

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2014**



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.06.2014 RM	Preceding Year Corresponding Quarter 30.06.2013 RM	Current Year to Date 30.06.2014 RM	Preceding Corresponding Year to Date 30.06.2013 RM
Revenue	18,242,696	23,097,419	18,242,696	23,097,419
Operating expenses	(16,073,304)	(20,599,758)	(15,995,304)	(20,599,758)
Other operating income	293,840	614,450	215,840	614,450
Profit / (Loss) from operations	2,463,232	3,112,111	2,463,232	3,112,111
Finance cost	(294,963)	(304,267)	(294,963)	(304,267)
Profit / (Loss) before taxation	2,168,269	2,807,844	2,168,269	2,807,844
Taxation	(532,556)	(419,881)	(532,556)	(419,881)
Profit / (Loss) from continuing operations	1,635,713	2,387,963	1,635,713	2,387,963
Other comprehensive income	-	-	-	-
Total comprehensive income	1,635,713	2,387,963	1,635,713	2,387,963
Total comprehensive income attributable to:				
Owners of the Company	1,656,408	2,422,835	8,721,813	2,422,835
Non-controlling interest	(20,695)	(34,872)	(20,695)	(34,872)
Total comprehensive income	1,635,713	2,387,963	1,635,713	2,387,963
Earnings per share:				
- basic (sen)	2.0	3.0	2.0	3.0
- 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 2014.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30.06.2014 RM (Unaudited)	As at 31.03.2014 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	24,980,859	25,400,182
Investment property	3,200,000	3,200,000
Deferred tax assets	2,381,691	2,381,691
Receivables, deposits and prepayments	<u>737,921</u>	<u>746,413</u>
	<u>31,300,471</u>	<u>31,728,286</u>
CURRENT ASSETS		
Property development costs	24,356,220	21,986,353
Inventories	14,746,704	13,377,227
Receivables, deposits and prepayments	30,511,839	30,190,109
Tax recoverable	88,922	284,321
Marketable securities	712,448	754,566
Derivative financial instruments	-	6,473
Deposits, bank and cash balances	<u>5,864,542</u>	<u>9,635,601</u>
	<u>76,280,675</u>	<u>76,234,650</u>
TOTAL ASSETS	<u>107,581,146</u>	<u>107,962,936</u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	35,820,212	34,163,802
Non-controlling interest	<u>(138,468)</u>	<u>(117,774)</u>
Equity attributable to owners of the Company	<u>75,681,744</u>	<u>74,046,028</u>
NON CURRENT LIABILITIES		
Payables and accruals	6,966	12,191
Hire-purchase creditors	375,384	437,003
Term loan	4,464,175	4,583,608
Deferred tax liabilities	<u>799,937</u>	<u>831,862</u>
	<u>5,646,462</u>	<u>5,864,664</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.06.2014 RM (Unaudited)	As at 31.03.2014 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	16,232,542	18,004,770
Derivative financial instruments	-	7,242
Hire-purchase creditors	269,185	274,762
Term loan	474,281	506,314
Short term bank borrowings		
- bank overdrafts	6,476,249	7,018,580
- others	1,949,377	1,869,412
Current tax liabilities	851,306	371,164
	<u>26,252,940</u>	<u>28,052,244</u>
TOTAL LIABILITIES	<u>31,899,402</u>	<u>33,916,908</u>
TOTAL EQUITY AND LIABILITIES	<u>107,581,146</u>	<u>107,962,936</u>
Net Assets per share of RM0.50 each	<u><u>0.95</u></u>	<u><u>0.93</u></u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014.

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 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 for the financial year					2,422,835	2,422,835	(34,872)	2,387,963
At 30 June 2013	40,000,000	9,419,360	80,344	6,645,018	11,598,128	67,742,850	(179,207)	67,563,643
At 1 April 2014	40,000,000	9,419,360	80,344	8,385,011	16,279,087	74,163,802	(117,774)	74,046,028
Net profit / (loss) for the financial year	-	-	-	-	1,656,408	1,656,408	(20,695)	1,635,713
At 31 March 2014	40,000,000	9,419,360	80,344	8,385,011	17,935,495	75,820,210	(138,469)	75,681,741

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30.06.2014 RM (Unaudited)	30.06.2013 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	1,635,713	2,387,963
Adjustments for:		
Property, plant and equipment		
- depreciation	443,644	435,838
- losses / (gains) on disposal	(38,000)	-
Amortisation of prepaid lease payments	-	1,047
Allowance for doubtful debts written back	(7,884)	-
Interest expense	261,692	276,122
Interest income	(38,569)	(34,061)
Gross dividend income from marketable securities	(2,154)	(2,365)
Fair Value (gain) / loss on marketable securities	42,119	33,121
(Gain) / Loss on disposal of marketable securities	-	(265)
Fair value (gain) / loss on derivative financial instruments	(769)	111,592
Taxation	532,555	419,880
	<u>2,828,347</u>	<u>3,628,872</u>
Net movements in working capital:		
Inventories	(1,369,477)	2,356,550
Property development cost	(2,369,867)	(559,198)
Receivables	(305,353)	(1,984,307)
Payables	(1,758,704)	(1,442,407)
Cash flows generated from /(used in) operations	(2,975,054)	1,995,510
Interest paid	(261,692)	(276,122)
Tax refund	198,522	0
Tax paid	(87,461)	(87,924)
Net operating cash flow	<u>(3,125,685)</u>	<u>1,635,464</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

	30.06.2014 RM (Unaudited)	31.03.2014 RM (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(24,322)	(234,997)
- proceeds from disposals	38,000	-
Interest income received	38,569	34,061
Dividend income received	2,154	2,365
Marketable securities		
- payment for acquisition	-	(294,932)
- proceeds from disposals	-	300,000
Net Investing cash flow	<u>54,401</u>	<u>(193,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal / (Deposits) pledged as securities	2,994,197	(245,430)
(Repayments of)/ Proceeds from short term bank borrowings	79,965	(153,187)
Repayment of advances to a director	(18,747)	-
Repayments of hire-purchase creditors	(67,196)	(54,711)
Repayments of term loan	(151,467)	(94,610)
Net financing cash flow	<u>2,836,752</u>	<u>(547,938)</u>
Net movement in cash and cash equivalents	(234,532)	894,023
Cash and cash equivalent at beginning of the financial period/year	(3,898,645)	(3,120,526)
Cash and cash equivalent at end of the financial period/year	<u>(4,133,177)</u>	<u>(2,226,503)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014.

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 2014, except for the adoption of the following FRSs and Amendments to FRSs:

Effective for financial periods beginning on or after 1 April 2014:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
IC Interpretation 21 Levies

Effective date yet to be determined by MASB:

FRS 9 Financial Instruments

Unless otherwise disclosed, the above new accounting standard, amendments to published standards and IC Interpretation are not anticipated to have any significant impact on the financial statements of the Group in the year of initial application.

2. Qualification of Auditors’ Report

The auditors’ report of the preceding financial statements ended 31 March 2014 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 30.06.2014	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	977,917	5,475,227	12,013,469	1,500,012	193,287	20,159,912
Intersegment sales	-	-	(417,204)	(1,500,012)	-	(1,917,216)
External sales	<u>977,917</u>	<u>5,475,227</u>	<u>11,596,265</u>	<u>-</u>	<u>193,287</u>	<u>18,242,696</u>
<u>Results</u>						
Profit / (loss) from operations	(177,736)	827,642	2,000,987	(158,673)	(28,988)	2,463,232
Finance cost	(7,965)	(70,009)	(216,130)	(700)	(159)	(294,963)
Profit before tax						2,168,269
Taxation						(532,556)
Net profit for the period						<u>1,635,713</u>
Segment assets	5,519,772	49,395,819	46,895,123	4,303,619	1,466,813	107,581,146
Segment liabilities	(200,549)	13,299,514	17,145,168	803,293	851,976	31,899,402
Interest income	2	10,608	27,959	-	-	38,569
Capital expenditure	2,680	-	18,559	-	3,083	24,322
Depreciation and amortisation	24,818	23,974	325,971	10,269	58,612	443,644

Segmental information (Continued)

Financial year ended 30.06.2013	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	901,930	5,613,165	16,940,617	-	143,743	23,599,455
Intersegment sales	-	-	(502,036)	-	-	(502,036)
External sales	<u>901,930</u>	<u>5,613,165</u>	<u>16,438,581</u>	<u>0</u>	<u>143,743</u>	<u>23,097,419</u>
<u>Results</u>						
Profit / (loss) on operations	(201,802)	1,822,714	1,730,382	(174,081)	(65,102)	3,112,111
Finance cost	(6,464)	(21,006)	(273,102)	(3,627)	(68)	(304,267)
Profit before tax						2,807,244
Taxation						(419,881)
Net profit for the period						<u>2,387,963</u>
Segment assets	18,739,694	13,663,392	55,650,540	4,654,488	1,214,068	93,922,182
Segment liabilities	1,271,875	5,619,501	17,688,521	888,010	890,632	26,358,539
Interest income	195	-	32,603	1,263	-	34,061
Capital expenditure	2,244	25,300	156,961	-	50,493	234,998
Depreciation and amortisation	31,230	19,831	325,882	18,366	41,576	436,885

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 2014 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, the Group registered revenue of RM18.2 million, a decrease of RM4.9 million when compared to the previous year's corresponding quarter of RM23.1 million. The decrease in revenue was mainly from the Manufacturing segment which recorded a drop in revenue of RM4.9 million.

In line with the lower revenue recorded, the Group registered a profit after tax of RM1.6 million for the current quarter as compared to RM2.4 million for the previous year's corresponding quarter.

14. Quarterly results comparison

The Group recorded revenue of RM 18.2 million for the current quarter, a drop of RM1.8 million as compared to RM20.0 million achieved in the immediate preceding quarter. For the current quarter, the Group recorded a profit after tax of RM1.6 million when compared to a profit after tax of RM1.2 million for the immediate preceding quarter. The increase of RM0.4 million in profit after tax was due to lower operating costs incurred for the Manufacturing 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 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 30.06.2014 RM	Preceding Year Corresponding Quarter 30.06.2013 RM	Current Year to Date 30.06.2014 RM	Preceding Corresponding Year to Date 30.06.2013 RM
Taxation				
- current year	564,480	551,621	564,480	551,621
Deferred taxation				
- current year	(31,924)	(131,740)	(31,924)	(131,740)
Tax charge / (credit)	<u>532,556</u>	<u>419,881</u>	<u>532,556</u>	<u>419,881</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

There was no corporate proposal announced but not completed at the date of this quarterly report.

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 June 2014 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	5,626,592	4,839,559	10,661,151
Unsecured	<u>1,926,498</u>	<u>0</u>	<u>1,926,498</u>
	7,553,090	4,839,559	12,392,649
<u>US Dollar</u>			
Secured	<u>1,616,000</u>	<u>0</u>	<u>1,616,000</u>
	<u><u>9,169,090</u></u>	<u><u>4,839,559</u></u>	<u><u>14,008,649</u></u>

21. Derivative financial instruments

As at 30 June 2014, there is no derivative financial instruments.

22. Fair value changes of financial liabilities

As at 30 June 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 30.06.2014	Preceding Year Corresponding Quarter 30.06.2013	Current Year to Date 30.06.2014	Preceding Corresponding Year to Date 30.06.2013
Net profit / (loss) for the period (RM)	1,635,713	2,387,963	1,635,713	2,387,963
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	2.0	3.0	2.0	3.0
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 June 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

	30.06.2014 RM	30.06.2013 RM
Total retained earnings of the Company and its subsidiaries		
Realised	72,367,128	42,606,535
Unrealised	1,391,217	(1,264,185)
	<u>73,758,345</u>	<u>41,342,350</u>
Less: Consolidation adjustments	<u>(55,822,850)</u>	<u>(29,744,222)</u>
Total Group retained earnings as per consolidated accounts	<u>17,935,495</u>	<u>11,598,128</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 30.06.2014	Current Year To Date 30.06.2014
(a) Interest income	38,569	38,569
(b) Other income including investment income	2,154	2,154
(c) Interest expense	261,692	261,692
(d) Depreciation and amortisation	443,644	443,644
(e) Provision for and write off / (writeback) of receivables	(7,884)	(7,884)
(f) Provision for and write off / (writeback) of inventories	(271,235)	(271,235)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss)	83,516	83,516
(j) Gain/(Loss) on derivatives	769	769
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 27 August 2014 authorised the release of the unaudited interim financial statements for the quarter ended 30 June 2014 on 28 August 2014.