

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.09.2014 RM	Preceding Year Corresponding Quarter 30.09.2013 RM	Current Year to Date 30.09.2014 RM	Preceding Corresponding Year to Date 30.09.2013 RM
Revenue	22,217,514	26,128,964	40,460,210	49,226,383
Operating expenses	(22,520,552)	(24,019,372)	(38,593,856)	(44,593,516)
Other operating income	549,203	821,997	843,043	1,410,834
Profit / (Loss) from operations	246,165	2,931,589	2,709,397	6,043,701
Finance cost	(314,858)	(742,951)	(609,821)	(1,047,218)
Profit / (Loss) before taxation	(68,693)	2,188,638	2,099,576	4,996,483
Taxation	141,298	(95,135)	(391,258)	(515,016)
Profit / (Loss) from continuing operations	72,605	2,093,505	1,708,318	4,481,467
Other comprehensive income	-	-	-	-
Total comprehensive income	72,605	2,093,505	1,708,318	4,481,467
Total comprehensive income attributable to:				
Owners of the Company	116,011	2,142,940	1,772,419	4,565,774
Non-controlling interest	(43,406)	(49,435)	(64,101)	(84,307)
Total comprehensive income	72,605	2,093,505	1,708,318	4,481,467
Earnings per share:				
- basic (sen)	0.1	2.6	2.1	5.6
- 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 30.09.2014 RM (Unaudited)	As at 31.03.2014 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	24,565,012	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>746,088</u>	<u>746,413</u>
	<u>30,892,791</u>	<u>31,728,286</u>
CURRENT ASSETS		
Property development costs	26,906,458	21,986,353
Inventories	16,415,739	13,377,227
Receivables, deposits and prepayments	36,191,045	30,190,109
Tax recoverable	17,956	284,321
Marketable securities	651,056	754,566
Derivative financial instruments	-	6,473
Deposits, bank and cash balances	<u>7,656,199</u>	<u>9,635,601</u>
	<u>87,838,453</u>	<u>76,234,650</u>
TOTAL ASSETS	<u><u>118,731,244</u></u>	<u><u>107,962,936</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	35,936,221	34,163,802
Non-controlling interest	<u>(181,875)</u>	<u>(117,774)</u>
Equity attributable to owners of the Company	<u>75,754,346</u>	<u>74,046,028</u>
NON CURRENT LIABILITIES		
Payables and accruals	1,742	12,191
Hire-purchase creditors	319,092	437,003
Term loan	5,735,477	4,583,608
Deferred tax liabilities	<u>868,496</u>	<u>831,862</u>
	<u>6,924,807</u>	<u>5,864,664</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.09.2014 RM (Unaudited)	As at 31.03.2014 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	23,305,348	18,004,770
Derivative financial instruments	1,896	7,242
Hire-purchase creditors	257,253	274,762
Term loan	583,023	506,314
Short term bank borrowings		
- bank overdrafts	9,396,344	7,018,580
- others	2,025,195	1,869,412
Current tax liabilities	483,033	371,164
	<u>36,052,092</u>	<u>28,052,244</u>
TOTAL LIABILITIES	<u>42,976,899</u>	<u>33,916,908</u>
TOTAL EQUITY AND LIABILITIES	<u>118,731,244</u>	<u>107,962,936</u>
Net Assets per share of RM0.50 each	<u>0.95</u>	<u>0.93</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						Non-controlling interest	Total equity
	Share capital	Share premium	Reserve on consolidation	Revaluation reserve	Retained profits	Total		
	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					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
	RM	RM	RM	RM	RM	RM	RM	RM
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	-	-	-	-	1,772,419	1,772,419	(64,101)	1,708,318
At 30 September 2014	40,000,000	9,419,360	80,344	8,385,011	18,051,506	75,936,221	(181,875)	75,797,346

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

	30.09.2014 RM (Unaudited)	30.09.2013 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	1,708,318	4,481,467
Adjustments for:		
Property, plant and equipment		
- depreciation	857,618	881,221
- losses / (gains) on disposal	(38,000)	-
- write off	44,965	-
Amortisation of prepaid lease payments	-	2,095
Allowance for doubtful debts / (written back)	(7,884)	214,423
Interest expense	555,453	512,543
Interest income	(71,144)	(69,398)
Gross dividend income from marketable securities	(11,278)	(10,638)
Fair Value (gain) / loss on marketable securities	103,510	1,413
(Gain) / Loss on disposal of marketable securities	-	(9,058)
Fair value (gain) / loss on derivative financial instruments	1,127	170,630
Taxation	391,258	515,016
	<u>3,533,943</u>	<u>6,689,714</u>
Net movements in working capital:		
Inventories	(3,038,512)	7,547,496
Property development cost	(4,920,105)	(2,023,303)
Receivables	(5,992,726)	(3,120,295)
Payables	5,290,626	(3,860,062)
Cash flows generated from /(used in) operations	(5,126,774)	5,233,550
Interest paid	(555,453)	(512,543)
Tax refund	198,522	0
Tax paid	(174,911)	(175,374)
Net operating cash flow	<u>(5,658,616)</u>	<u>4,545,633</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)

	30.09.2014	30.09.2013
	RM	RM
	(Unaudited)	(Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(67,413)	(353,039)
- proceeds from disposals	38,000	1,162
Interest income received	71,144	69,398
Dividend income received	11,278	10,638
Marketable securities		
- payment for acquisition	-	(295,251)
- proceeds from disposals	-	1,739,673
Net Investing cash flow	<u>53,009</u>	<u>1,172,581</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal / (Deposits) pledged as securities	2,994,197	(245,430)
(Repayments of)/ Proceeds from short term bank borrowings	155,783	(361,482)
Repayment of advances to a director	(497)	-
Repayments of hire-purchase creditors	(135,421)	(111,968)
Repayments of term loan	(271,421)	(220,644)
Drawdown of term loan	1,500,000	-
Net financing cash flow	<u>4,242,641</u>	<u>(939,524)</u>
Net movement in cash and cash equivalents	(1,362,966)	4,778,690
Cash and cash equivalent at beginning of the financial period/year	<u>(3,898,645)</u>	<u>(3,120,526)</u>
Cash and cash equivalent at end of the financial period/year	<u><u>(5,261,611)</u></u>	<u><u>1,658,164</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 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 30.09.2014	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	2,045,962	16,201,615	22,775,225	1,500,012	357,504	42,880,318
Intersegment sales	-	-	(920,096)	(1,500,012)	-	(2,420,108)
External sales	<u>2,045,962</u>	<u>16,201,615</u>	<u>21,855,129</u>	<u>-</u>	<u>357,504</u>	<u>40,460,210</u>
Results						
Profit / (loss) from operations	(110,328)	2,526,716	817,438	(419,329)	(105,100)	2,709,397
Finance cost	(39,426)	(117,655)	(451,698)	(798)	(244)	<u>(609,821)</u>
Profit before tax						2,099,576
Taxation						<u>(391,258)</u>
Net profit for the period						<u>1,708,318</u>
Segment assets	5,719,689	61,049,795	46,426,336	4,163,294	1,372,130	118,731,244
Segment liabilities	727,951	22,437,696	18,111,114	934,871	765,267	42,976,899
Interest income	7	13,997	57,140	-	-	71,144
Capital expenditure	10,782	-	48,448	3,700	4,483	67,413
Depreciation and amortisation	47,225	47,949	629,874	15,346	117,224	857,618

Segmental information (Continued)

Financial year ended 30.09.2013	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	1,773,654	15,920,506	32,138,004	-	257,661	50,089,825
Intersegment sales	-	-	(863,442)	-	-	(863,442)
External sales	<u>1,773,654</u>	<u>15,920,506</u>	<u>31,274,562</u>	<u>0</u>	<u>257,661</u>	<u>49,226,383</u>
Results						
Profit / (loss) on operations	(1,415,831)	5,326,171	2,216,815	(401,727)	(158,168)	5,567,260
Finance cost	324,228	(406,243)	(481,992)	(6,579)	(191)	<u>(570,777)</u>
Profit before tax						4,996,483
Taxation						<u>(515,016)</u>
Net profit for the period						<u>4,481,467</u>
Segment assets	19,871,748	16,578,916	50,225,043	2,936,679	1,287,653	90,900,039
Segment liabilities	885,572	5,416,805	13,281,490	931,642	727,383	21,242,892
Interest income	2,729	-	64,493	2,176	-	69,398
Capital expenditure	7,640	32,305	262,601	-	50,493	353,039
Depreciation and amortisation	60,987	39,860	662,174	36,733	83,562	883,316

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 RM22.2 million, a decrease of RM3.9 million when compared to the previous year's corresponding quarter of RM26.1 million. The decrease in revenue was mainly from the Manufacturing segment which recorded a drop in revenue of RM4.6 million.

For the cumulative six months, the Group registered revenue of RM40.5 million as compared to RM49.2 million registered in the preceding year corresponding six months. This represents a drop in revenue of RM8.8 million. This was mainly attributed to the drop in revenue of RM9.4 million from the Manufacturing segment.

In line with the lower revenue recorded, the Group registered a marginal profit after tax of RM72,605 for the current quarter as compared to RM2.1 million for the previous year's corresponding quarter.

For the cumulative six months, the Group posted a profit after tax of RM1.7 million as compared to a profit after tax of RM4.5 million for the preceding year corresponding six months. The lower profit recorded was mainly due to lower revenue from the Manufacturing segment and lower profit margin from the Property and Construction segment.

14. Quarterly results comparison

The Group recorded revenue of RM 22.2 million for the current quarter, an increase of RM4.0 million as compared to RM18.2 million achieved in the immediate preceding quarter. Despite the increase in revenue, the Group posted a marginal profit after tax of RM72,605 as compared to a profit after tax of RM1.6 million for the immediate preceding quarter. This lower profit recorded was mainly due to lower turnover from the Manufacturing segment and lower profit margin in the second quarter.

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 30.09.2014 RM	Preceding Year Corresponding Quarter 30.09.2013 RM	Current Year to Date 30.09.2014 RM	Preceding Corresponding Year to Date 30.09.2013 RM
Taxation				
- current year	(209,857)	320,275	354,623	871,896
Deferred taxation				
- current year	68,559	(225,140)	36,635	(356,880)
Tax charge / (credit)	<u>(141,298)</u>	<u>419,881</u>	<u>391,258</u>	<u>515,016</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 September 2014 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	8,688,170	6,054,569	14,742,739
Unsecured	<u>2,004,145</u>	<u>0</u>	<u>2,004,145</u>
	10,692,315	6,054,569	16,746,884
<u>US Dollar</u>			
Secured	<u>1,569,500</u>	<u>0</u>	<u>1,569,500</u>
	<u><u>12,261,815</u></u>	<u><u>6,054,569</u></u>	<u><u>18,316,384</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 30.09.2014 RM	Fair value Gain / (loss) as at 30.09.2014 RM
Foreign currency forward contracts			
- less than 1 year	491,600	493,496	(1,896)
Option forward contracts			
- less than 1 year	-	-	-

22. Fair value changes of financial liabilities

As at 30 September 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 do not recommend any payment of dividends in respect of the six months ended 30 September 2014.

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 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013	Current Year to Date 30.09.2014	Preceding Year to Date 30.09.2013
Net profit / (loss) for the period (RM)	72,603	2,093,505	1,708,316	4,481,467
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.1	2.6	2.0	5.6
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 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

	30.09.2014 RM	30.09.2013 RM
Total retained earnings of the Company and its subsidiaries		
Realised	72,275,185	44,533,938
Unrealised	1,555,763	(1,098,083)
	<u>73,830,948</u>	<u>43,435,855</u>
Less: Consolidation adjustments	(55,779,442)	(29,694,788)
Total Group retained earnings as per consolidated accounts	<u><u>18,051,506</u></u>	<u><u>13,741,067</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 30.09.2014	Current Year To Date 30.09.2014
(a) Interest income	32,575	71,144
(b) Other income including investment income	9,124	11,278
(c) Interest expense	293,761	555,453
(d) Depreciation and amortisation	413,973	857,618
(e) Provision for and write off / (writeback) of receivables	-	(7,884)
(f) Provision for and write off / (writeback) of inventories	(455,239)	(726,234)

Profit / (Loss) before taxation (Continued)

	Current Year Quarter 30.09.2014	Current Year To Date 30.09.2014
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss)	243,421	326,937
(j) Gain/(Loss) on derivatives	(1,896)	(1,127)
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 26 November 2014 authorised the release of the unaudited interim financial statements for the quarter ended 30 September 2014 on 27 November 2014.