

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.09.2013 RM	Preceding Year Corresponding Quarter 30.09.2012 RM	Current Year to Date 30.09.2013 RM	Preceding Corresponding Year to Date 30.09.2012 RM
Revenue	26,128,964	22,728,923	49,226,383	43,851,345
Operating expenses	(24,019,372)	(22,735,118)	(44,593,516)	(43,489,600)
Other operating income	821,997	748,111	1,410,834	733,713
Profit / (Loss) from operations	2,931,589	741,916	6,043,701	1,095,458
Finance cost	(742,951)	(166,200)	(1,047,218)	(329,448)
Profit / (Loss) before taxation	2,188,638	575,716	4,996,483	766,010
Taxation	(95,135)	(149,619)	(515,016)	(93,333)
Profit / (Loss) from continuing operations	2,093,505	426,097	4,481,467	672,677
Other comprehensive income	-	-	-	-
Total comprehensive income	2,093,505	426,097	4,481,467	672,677
Total comprehensive income attributable to:				
Owners of the Company	2,142,940	426,097	4,565,774	672,677
Non-controlling interest	(49,435)	-	(84,307)	-
Total comprehensive income	2,093,505	426,097	4,481,467	672,677
Earnings per share:				
- basic (sen)	2.6	0.5	5.6	0.8
- 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 2013.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30.09.2013 RM (Unaudited)	As at 31.03.2013 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	26,560,935	26,690,279
Prepaid lease payments	271,263	273,357
Goodwill	172,022	172,022
Receivables, deposits and prepayments	12,205	13,907
	<u>27,016,425</u>	<u>27,149,565</u>
CURRENT ASSETS		
Property development costs	14,244,417	12,221,114
Inventories	16,302,396	23,849,892
Receivables, deposits and prepayments	22,641,696	19,734,122
Derivative financial instruments	68,580	10,177
Tax recoverable	307,004	518,977
Marketable securities	762,417	2,199,194
Deposits, bank and cash balances	9,557,104	6,993,617
	<u>63,883,614</u>	<u>65,527,094</u>
TOTAL ASSETS	<u>90,900,039</u>	<u>84,008,409</u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	29,885,789	25,320,015
Non-controlling interest	(228,642)	(144,335)
Equity attributable to owners of the Company	<u>69,657,147</u>	<u>65,175,680</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	326,237	430,334
Term loan	4,883,522	4,726,526
Payables and accruals	22,641	33,090
Deferred tax liabilities	953,485	1,310,365
	<u>6,185,885</u>	<u>6,500,315</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.09.2013 RM (Unaudited)	As at 31.03.2013 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	7,952,433	11,802,046
Derivative financial instruments	230,983	1,950
Hire-purchase creditors	221,310	229,181
Short term bank borrowings		
- bank overdrafts	3,200,509	5,661,142
- others	2,465,600	2,827,082
Term loan	499,679	477,318
Current tax liabilities	486,493	1,945
	<u>15,057,007</u>	<u>21,000,664</u>
TOTAL LIABILITIES	<u>21,242,892</u>	<u>27,500,979</u>
TOTAL EQUITY AND LIABILITIES	<u>90,900,039</u>	<u>92,676,659</u>
Net Assets per share of RM0.50 each	<u>0.87</u>	<u>0.81</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Share premium	Reserve on consolidation	Revaluation reserve	Retained profits	Total	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2012	40,000,000	9,419,360	80,344	6,681,853	7,492,780	63,674,337	-	63,674,337
Effects of transition to MFRS	-	-	(36,835)		1,253	(35,582)	-	(35,582)
Restated balance	40,000,000	9,419,360	80,344	6,645,018	7,494,033	63,638,755	-	63,638,755
Net profit for the financial year			672,677			672,677		672,677
At 30 September 2012	40,000,000	9,419,360	80,344	6,645,018	8,166,710	64,311,432	-	64,311,432
At 1 April 2013	40,000,000	9,419,360	80,344	6,645,018	9,175,293	65,320,015	(144,335)	65,175,680
Net profit / (loss) for the financial year			-	-	4,565,774	4,565,774	(84,307)	4,481,467
At 30 September 2013	40,000,000	9,419,360	80,344	6,645,018	13,741,067	69,885,789	(228,642)	69,657,147

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30.09.2013 RM (Unaudited)	30.09.2012 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	4,481,467	672,677
Adjustments for:		
Property, plant and equipment		
- depreciation	881,221	813,670
- (gain) / loss on disposals	-	-
- write off	-	1,421
Amortisation of prepaid lease payments	2,095	2,365
Allowance for doubtful debts	214,423	-
Interest expense	512,543	265,169
Interest income	(69,398)	(83,424)
Gross dividend income from marketable securities	(10,638)	(8,136)
Fair Value (gain) / loss on marketable securities	1,413	123,180
(Gain) / Loss on disposal of marketable securities	(9,058)	260
Fair value (gain) / loss on derivative financial instruments	170,630	(73,761)
Taxation	515,016	93,333
	<u>6,689,714</u>	<u>1,806,754</u>
Net movements in working capital:		
Inventories	7,547,496	(1,448,446)
Property development cost	(2,023,303)	(375,401)
Receivables	(3,120,295)	998,306
Payables	(3,860,062)	(1,954,884)
Cash flows generated from /(used in) operations	5,233,550	(973,671)
Interest paid	(512,543)	(265,169)
Tax refund	-	-
Tax paid	(175,374)	(172,909)
Net operating cash flow	<u>4,545,633</u>	<u>(1,411,749)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

	30.09.2013	30.09.2012
	RM	RM
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(353,039)	(318,067)
- proceeds from disposals	1,162	-
Interest income received	69,398	83,424
Dividend income received	10,638	8,136
Marketable securities		
- payment for acquisition	(295,251)	(1,080,550)
- proceeds from disposals	1,739,673	1,100,000
Net Investing cash flow	<u>1,172,581</u>	<u>(207,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits pledged as securities	(245,430)	-
(Repayments of)/ Proceeds from short term bank borrowings	(361,482)	(62,100)
Repayments of hire-purchase creditors	(111,968)	(96,266)
Repayments of term loan	(220,644)	(69,798)
Net financing cash flow	<u>(939,524)</u>	<u>(228,164)</u>
Net movement in cash and cash equivalents	4,778,690	(1,846,970)
Cash and cash equivalent at beginning of the financial period/year	<u>(3,120,526)</u>	<u>387,877</u>
Cash and cash equivalent at end of the financial period/year	<u><u>1,658,164</u></u>	<u><u>(1,459,093)</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 2013.

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 2013.

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 2013, except for the following MFRSs and Amendments to MFRSs which were adopted by the Group:

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 does not have a material impact on the Group’s financial statements.

2. Qualification of Auditors’ Report

The auditors’ report of the preceding financial statements ended 31 March 2013 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 year ended 30.09.2013	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales (OEM) RM	Manufacturing Sales (Own Brand) RM	Others RM	Total RM
<u>Sales</u>						
Total sales	1,773,654	15,920,506	31,270,753	867,251	257,661	50,089,825
Intersegment sales	-	-	-	(863,442)	-	(863,442)
External sales	<u>1,773,654</u>	<u>15,920,506</u>	<u>31,270,753</u>	<u>3,809</u>	<u>257,661</u>	<u>49,226,383</u>
<u>Results</u>						
Profit / (loss) on operations	(1,415,831)	5,326,171	2,674,871	(458,056)	(559,895)	5,567,260
Finance cost	324,228	(406,243)	(481,365)	(627)	(6,770)	(570,777)
Profit before tax						4,996,483
Taxation						(515,016)
Net profit for the period						<u>4,481,467</u>
Segment assets	19,871,748	16,578,916	36,646,304	13,578,739	4,224,332	90,900,039
Segment liabilities	885,572	5,416,805	12,622,163	659,327	1,659,025	21,242,892
Interest income	2,729	-	64,493	-	2,176	69,398
Capital expenditure	7,640	32,305	209,637	52,964	50,493	353,039
Depreciation and amortisation	60,987	39,860	481,411	180,763	120,295	883,316

Segmental information (Continued)

Financial year ended 30.09.2012	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales (OEM) RM	Manufacturing Sales (Own Brand) RM	Others RM	Total RM
<u>Sales</u>						
Total sales	1,904,094	12,370,392	29,576,859	925,545	7,500,060	52,276,950
Intersegment sales	-	-	-	(925,545)	(7,500,060)	(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>Results</u>						
Profit / (loss) on operations	(960,217)	1,496,554	435,723	233,883	(110,848)	1,095,458
Finance cost	(59,527)	(6,833)	(202,310)	(48,669)	(12,109)	(329,448)
Profit before tax						766,010
Taxation						(93,333)
Net profit 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
Segment liabilities	2,970,165	2,840,086	10,980,094	2,154,103	752,400	19,696,848
Interest income	5	-	80,932	-	2,487	83,424
Capital expenditure	197,159	44,698	12,397	97,813	-	352,067
Depreciation and amortisation	67,951	29,279	570,713	111,404	36,688	816,035

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 2013.

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

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 these interim financial statements.

13. Performance review

The Group recorded revenue of RM26.1 million for the current quarter ended 30 September 2013 as compared to revenue of RM22.7 million registered in the preceding year corresponding quarter. The increase in revenue of RM3.4 million was mainly contributed by the property and construction segment (RM4.7 million) while the OEM and direct selling segments recorded a decline in revenue of RM1.2 million and RM0.173 million respectively.

For the current quarter, the Group after tax profit was RM2.1 million, an increase of RM1.7 million from the preceding year corresponding quarter of RM0.4 million. This increase in profit after tax was mainly attributable to higher profit recorded by the property and construction and OEM segments amounting to RM3.1 million and RM0.5 million respectively. However, the direct selling, manufacturing and other segments recorded losses of RM0.9 million, RM0.3 million and RM0.3 million respectively.

For the six months ended 30 September 2013, the Group recorded revenue of RM49.2 million compared to RM43.8 million for the preceding year's six months. This represents an increase of 12% or RM5.4 million as compared to preceding financial period. The increase in revenue was mainly contributed by the Property and construction and OEM segments, amounting to RM3.6 million and RM1.7 million respectively.

Performance Review (Continued)

The Group's profit after tax for the current six months rose to RM4.5 million as compared to RM0.7 million recorded in the preceding financial period. The stronger profit after tax recorded was in line with the increase in revenue from the property and construction segment.

14. Quarterly results comparison

The Group recorded revenue of RM26.1 million for the current quarter, representing an increase of 13% as compared to RM23.1 million achieved in the immediate preceding quarter. Despite the increase in revenue of RM3.0 million, the Group posted a marginal decline in profit after tax to RM2.1 million for the current quarter as compared to the immediate preceding quarter of RM2.4. This marginal drop in profit after tax was due to higher provision in inventories and receivables of RM1.8 million and RM0.2 million respectively.

15. Prospects for the current financial year

The Group anticipates the operating environment for the coming financial year to be challenging due to the competitive environment as well as the rising operating costs. Nevertheless, the Group will continue to focus on core businesses and, at the same time, adopt prudent measures to lessen the impact these challenges may have on the performance of the Group. Barring any unforeseen circumstances, the Board is cautiously optimistic that the financial performance for the financial year will be satisfactory.

16. Profit forecast and profit guarantee

Not applicable.

17. Taxation

	Current Year Quarter 30.09.2013 RM	Preceding Year Corresponding Quarter 30.09.2012 RM	Current Year to Date 30.09.2013 RM	Preceding Corresponding Year to Date 30.09.2012 RM
Taxation - current	320,275	248,339	871,896	192,053
Deferred taxation - current	(225,140)	(98,720)	(356,880)	(98,720)
Tax charge / (credit)	<u>95,135</u>	<u>149,619</u>	<u>515,016</u>	<u>93,333</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 for a total consideration of RM3,695,300 consisting of RM1,925,300 in cash and RM1,770,000 in kind. The SPA is still pending completion.

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 2013 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	1,385,527	5,209,759	6,595,286
Unsecured	2,934,971	0	2,934,971
	4,320,498	5,209,759	9,530,257
<u>US Dollar</u>			
Secured	2,066,600	0	2,066,600
	<u>6,387,098</u>	<u>5,209,759</u>	<u>11,596,857</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 30.09.2013 RM	Fair value Gain / (loss) as at 30.09.2013 RM
Foreign currency forward contracts			
- less than 1 year	4,003,228	4,031,794	(28,566)
Option forward contracts			
- less than 1 year	5,099,000	5,232,837	(133,837)

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 2013.

22. Fair value changes of financial liabilities

As at 30 September 2013, 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 three months ended 30 June 2013.

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 30.09.2013	Preceding Year Corresponding Quarter 30.09.2012	Current Year to Date 30.09.2013	Preceding Corresponding Year to Date 30.09.2012
Net profit / (loss) for the period (RM)	2,093,505	426,097	4,481,467	672,677
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	2.6	0.5	5.6	0.8
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 2013, 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 30.09.2013 RM	As at the End of Financial Year 31.03.2013 RM
Total retained earnings of the Company and its subsidiaries		
Realised	44,533,938	40,393,920
Unrealised	(1,098,083)	(1,361,555)
	<u>43,435,855</u>	<u>39,032,365</u>
Less: Consolidation adjustments	(29,694,788)	(29,857,072)
Total Group retained earnings as per consolidated accounts	<u>13,741,067</u>	<u>9,175,293</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 30.09.2013	Current Year To Date 30.09.2013
(a) Interest income	35,337	69,398
(b) Other income including investment income	8,273	10,638
(c) Interest expense	236,421	512,543

Profit / (Loss) before taxation (Continued)

	Current Year Quarter 30.09.2013	Current Year to Date 30.09.2013
(d) Depreciation and amortisation	446,431	883,316
(e) Provision for and write off of receivables	214,423	214,423
(f) Provision for and write off of inventories	1,786,331	2,464,879
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	8,793	9,058
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss)	162,537	616,963
(j) Gain/(Loss) on derivatives	(59,039)	(170,630)
(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 **25 November 2013**.