

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 MARCH 2016**



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.03.2016 RM	Preceding Year Corresponding Quarter 31.03.2015 RM	Current Year to Date 31.03.2016 RM	Preceding Corresponding Year to Date 31.03.2015 RM
Revenue	28,580,269	27,115,065	118,144,826	94,496,191
Operating expenses	(28,254,516)	(26,415,162)	(112,173,649)	(90,774,070)
Other operating income	(1,659,253)	594,567	2,033,025	1,673,917
Profit / (Loss) from operations	(1,333,500)	1,294,470	8,004,202	5,396,038
Finance cost	855,319	615,506	(574,860)	(382,351)
Profit / (Loss) before taxation	(478,181)	1,913,976	7,429,342	5,013,687
Taxation	(457,823)	(614,405)	(2,614,968)	(1,376,291)
Profit / (Loss) from continuing operations	(936,004)	1,299,571	4,814,374	3,637,396
Other comprehensive income, net of tax	(303,017)	0	1,835,060	0
Total comprehensive income	(1,239,021)	1,299,571	6,649,434	3,637,396
Net profit attributable to:				
Owners of the Company	(772,229)	1,327,099	5,095,544	3,786,148
Non-controlling interest	(163,775)	(27,528)	(281,170)	(148,752)
Net profit	(936,004)	1,299,571	4,814,374	3,637,396
Total comprehensive income attributable to:				
Owners of the Company	(1,075,246)	1,327,099	6,930,604	3,786,148
Non-controlling interest	(163,775)	(27,528)	(281,170)	(148,752)
Total comprehensive income	(1,239,021)	1,299,571	6,649,434	3,637,396
Earnings per share:				
- basic (sen)	(1.0)	1.7	6.4	4.7
- 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 2015.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31.03.2016 RM (Unaudited)	As at 31.03.2015 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	25,655,306	24,738,813
Investment property	4,000,000	3,200,000
Deferred tax assets	1,092,094	1,795,631
Receivables, deposits and prepayments	<u>0</u>	<u>340,705</u>
	<u>30,747,400</u>	<u>30,075,149</u>
CURRENT ASSETS		
Property development costs	50,891,534	34,970,508
Inventories	15,219,623	15,325,342
Receivables, deposits and prepayments	48,895,275	45,308,976
Tax recoverable	13,213	27,061
Marketable securities	584,759	682,915
Derivative financial instruments	0	33,834
Deposits, bank and cash balances	10,912,093	5,500,525
	<u>126,516,497</u>	<u>101,849,161</u>
TOTAL ASSETS	<u><u>157,263,897</u></u>	<u><u>131,924,310</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	43,280,554	37,149,950
Non-controlling interest	(547,696)	(266,526)
Equity attributable to owners of the Company	<u>82,732,858</u>	<u>76,883,424</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	122,413	213,159
Term loan	11,708,188	5,465,748
Deferred tax liabilities	767,673	938,662
	<u>12,598,274</u>	<u>6,617,569</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 31.03.2016 RM (Unaudited)	As at 31.03.2015 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	40,979,451	34,735,879
Derivative financial instruments	0	8,421
Hire-purchase creditors	133,893	223,759
Term loan	4,067,530	4,311,145
Short term bank borrowings		
- bank overdrafts	13,330,402	6,260,756
- others	2,557,316	2,710,533
Current tax liabilities	864,173	172,824
	<u>61,932,765</u>	<u>48,423,317</u>
TOTAL LIABILITIES	<u>74,531,039</u>	<u>55,040,886</u>
TOTAL EQUITY AND LIABILITIES	<u>157,263,897</u>	<u>131,924,310</u>
Net Assets per share of RM0.50 each	<u><u>1.03</u></u>	<u><u>0.96</u></u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015.

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 2014	40,000,000	9,419,360	80,344	8,385,011	16,279,087	74,163,802	(117,774)	74,046,028
First and final single tier dividend in respect of financial year ended 31 March 2014 of 1 sen per share					(800,000)	(800,000)		(800,000)
Net profit for the financial period					3,786,148	3,786,148	(148,752)	3,637,396
At 31 March 2015	40,000,000	9,419,360	80,344	8,385,011	19,265,235	77,149,950	(266,526)	76,883,424
At 1 April 2015	40,000,000	9,419,360	80,344	8,385,011	19,265,235	77,149,950	(266,526)	76,883,424
First and final single tier dividend in respect of financial year ended 31 March 2015 of 1 sen per share					(800,000)	(800,000)		(800,000)
Net profit for the financial period	-	-	-	-	5,095,544	5,095,544	(281,170)	4,814,374
Other Comprehensive income, net of tax (will not subsequently reclassify to profit or loss)								
Revaluation surplus				1,835,060		1,835,060		1,835,060
Total Comprehensive income				1,835,060	5,095,544	6,930,604	(281,170)	6,649,434
At 31 March 2016	40,000,000	9,419,360	80,344	10,220,071	23,560,779	83,280,554	(547,696)	82,732,858

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	31.03.2016 RM (Unaudited)	31.03.2015 RM (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	4,814,374	3,637,396
Adjustments for:		
Property, plant and equipment		
- depreciation	1,432,111	1,658,451
- losses / (gains) on disposal	(36,710)	(38,900)
- write off	9,120	55,055
- writeback of revaluation deficit	(25,365)	-
- fair value gain on revaluation of investment property	(760,000)	-
Allowance for doubtful debt written back	157,641	(9,717)
Provision for liquidated damages	430,000	504,361
Gain on disposal of marketable securities	(6,812)	-
Interest expense	455,263	278,797
Interest income	(121,832)	(131,916)
Gross dividend income from marketable securities	(15,160)	(18,168)
Fair Value (gain) / loss on marketable securities	106,069	71,651
Fair value (gain) / loss on derivative financial instruments	25,413	(26,182)
Net unrealised foreign exchange loss	-	146,477
Taxation	2,614,968	1,376,291
	<u>9,079,080</u>	<u>7,503,596</u>
Net movements in working capital:		
Inventories	105,719	(1,948,115)
Property development cost	(14,434,312)	(13,168,594)
Receivables	(3,403,235)	(14,416,621)
Payables	5,817,361	16,113,764
Cash flows generated from / (used in) operations	<u>(2,835,387)</u>	<u>(5,915,970)</u>
Interest paid	(1,941,978)	(1,238,430)
Tax refund	53,319	208,005
Tax paid	<u>(1,506,089)</u>	<u>(832,516)</u>
Net operating cash flow	<u>(6,230,135)</u>	<u>(7,778,911)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

	31.03.2016	31.03.2015
	RM	RM
	(Unaudited)	(Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(434,383)	(152,504)
- proceeds from disposals	69,339	38,900
Interest income received	121,832	30,089
Dividend income received	15,160	18,168
Marketable securities		
- payment for acquisition	(81,809)	-
- proceeds from disposals	80,708	-
Net Investing cash flow	<u>(229,153)</u>	<u>(65,347)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal / (Deposits) pledged as securities	(626,240)	2,994,197
(Repayments of)/ Proceeds from short term bank borrowings	(153,217)	714,464
Advances / (Repayment of advances) to a director	(3,789)	64,833
Repayments of hire-purchase creditors	(240,612)	(274,847)
Repayments of term loan	(1,451,176)	(539,615)
Dividend paid	(800,000)	(800,000)
Drawdown of term loan	7,450,000	5,200,344
Net financing cash flow	<u>4,174,966</u>	<u>7,359,376</u>
Net movement in cash and cash equivalents	(2,284,322)	(484,882)
Cash and cash equivalent at beginning of the financial period/year	<u>(4,383,527)</u>	<u>(3,898,645)</u>
Cash and cash equivalent at end of the financial period/year	<u><u>(6,667,849)</u></u>	<u><u>(4,383,527)</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 2015.

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 2015, except for the adoption of the following FRSs and Amendments to FRSs:

Effective for financial periods beginning 1 April 2015:

- Annual improvements to FRSs 2010-2012 Cycle “Amendments to FRS 2 Share-based Payment, FRS 3 Business Combination, FRS 8 Operating Segments, FRS 13 Fair Value Measurement, FRS 116 Property, Plant and Equipment, FRS 124 Related Party Disclosures and FRS 138 Intangible Assets”
- Annual Improvements to FRSs 2011-2013 Cycle “Amendments to FRS 1 First-time Adoption of Financial Reporting Standards, FRS 3 Business Combinations, FRS 13 Fair Value Measurement and FRS 140 Investment Property”
- Amendments to FRS 119 “Defined Benefits Plans: Employee Contributions”

Effective for financial periods beginning on or after 1 April 2016:

- Amendments to FRS 116 and FRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to FRS 127 Separate Financial Statements – “Equity accounting in separate financial statements”
- Annual Improvement to FRSs 2012-2014 Cycle “Amendments to FRS 5 Non-current Assets Held for sale and Discontinued Operations, FRS 7 Financial Instruments: Disclosures, FRS 119 Employee Benefits, FRS 134 “Interim Financial Reporting”
- Amendments to FRS 101 “Presentation of Financial Statements – Disclosure Initiative”
- Amendments to FRS 11 “Accounting for Acquisition of interests in Joint Operations”
- Amendments to FRS 10 and FRS 128 “Sale or Contribution of Assets between Investor and its Associate or Joint Venture”
- Amendments to FRS 10, 12 and 128 “Investment Entities – Applying the Consolidation Exception”
- MFRS 15 “Revenue from Contracts with Customers”
- MFRS 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 2015 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 31.03.2016	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	2,068,806	45,276,038	71,074,081	13,500,108	668,867	132,587,900
Intersegment sales	-	-	(942,966)	(13,500,108)	-	(14,443,074)
External sales	<u>2,068,806</u>	<u>45,276,038</u>	<u>70,131,115</u>	<u>-</u>	<u>668,867</u>	<u>118,144,826</u>
<u>Results</u>						
Profit / (loss) from operations	(1,273,520)	2,944,257	6,402,500	246,267	(315,302)	8,004,202
Finance cost	(21,576)	(851,154)	299,247	(616)	(761)	(574,860)
Profit before tax						7,429,342
Taxation						(2,614,968)
Net profit for the year						<u>4,814,374</u>
Segment assets	4,242,901	93,595,683	53,796,259	4,798,655	830,399	157,263,897
Segment liabilities	938,658	43,949,384	28,124,358	735,743	782,896	74,531,039
Interest income	12	11,959	109,619	242	-	121,832
Capital expenditure	16,469	412,038	28,381	-	37,495	494,383
Depreciation and amortisation	53,769	109,635	1,019,706	18,140	230,861	1,432,111

Segmental information (Continued)

Financial year ended 31.03.2015	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	4,886,903	40,596,902	49,763,539	1,500,012	1,259,895	98,007,251
Intersegment sales	-	-	(1,554,990)	(1,500,012)	(456,058)	(3,511,060)
External sales	<u>4,886,903</u>	<u>40,596,902</u>	<u>48,208,549</u>	<u>0</u>	<u>803,837</u>	<u>94,496,191</u>
Results						
Profit / (loss) on operations	217,267	4,230,621	1,633,870	(463,452)	(222,268)	5,396,038
Finance cost	(27,228)	(123,849)	(229,990)	(818)	(466)	<u>(382,351)</u>
Profit before tax						5,013,687
Taxation						<u>(1,376,291)</u>
Net profit for the year						<u>3,637,396</u>
Segment assets	5,544,643	75,598,866	45,467,562	4,104,829	1,208,410	131,924,310
Segment liabilities	892,759	35,404,807	17,269,695	724,770	748,855	55,040,886
Interest income	0	21,710	110,203	-	-	131,916
Capital expenditure	39,656	905,453	75,315	3,700	28,013	1,052,137
Depreciation and amortisation	86,522	96,151	1,216,865	24,429	234,484	1,658,451

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 2015 except for lands, buildings and investment property which have been restated to incorporate the latest valuations by a firm of independent valuers in accordance with the Group's accounting policies.

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 RM28.6 million for the current quarter and RM118.1 million for the current financial year. This represents an increase of 5.4% and 25.0% for the current quarter and current financial year respectively. The higher revenue recorded was mainly attributable to favourable USD against Ringgit Malaysia and higher contribution from the Property and Construction segment.

The Group posted a loss after tax of RM0.9 million for the current quarter and a profit after tax of RM4.8 million for the current financial year as compared to RM1.3 million and RM3.6 million respectively for the previous year's corresponding periods. The current quarter recorded a loss was mainly due to higher provision of slow moving inventory, reversal of deferred tax assets and the increase in operational costs whereas the current financial year profit after tax improved by RM1.2 million which is in line with higher revenue recorded, fair value gain on revaluation of investment property and favourable foreign exchange rate.

14. Quarterly results comparison

The Group recorded revenue of RM28.6 million for the current quarter as compared to the immediate preceding quarter of RM37.3 million. The decline in revenue of RM8.7 million was mainly due to lower contribution from the Manufacturing and Property and Construction segments. For the current quarter, the Group posted a loss after tax of RM0.9 million as compared to a profit of RM3.0 million. The loss was mainly due to lower revenues, higher provisions and operational costs incurred for the current quarter.

15. Prospects

The Group expects the operating environment for the coming financial period to be challenging due to the uncertainties in the local and global economic environment. Nevertheless, the Group will continue to focus on core business and exercise prudent measures to mitigate 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 coming financial period to be satisfactory.

16. Profit forecast and profit guarantee

Not applicable.

17. Taxation

	Current Year Quarter 31.03.2016 RM	Preceding Year Corresponding Quarter 31.03.2015 RM	Current Year to Date 31.03.2016 RM	Preceding Corresponding Year to Date 31.03.2015 RM
Taxation				
- current year	194,701	(110,277)	2,110,890	586,346
- prior year	28,525	8,700	47,076	97,089
Deferred taxation				
- current year	234,597	715,980	457,002	692,856
Tax charge / (credit)	<u>457,823</u>	<u>614,403</u>	<u>2,614,968</u>	<u>1,376,291</u>

The Group's effective tax rates were higher than the statutory tax rate mainly due to certain expenses being disallowed for taxation purposes.

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 31 March 2016 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	15,717,081	11,830,601	27,547,682
Unsecured	<u>2,653,780</u>	<u>0</u>	<u>2,653,780</u>
	18,370,861	11,830,601	30,201,462
<u>US Dollar</u>			
Secured	<u>1,718,280</u>	<u>0</u>	<u>1,718,280</u>
	<u>20,089,141</u>	<u>11,830,601</u>	<u>31,919,742</u>

21. Derivative financial instruments

There is no derivative instrument for foreign currency forward contracts and option forward contracts.

22. Fair value changes of financial liabilities

As at 31 March 2016, 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 final dividend of RM0.01 per share for the financial year ended 31 March 2016 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 31.03.2016	Preceding Year Corresponding Quarter 31.03.2015	Current Year to Date 31.03.2016	Preceding Corresponding Year to Date 31.03.2015
Net profit / (loss) for the year (RM)	(772,229)	1,327,099	5,095,544	3,786,148
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	(1.0)	1.7	6.4	4.7
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 2016, 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

	31.03.2016	31.03.2015
	RM	RM
Total retained earnings of the Company and its subsidiaries		
Realised	77,964,329	74,560,225
Unrealised	601,029	160,662
	<u>78,565,358</u>	<u>74,720,887</u>
Less: Consolidation adjustments	(55,004,579)	(55,455,652)
Total Group retained earnings as per consolidated accounts	<u><u>23,560,779</u></u>	<u><u>19,265,235</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 31.03.2016	Current Year to Date 31.03.2016
(a) Interest income	36,950	121,832
(b) Other income including investment income	12,901	15,160
(c) Interest expense	(886,638)	455,263
(d) Depreciation and amortisation	328,658	1,432,111
(e) Provision for and write off / (writeback) of receivables	157,641	157,341
(f) Provision for and write off / (writeback) of inventories	571,019	609,034

Profit / (Loss) before taxation (Continued)

	Current Year Quarter 31.12.2015	Current Year to Date 31.12.2015
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	6,656	6,812
(h) Impairment of assets	9,120	9,120
(i) Foreign exchange gain/(loss)	(883,342)	767,807
(j) Gain/(Loss) on derivatives	(16,782)	(25,413)
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 30 May 2016 authorised the release of the unaudited interim financial statements for the quarter ended 31 March 2016.