

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED 31 MARCH 2014**



**Caely**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Year Quarter 31.03.2014 RM	Preceding Year Corresponding Quarter 31.03.2013 RM	Current Year to Date 31.03.2014 RM	Preceding Corresponding Year to Date 31.03.2013 RM
Revenue	19,959,753	23,557,157	94,495,810	91,522,294
Operating expenses	(21,842,152)	(23,382,901)	(90,289,222)	(90,814,324)
Other operating income	386,783	826,555	1,655,160	2,156,941
Profit / (Loss) from operations	(1,495,616)	1,000,811	5,861,748	2,864,911
Finance cost	21,536	(203,650)	(1,052,648)	(738,983)
Profit / (Loss) before taxation	(1,474,080)	797,161	4,809,100	2,125,928
Taxation	2,411,147	(185,472)	2,084,131	(485,273)
Profit / (Loss) from continuing operations	937,067	611,689	6,893,231	1,640,655
Other comprehensive income	1,739,993	-	1,739,993	-
Total comprehensive income	<u>2,677,060</u>	<u>611,689</u>	<u>8,633,224</u>	<u>1,640,655</u>
Total comprehensive income attributable to:				
Owners of the Company	2,604,445	652,294	8,721,813	1,681,260
Non-controlling interest	72,615	(40,605)	(88,589)	(40,605)
Total comprehensive income	<u>2,677,060</u>	<u>611,689</u>	<u>8,633,224</u>	<u>1,640,655</u>
Earnings per share:				
- basic (sen)	1.2	0.8	8.6	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 2013.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 31.03.2014 RM (Unaudited)	As at 31.03.2013 RM (Audited)	As at 01.04.2012 RM (Audited)
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	25,400,182	26,690,279	26,391,981
Prepaid lease payments	0	273,357	277,546
Investment property	3,200,000	0	0
Deferred tax assets	2,112,864	0	0
Goodwill	0	172,022	0
Receivables, deposits and prepayments	8,491	13,907	62,070
	<u>30,721,537</u>	<u>27,149,565</u>	<u>26,822,036</u>
<b>CURRENT ASSETS</b>			
Property development costs	22,748,880	12,221,114	4,546,997
Inventories	13,377,227	23,849,893	25,587,108
Receivables, deposits and prepayments	26,800,547	19,734,122	17,674,326
Derivative financial instruments	6,473	10,177	8,916
Tax recoverable	284,321	518,977	689,001
Marketable securities	754,566	2,199,194	2,141,947
Deposits, bank and cash balances	9,543,868	6,993,617	5,047,894
	<u>73,515,882</u>	<u>65,527,094</u>	<u>55,696,189</u>
Assets held for sale	0	0	1,442,562
<b>TOTAL ASSETS</b>	<u>104,237,419</u>	<u>92,676,659</u>	<u>83,960,787</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	40,000,000	40,000,000	40,000,000
Reserves	34,041,828	25,320,015	23,638,755
Non-controlling interest	(232,924)	(144,335)	0
Equity attributable to owners of the Company	<u>73,808,904</u>	<u>65,175,680</u>	<u>63,638,755</u>
<b>NON CURRENT LIABILITIES</b>			
Hire-purchase creditors	457,470	430,334	541,183
Term loan	4,583,608	4,726,526	192,641
Payables and accruals	12,191	33,090	53,990
Deferred tax liabilities	798,035	1,310,365	799,265
	<u>5,851,304</u>	<u>6,500,315</u>	<u>1,587,079</u>

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

	As at 31.03.2014 RM (Unaudited)	As at 31.03.2013 RM (Audited)	As at 01.04.2012 RM (Audited)
<b>CURRENT LIABILITIES</b>			
Payables and accruals	14,489,013	11,802,046	10,641,111
Derivative financial instruments	7,242	1,950	35,331
Hire-purchase creditors	254,295	229,181	186,416
Short term bank borrowings			
- bank overdrafts	7,079,770	5,661,142	4,186,675
- others	1,869,412	2,827,082	2,065,500
Term loan	506,315	477,318	153,544
Current tax liabilities	371,164	1,945	5,900
	<u>24,577,211</u>	<u>21,000,664</u>	<u>17,274,477</u>
Liabilities associated with assets held for sale	0	0	1,460,476
<b>TOTAL LIABILITIES</b>	<u>30,428,515</u>	<u>27,500,979</u>	<u>20,322,032</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>104,237,419</u>	<u>92,676,659</u>	<u>83,960,787</u>
Net Assets per share of RM0.50 each	<u><u>0.92</u></u>	<u><u>0.81</u></u>	<u><u>0.80</u></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	RM	RM
At 1 April 2012 -- as previously stated	40,000,000	9,419,360	80,344	6,681,853	7,492,780	63,674,337	-	63,674,337		
Effects of transitioning 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	-	-	-	-	1,681,260	1,681,260	(40,605)	1,640,655		
Non-controlling interests arising on Business combination	-	-	-	-	-	-	(103,730)	(103,730)		
At 31 March 2013	40,000,000	9,419,360	80,344	6,645,018	9,175,293	65,320,015	(144,335)	65,175,680		
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		
Revaluation surplus (net of deferred taxation)	-	-	-	1,739,993	-	1,739,993	-	1,739,993		
Net profit / (loss) for the financial year	-	-	-	-	6,981,820	6,981,820	(88,589)	6,893,231		
At 31 March 2014	40,000,000	9,419,360	80,344	8,385,011	16,157,113	74,041,828	(232,924)	73,808,904		

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**

	31.03.2014 RM (Unaudited)	31.03.2013 RM (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations	6,893,231	1,640,655
Adjustments for:		
Property, plant and equipment		
- depreciation	1,869,791	1,592,054
- losses / (gains) on disposal	(41,000)	19,421
Amortisation of prepaid lease payments	4,189	4,189
Impairment of Goodwill	172,022	185,942
Writeback of allowance for doubtful debts	(78,764)	(142,417)
Interest expense	926,428	601,694
Interest income	(171,947)	(152,425)
Gross dividend income from marketable securities	(13,170)	(56,488)
Fair Value (gain) / loss on marketable securities	7,783	(17,561)
(Gain) / Loss on disposal of marketable securities	(7,577)	(15,362)
Fair value (gain) / loss on derivative financial instruments	8,996	(34,642)
(Gain) / loss on disposal of subsidiary	-	(297,355)
Taxation	(2,084,132)	485,8273
	<u>7,485,850</u>	<u>3,812,978</u>
Net movements in working capital:		
Inventories	10,472,666	1,747,982
Property development cost	(10,527,766)	(7,674,117)
Receivables	(6,982,245)	(1,656,649)
Payables	2,666,068	(12,872)
Cash flows generated from /(used in) operations	3,114,573	(3,782,678)
Interest paid	(926,428)	(601,694)
Tax refund	359,942	638,943
Tax paid	(351,419)	(354,108)
Net operating cash flow	<u>2,196,668</u>	<u>(4,099,537)</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)**

	31.03.2014 RM (Unaudited)	31.03.2013 RM (Audited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- payments for acquisition	(1,030,374)	(1,051,486)
- proceeds from disposals	45,131	12,000
Interest income received	171,947	152,425
Acquisition of subsidiary	-	(118,215)
Proceeds from disposal of subsidiary	-	210,441
Dividend income received	13,170	55,988
Marketable securities		
- payment for acquisition	(295,251)	(2,457,587)
- proceeds from disposals	1,739,673	2,433,263
Net Investing cash flow	<u>644,296</u>	<u>(763,171)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deposits pledged as securities	(3,402,457)	(3,979,659)
(Repayments of)/ Proceeds from short term bank borrowings	(957,670)	761,582
Repayments of hire-purchase creditors	(237,750)	(193,284)
Repayments of term loan	(513,921)	(142,341)
Drawdown of term loan	-	5,000,000
Net financing cash flow	<u>(5,111,798)</u>	<u>1,354,305</u>
Net movement in cash and cash equivalents	(2,270,834)	(3,508,403)
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>(5,391,360)</u></u>	<u><u>(3,120,526)</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 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 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 FRSs and Amendments to FRSs which were adopted by the Group:

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interests in Other Entities
FRS 13	Fair Value Measurements
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
Amendment to FRS 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.

### **MFRS Framework**

On 19 November 2011, the Malaysian Accounting Standard Board (“MASB”) issued a new MASB approved accounting framework, the MFRS Framework. Entities other than private entities shall apply the MFRS Framework for annual period beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 – Agriculture and/or IC Interpretation 15 - Agreements for the Construction of Real Estate, including its parents, significant investor and venture (“Transitioning Entities”)

Transitioning Entities have been given option to defer adoption of the MFRS Framework for an additional three years. Thus, the adoption of the MFRS Framework by Transitioning Entities shall be mandatory for annual periods beginning on or after 1 January 2015.



### **Basis of preparation (Continued)**

The Group meets the scope definition of Transitioning Entities and has opted to defer adoption of the MFRS Framework. The Group adopted MFRS for its last financial year and is now reverting to FRSSs.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2016. For its first MFRS financial statements, the Group will restate the comparative financial statements to reflect the application of the MFRS Framework. Most of the adjustments required on transition will be made retrospectively against opening retained earnings.

### **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 31.03.2014	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	3,635,501	35,410,285	54,730,518	1,829,160	11,887,028	107,492,492
Intersegment sales	-	-	-	(1,742,397)	(11,254,285)	(12,996,682)
External sales	<u>3,635,501</u>	<u>35,410,286</u>	<u>54,730,518</u>	<u>86,763</u>	<u>632,743</u>	<u>94,495,810</u>
<u>Results</u>						
Profit / (loss) on operations	(2,574,959)	7,539,004	2,297,630	(851,338)	(548,589)	5,861,748
Finance cost	(30,470)	(154,462)	(854,931)	(1,952)	(10,833)	(1,052,648)
Profit before tax						4,809,100
Taxation						2,084,131
Net profit for the period						<u>6,893,231</u>
Segment assets	26,750,660	25,060,427	32,738,910	13,383,530	6,303,892	104,237,419
Segment liabilities	1,030,696	11,377,432	15,417,784	854,959	1,747,644	30,428,515
Interest income	10	47,488	122,273	-	2,176	171,947
Capital expenditure	39,445	88,038	917,387	251,359	424,146	1,720,375
Depreciation and amortisation	114,337	84,058	960,947	421,658	292,980	1,873,980

**Segmental information (Continued)**

Financial year ended 31.03.2013	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	4,041,483	23,661,836	63,661,153	1,507,928	8,549,162	101,421,562
Intersegment sales	-	-	-	(1,474,025)	(8,425,243)	(9,899,268)
External sales	<u>4,041,483</u>	<u>23,661,836</u>	<u>63,661,153</u>	<u>33,903</u>	<u>123,919</u>	<u>91,522,294</u>
<u>Results</u>						
Profit / (loss) on operations	(2,484,715)	2,336,188	3,752,256	(140,696)	(598,122)	2,864,911
Finance cost	(108,265)	(79,715)	(444,410)	(85,117)	(21,476)	(738,983)
Profit before tax						2,125,928
Taxation						(485,273)
Net profit for the period						<u>1,640,655</u>
Segment assets	17,191,365	13,612,884	41,779,202	14,291,576	5,801,632	92,676,659
Segment liabilities	1,084,894	7,370,701	16,408,049	809,522	1,827,813	27,500,979
Interest income	12	-	147,379	-	5,034	152,425
Capital expenditure	37,842	150,273	83,041	607,610	297,920	1,176,686
Depreciation and amortisation	134,280	60,388	1,034,493	269,178	97,904	1,596,243

## **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 except for a leasehold property that is now recognised as investment property and carried at re-valued amount.

## **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**

For the current quarter under review, the Group recorded revenue of RM20 million, a decrease of RM3.6 million when compared to the same period last year. However, for the cumulative twelve months, revenue was higher by RM3 million over last year corresponding period. The increase in revenue was mainly contributed by the Property and Construction segment (RM11.7 million) while the OEM and Direct Selling segments recorded a decline (RM8.9 million and RM0.4 million respectively).

The Group recorded a profit after tax of RM0.9 million, an increase of RM0.3 million from the preceding year corresponding quarter of RM0.6 million. The improvement in profit after tax was mainly due to the recognition of deferred tax assets of RM2.1 million for the Direct Selling segment. However, the OEM segment posted an after tax loss of RM1 million, a decrease of RM1.9 million when compared to last year corresponding quarter. This was in line with lower revenue generated and higher operating costs incurred in the current quarter for the OEM segment.

For the current financial year, the Group recorded profit after tax of RM6.9 million, an increase of RM5.2 million when compared to the preceding year financial year. This increase was mainly contributed by the Property and Construction and the OEM segments.

#### 14. Quarterly results comparison

The Group recorded revenue of RM20 million for the current quarter as compared to RM25.3 million achieved in the immediate preceding quarter. The Group posted a profit after tax of RM0.9 million for the current quarter when compared to a profit after tax of RM1.5 million for the immediate preceding quarter. The decrease of RM0.6 million was mainly due to higher operating cost incurred for the current quarter for the Property and Construction segment, allowance for slow moving inventories for the Direct Selling segment and lower revenue generated by the OEM segment.

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

The Group anticipates the operating environment to remain challenging for the current financial year due to the competitive environment as well as the rising operating costs. Nevertheless, the Group will continue to focus on core businesses and exercise prudence 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 31.03.2014 RM	Preceding Year Corresponding Quarter 31.03.2013 RM	Current Year to Date 31.03.2014 RM	Preceding Corresponding Year to Date 31.03.2013 RM
Taxation				
- current year	(221,901)	(75,457)	605,837	16,433
- prior year	-	40,285	(10,485)	(134,699)
Deferred taxation				
- current year	(2,189,246)	220,645	(2,502,353)	603,539
- prior year		-	(177,130)	-
Tax charge / (credit)	<u>(2,411,147)</u>	<u>185,473</u>	<u>(2,084,131)</u>	<u>485,273</u>

The Group's effective tax rate was lower than the statutory tax rate mainly due to the utilisation of previous years' tax losses in certain profit making subsidiaries.

## 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 31 March 2014 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	6,566,434	5,041,078	11,607,512
Unsecured	1,493,358	0	1,493,358
	<u>8,059,792</u>	<u>5,041,078</u>	<u>13,100,870</u>
<u>US Dollar</u>			
Secured	1,650,000	0	1,650,000
	<u>9,709,792</u>	<u>5,041,078</u>	<u>14,750,870</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 31.03.2014 RM	Fair value Gain / (loss) as at 31.03.2014 RM
Foreign currency forward contracts			
- less than 1 year	658,600	656,498	2,102
Option forward contracts			
- less than 1 year	3,293,600	3,296,471	(2,871)

**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 31 March 2014, 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 have proposed a single-tier final dividend of RM0.01 per share for the financial year ended 31 March 2014 subject to shareholders' approval at the forth coming Annual General Meeting.

**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 31.03.2014	Preceding Year Corresponding Quarter 31.03.2013	Current Year to Date 31.03.2014	Preceding Corresponding Year to Date 31.03.2013
Net profit / (loss) for the period (RM)	937,067	611,689	6,893,231	1,640,655
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	1.2	0.9	8.6	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 31 March 2014, 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**

	31.03.2014 RM	31.03.2013 RM
Total retained earnings of the Company and its subsidiaries		
Realised	44,607,425	40,393,920
Unrealised	1,393,756	(1,361,555)
	<u>46,001,181</u>	<u>39,032,365</u>
Less: Consolidation adjustments	(29,844,068)	(29,857,072)
Total Group retained earnings as per consolidated accounts	<u><u>16,157,113</u></u>	<u><u>9,175,293</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 31.03.2014	Current Year To Date 31.03.2013
(a) Interest income	67,787	171,947
(b) Other income including investment income	1,139	13,170
(c) Interest expense	233,947	926,428



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

	Current Year Quarter 31.12.2013	Current Year to Date 31.12.2013
(d) Depreciation and amortisation	545,903	1,873,980
(e) Provision for and write off of receivables	(293,188)	(78,764)
(f) Provision for and write off of inventories	1,633,662	4,107,124
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	7,577
(h) Impairment of assets	-	172,022
(i) Foreign exchange gain/(loss)	23,638	640,601
(j) Gain/(Loss) on derivatives	75,886	(8,996)
(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 May 2014**.