value changes of financial liabilities**

As at 30 September 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

### **23. Changes in material litigation**

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

### **24. Proposed dividend**

The Directors do not recommend any payment of dividends in respect of the six months ended 30 September 2012.

### **25. 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 30.09.2012	Preceding Year Corresponding Quarter 30.09.2011	Current Year To Date 30.09.2012	Preceding Corresponding Year to Date 30.09.2011
Net profit / (loss) for the period (RM)	426,097	622,778	672,677	(1,685,710)
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.5	0.8	0.8	(2.1)
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## 26. Capital commitments

As at 30 September 2012, there was no capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements.

## 27. Disclosure of realised and unrealised retained earnings

	Current Year to Date 30.09.2012 RM	As at the End of Financial Year 31.03.2012 RM
Total retained earnings of the Company and its subsidiaries		
Realised	38,767,939	33,700,293
Unrealised	(527,712)	(888,282)
	<u>38,240,227</u>	<u>32,812,011</u>
Less: Consolidation adjustments	<u>(30,074,770)</u>	<u>(25,319,231)</u>
Total Group retained earnings as per consolidated accounts	<u><u>8,165,457</u></u>	<u><u>7,492,780</u></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.

## 28. Profit / (Loss) before taxation

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

	Current Year Quarter 30.09.2012	Current Year To Date 30.09.2012
(a) Interest income	49,883	83,424
(b) Other income including investment income	6,060	8,136
(c) Interest expense	129,310	265,169



**Profit / (Loss) before taxation (Continued)**

	Current Year Quarter 30.09.2012	Current Year To Date 30.09.2012
(d) Depreciation and amortisation	400,002	816,035
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	(260)	-
(h) Impairment of assets	-	1,421
(i) Foreign exchange gain/(loss)	284,057	205,633
(j) Gain/(Loss) on derivatives	321,966	73,761
(k) Exceptional items	-	-

**29. 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 **26 November 2012**.