

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2016



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.06.2016 RM	Preceding Year Corresponding Quarter 30.06.2015 RM	Current Year to Date 30.06.2016 RM	Preceding Corresponding Year to Date 30.06.2015 RM
Revenue	27,734,835	25,695,763	27,734,835	25,695,763
Operating expenses	(26,272,246)	(24,691,914)	(26,272,246)	(24,691,914)
Other operating income	981,762	718,054	981,762	718,054
Profit / (Loss) from operations	2,444,351	1,721,903	2,444,351	1,721,903
Finance cost	(89,027)	(440,778)	(89,027)	(440,778)
Profit / (Loss) before taxation	2,355,324	1,281,125	2,355,324	1,281,125
Taxation	(649,156)	(397,368)	(649,156)	(397,368)
Profit / (Loss) from continuing operations	1,706,168	883,757	1,706,168	883,757
Other comprehensive income, net of tax	0	3,578	0	3,578
Total comprehensive income	1,706,168	887,335	1,706,168	887,335
Net profit attributable to:				
Owners of the Company	1,753,958	909,893	1,753,958	909,893
Non-controlling interest	(47,790)	(26,136)	(47,790)	(26,136)
Net profit	1,706,168	883,757	1,706,168	883,757
Total comprehensive income attributable to:				
Owners of the Company	1,753,958	913,471	1,753,958	913,471
Non-controlling interest	(47,790)	(26,136)	(47,790)	(26,136)
Total comprehensive income	1,706,168	887,335	1,706,958	887,335
Earnings per share:				
- basic (sen)	2.2	1.1	2.2	1.1
- 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 2015.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30.06.2016 RM (Unaudited)	As at 31.03.2016 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	25,417,689	25,666,359
Investment property	4,000,000	4,000,000
Deferred tax assets	919,240	1,092,094
	<u>30,336,929</u>	<u>30,758,453</u>
CURRENT ASSETS		
Property development costs	54,717,125	50,880,481
Inventories	14,571,522	15,243,532
Receivables, deposits and prepayments	48,443,831	49,310,311
Tax recoverable	15,586	13,213
Marketable securities	575,512	584,759
Derivative financial instruments	91,733	0
Deposits, bank and cash balances	9,579,395	10,912,024
	<u>127,994,704</u>	<u>126,944,320</u>
TOTAL ASSETS	<u><u>158,331,633</u></u>	<u><u>157,702,773</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	45,098,181	43,344,223
Non-controlling interest	(595,486)	(547,697)
Equity attributable to owners of the Company	<u>84,502,695</u>	<u>82,796,526</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	103,460	138,252
Term loan	11,321,603	11,628,849
Deferred tax liabilities	933,460	767,673
	<u>12,358,523</u>	<u>12,534,774</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.06.2016 RM (Unaudited)	As at 31.03.2016 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	39,208,320	39,675,117
Derivative financial instruments	0	0
Current tax liabilities	648,339	865,355
Hire-purchase creditors	113,135	118,053
Term loan	4,120,274	4,146,869
Short term bank borrowings		
- bank overdrafts	13,444,858	13,330,402
- others	2,388,783	2,557,316
Provisions	1,546,706	1,678,361
	<u>61,470,415</u>	<u>62,371,473</u>
TOTAL LIABILITIES	<u>73,828,938</u>	<u>74,906,247</u>
TOTAL EQUITY AND LIABILITIES	<u>158,331,633</u>	<u>157,702,773</u>
Net Assets per share of RM0.50 each	<u>1.06</u>	<u>1.03</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016.

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 2015	40,000,000	9,419,360	80,344	8,385,011	19,265,235	77,149,950	(266,526)	76,883,424
Net profit for the financial period	-	-	-	-	909,893	909,893	(26,136)	883,757
Other Comprehensive income								
Deferred tax on revaluation – change of tax rate	-	-	-	3,578	-	3,578	-	3,578
	-	-	-	3,578	-	3,578	-	3,578
Total Comprehensive income				3,578	909,893	913,471	(26,136)	887,335
At 30 June 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 2016	40,000,000	9,419,360	80,344	10,220,071	23,624,448	83,344,223	(547,697)	82,796,526
Net profit for the financial period	-	-	-	-	1,753,958	1,753,958	(47,790)	1,706,168
Total Comprehensive income	-	-	-	-	1,753,958	1,753,958	(47,790)	1,706,168
At 31 March 2016	40,000,000	9,419,360	80,344	10,220,071	25,378,406	85,098,181	(595,487)	84,502,694

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30.06.2016 RM (Unaudited)	30.06.2015 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	1,706,168	883,757
Adjustments for:		
Property, plant and equipment		
- depreciation	284,376	384,975
- losses / (gains) on disposal	(3,554)	-
Gain on disposal of marketable securities	-	-
Interest expense	91,262	417,908
Interest income	(24,410)	(19,590)
Gross dividend income from marketable securities	(4,798)	(2,258)
Fair Value (gain) / loss on marketable securities	9,247	(49,452)
Fair value (gain) / loss on derivative financial instruments	(91,733)	74,730
Net unrealised foreign exchange loss	52,522	-
Taxation	649,156	397,367
	<u>2,668,236</u>	<u>2,084,437</u>
Net movements in working capital:		
Inventories	672,010	(2,796,405)
Property development cost	(3,344,693)	(1,551,375)
Receivables	870,034	(1,568,999)
Payables	(575,958)	(4,003,759)
Cash flows generated from / (used in) operations	289,629	(7,883,101)
Interest paid	(583,214)	(188,353)
Tax refund	-	13,856
Tax paid	(529,904)	(157,411)
Net operating cash flow	<u>(823,489)</u>	<u>(8,165,009)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

	30.06.2016	30.06.2015
	RM	RM
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(35,706)	(1,500)
- proceeds from disposals	-	-
Interest income received	24,410	19,590
Dividend income received	4,798	2,258
Marketable securities		
- payment for acquisition	-	-
- proceeds from disposals	-	-
Net Investing cash flow	<u>(6,498)</u>	<u>20,348</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal / (Deposits) pledged as securities	(881,609)	(33,111)
(Repayments of)/ Proceeds from short term bank borrowings	(168,533)	155,230
Advances / (Repayment of advances) to a director	(22,495)	(2,000)
Repayments of hire-purchase creditors	(39,710)	(64,027)
Repayments of term loan	(333,841)	(168,687)
Dividend paid	-	-
Net financing cash flow	<u>(1,446,188)</u>	<u>(112,595)</u>
Net movement in cash and cash equivalents	(2,276,175)	(8,257,256)
Effects of exchange rate changes on cash and cash equivalents	(52,522)	-
Cash and cash equivalent at beginning of the financial period/year	<u>(6,775,448)</u>	<u>(4,383,526)</u>
Cash and cash equivalent at end of the financial period/year	<u><u>(9,104,145)</u></u>	<u><u>(12,640,782)</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 2016.

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 2016.

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 2016, except for the adoption of the following FRSs and Amendments to FRSs:

Effective for financial periods beginning 1 April 2016:

- Amendments to FRS 11 “Accounting for Acquisition of Interest in Joint Operations”
- Amendments to FRS 116 and FRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to FRS 127 “Equity Method in Separate Financial Statements”
- Amendments to FRS 101 “Presentation of Financial Statements – Disclosure Initiatives”
- Annual Improvements to FRSs 2012 – 2014 Cycle

The following FRSs and Amendments to FRSs are applicable but not effective:

Effective for financial periods beginning 1 April 2017:

- Amendments to FRS 107 “Statement of Cash Flows – Disclosure Initiative”
- Amendments to FRS 112 “Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses”

Effective for financial periods beginning 1 April 2018:

- FRS 9 “Financial Instruments”
- FRS 15 “Revenue from Contracts with Customers”

Effective for financial periods beginning 1 April 2019:

- FRS 16 “Leases”

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 2016 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 period ended 30.06.2016	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	729,021	10,695,255	16,326,506	4,500,036	138,767	32,389,585
Intersegment sales	-	-	(154,714)	(4,500,036)	-	(4,654,750)
External sales	<u>729,021</u>	<u>10,695,255</u>	<u>16,171,792</u>	<u>-</u>	<u>138,767</u>	<u>27,734,835</u>
<u>Results</u>						
Profit / (loss) from operations	(141,288)	1,145,402	1,608,615	(92,499)	(75,879)	2,444,351
Finance cost	(4,120)	(208,764)	124,117	-	(260)	(89,027)
Profit before tax						<u>2,355,324</u>
Taxation						(649,156)
Net profit for the year						<u>1,706,168</u>
Segment assets	4,177,501	98,477,280	50,083,569	4,795,850	797,433	158,331,633
Segment liabilities	973,630	44,322,726	27,016,772	796,434	719,376	73,828,938
Interest income	6	2,447	21,957	-	-	24,410
Capital expenditure	5,298	2,280	21,690	-	6,438	35,706
Depreciation and amortisation	11,035	27,415	192,092	4,535	49,299	284,376

Segmental information (Continued)

Financial period ended 30.06.2015	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	285,879	10,863,894	14,556,821	4,500,036	180,327	30,386,957
Intersegment sales	0	0	(191,159)	(4,500,036)	0	(4,691,195)
External sales	<u>285,879</u>	<u>10,863,894</u>	<u>14,365,662</u>	<u>0</u>	<u>180,327</u>	<u>25,695,762</u>
Results						
Profit / (loss) on operations	(439,978)	1,308,245	688,565	205,318	(40,247)	1,721,903
Finance cost	(7,101)	(195,291)	(238,069)	(118)	(199)	<u>(440,778)</u>
Profit before tax						1,281,125
Taxation						<u>(397,368)</u>
Net profit for the year						<u>883,757</u>
Segment assets	3,636,550	76,257,486	51,007,254	4,137,663	1,180,891	136,219,844
Segment liabilities	2,589,905	34,598,581	19,657,310	839,955	763,335	58,449,086
Interest income	2	3,503	16,060	25	0	19,590
Capital expenditure	0	0	1,500	0	0	1,500
Depreciation and amortisation	17,319	27,265	278,152	4,535	57,704	384,975

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 2016 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 RM27.7 million, an increase of RM2.0 million as compared to the preceding year corresponding quarter of RM25.7 million. The increase is mainly attributable to higher revenue registered for the Manufacturing Segment of RM1.8 million.

In line with the increase in revenue, the Group's profit after tax improved by RM0.8 million to RM1.7 million. The improvement in the profit after tax was mainly attributable to the Manufacturing Segment which accounts for RM0.9 million over the previous year corresponding quarter.

14. Quarterly results comparison

The Group recorded revenue of RM27.7 million for the current quarter as compared to the immediate preceding quarter of RM28.6 million. The decline in revenue of RM0.9 million was mainly due to lower contribution from the Property and Construction segments. For the current quarter, the Group posted a profit after tax of RM1.7 million as compared to a loss of RM0.7 million for the immediate preceding quarter. The improvement in profit was mainly due to lower operational costs incurred for the current quarter as compared to provisions made for slow moving stock (RM0.6 million), liquidated damages (RM0.4 million) and higher operational costs (RM1.2 million) mainly due to bonus incurred for the immediate preceding quarter.

15. Prospects

The Group expects the operating environment for the current financial period to be challenging due to the uncertainties in the local and global economic environment. The operational cost is expected to increase due to the increase in the minimum wage rate. 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 30.06.2016 RM	Preceding Year Corresponding Quarter 30.06.2015 RM	Current Year to Date 30.06.2016 RM	Preceding Corresponding Year to Date 30.06.2015 RM
Taxation				
- current year	310,515	257,070	310,515	257,070
- prior year	0		0	
Deferred taxation				
- current year	338,641	140,298	338,641	140,298
Tax charge / (credit)	<u>649,156</u>	<u>397,368</u>	<u>649,156</u>	<u>397,368</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 30 June 2016 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	15,612,141	11,425,063	27,037,204
Unsecured	<u>2,609,565</u>	<u>0</u>	<u>2,609,565</u>
	18,221,706	11,425,063	29,646,769
<u>US Dollar</u>			
Secured	<u>1,845,345</u>	<u>0</u>	<u>1,845,345</u>
	<u><u>20,067,051</u></u>	<u><u>11,425,063</u></u>	<u><u>31,492,114</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 30.06.2016 RM	Fair value Gain / (loss) as at 30.06.2016 RM
Foreign currency forward contracts - less than 1 year	5,450,530	5,358,797	91,733

22. Fair value changes of financial liabilities

As at 30 June 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 single-tier tax exempt 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 30.06.2016	Preceding Year Corresponding Quarter 30.06.2015	Current Year to Date 30.06.2016	Preceding Year to Date 30.06.2015
Net profit / (loss) for the year (RM)	1,753,958	909,893	1,753,958	909,893
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	2.2	1.1	2.2	1.1
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 30 June 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

	30.06.2016 RM	30.06.2015 RM
Total retained earnings of the Company and its subsidiaries		
Realised	80,235,477	74,560,225
Unrealised	77,253	160,662
	<u>80,312,730</u>	<u>74,720,887</u>
Less: Consolidation adjustments	(54,943,324)	(55,455,652)
Total Group retained earnings as per consolidated accounts	<u><u>25,369,406</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 30.06.2016	Current Year to Date 30.06.2016
(a) Interest income	24,410	24,410
(b) Other income including investment income	4,798	4,798
(c) Interest expense	91,262	91,262
(d) Depreciation and amortisation	284,376	284,376
(e) Provision for and write off / (writeback) of receivables	0	0
(f) Provision for and write off / (writeback) of inventories	(78,217)	(78,217)

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	0	0
(h) Impairment of assets	0	0
(i) Foreign exchange gain/(loss)	884,186	884,186
(j) Gain/(Loss) on derivatives	91,733	91,733
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 25 August 2016 authorised the release of the unaudited interim financial statements for the quarter ended 30 June 2016 on 26 August 2016.