

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.09.2016 RM	Preceding Year Corresponding Quarter 30.09.2015 RM	Current Year to Date 30.09.2016 RM	Preceding Corresponding Year to Date 30.09.2015 RM
Revenue	29,159,373	26,592,954	56,894,208	52,288,716
Operating expenses	(26,864,391)	(24,371,517)	(53,136,637)	(49,063,430)
Other operating income	739,803	1,057,884	1,721,565	1,775,938
Profit / (Loss) from operations	3,034,785	3,279,321	5,479,136	5,001,224
Finance cost	(163,552)	(481,972)	(252,579)	(922,749)
Profit / (Loss) before taxation	2,871,233	2,797,349	5,226,557	4,078,475
Taxation	(721,303)	(971,453)	(1,370,459)	(1,368,821)
Profit / (Loss) from continuing operations	2,149,930	1,825,896	3,856,098	2,709,654
Other comprehensive income, net of tax	0	0	0	3,578
Total comprehensive income	2,149,930	1,825,896	3,856,098	2,713,232
Net profit attributable to:				
Owners of the Company	2,184,630	1,854,224	3,938,588	2,764,118
Non-controlling interest	(34,700)	(28,328)	(82,490)	(54,464)
Net profit	2,149,930	1,825,896	3,856,098	2,709,654
Total comprehensive income attributable to:				
Owners of the Company	2,184,630	1,854,224	3,938,588	2,767,696
Non-controlling interest	(34,700)	(28,328)	(82,490)	(54,464)
Total comprehensive income	2,149,930	1,825,896	3,856,098	2,713,232
Earnings per share:				
- basic (sen)	2.7	2.3	4.9	3.5
- 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 2016.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30.09.2016 RM (Unaudited)	As at 31.03.2016 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	25,146,699	25,666,359
Investment property	4,000,000	4,000,000
Deferred tax assets	821,409	1,092,094
	<u>29,968,108</u>	<u>30,758,453</u>
CURRENT ASSETS		
Property development costs	59,100,439	50,880,481
Inventories	13,467,899	15,243,532
Receivables, deposits and prepayments	54,407,683	49,310,311
Tax recoverable	17,956	13,213
Marketable securities	590,649	584,759
Derivative financial instruments	537	0
Deposits, bank and cash balances	8,703,461	10,912,024
	<u>136,288,624</u>	<u>126,944,320</u>
TOTAL ASSETS	<u><u>166,256,732</u></u>	<u><u>157,702,773</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	47,281,811	43,344,223
Non-controlling interest	(630,187)	(547,697)
Equity attributable to owners of the Company	<u>86,652,624</u>	<u>82,796,526</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	97,930	138,252
Term loan	11,029,291	11,628,849
Deferred tax liabilities	956,619	767,673
	<u>12,083,840</u>	<u>12,534,774</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.09.2016 RM (Unaudited)	As at 31.03.2016 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	44,079,365	39,675,117
Derivative financial instruments	108,390	0
Current tax liabilities	918,280	865,355
Hire-purchase creditors	86,795	118,053
Term loan	4,039,348	4,146,869
Short term bank borrowings		
- bank overdrafts	14,331,820	13,330,402
- others	2,327,441	2,557,316
Provisions	1,628,829	1,678,361
	<u>67,520,268</u>	<u>62,371,473</u>
TOTAL LIABILITIES	<u>79,604,108</u>	<u>74,906,247</u>
TOTAL EQUITY AND LIABILITIES	<u>166,256,732</u>	<u>157,702,773</u>
Net Assets per share of RM0.50 each	<u>1.08</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	-	-	-	-	2,764,118	2,764,118	(54,464)	2,709,654
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	2,764,118	2,767,696	(54,464)	2,713,232
At 30 September 2015	40,000,000	9,419,360	80,344	8,385,011	22,029,353	79,917,646	(320,990)	79,596,656
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	-	-	-	-	3,938,588	3,938,588	(82,490)	3,856,098
Total Comprehensive income	-	-	-	-	3,938,588	3,938,588	(82,490)	3,856,098
At 30 September 2016	40,000,000	9,419,360	80,344	10,220,071	27,563,036	87,282,811	(630,187)	86,652,624

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

	30.09.2016 RM (Unaudited)	30.09.2015 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	3,856,098	2,709,654
Adjustments for:		
Property, plant and equipment		
- depreciation	567,039	747,589
- losses / (gains) on disposal	(38,177)	(16,126)
Gain on disposal of marketable securities	-	(156)
Interest expense	193,681	866,449
Interest income	(65,558)	(49,384)
Gross dividend income from marketable securities	(15,663)	(2,258)
Fair Value (gain) / loss on marketable securities	(5,890)	52,056
Fair value (gain) / loss on derivative financial instruments	107,852	412,562
Net unrealised foreign exchange loss	(7,782)	-
Taxation	1,370,459	1,368,821
	<u>5,962,059</u>	<u>6,089,207</u>
Net movements in working capital:		
Inventories	1,775,633	(2,656,703)
Property development cost	(7,257,340)	(6,752,323)
Receivables	(5,059,195)	(377,782)
Payables	4,394,310	433,475
Cash flows generated from / (used in) operations	(184,533)	(3,264,126)
Interest paid	(1,156,299)	(294,565)
Tax refund	-	13,856
Tax paid	(862,646)	(281,611)
Net operating cash flow	<u>(2,203,478)</u>	<u>(3,826,446)</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.

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	30.09.2016	30.09.2015
	RM	RM
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(47,379)	(296,199)
- proceeds from disposals	-	25,339
Interest income received	65,558	49,384
Dividend income received	15,663	2,258
Marketable securities		
- proceeds from disposals	-	7,470
	<u>33,842</u>	<u>(211,748)</u>
Net Investing cash flow		
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits pledged as securities	(1,265,880)	(285,876)
(Repayments of)/ Proceeds from short term bank borrowings	(229,874)	525,467
Repayment of advances to a director	(39,595)	(27,000)
Repayments of hire-purchase creditors	(71,581)	(125,111)
Repayments of term loan	(707,079)	(734,715)
Drawdown of term loan	-	2,500,000
	<u>(2,314,009)</u>	<u>(1,852,765)</u>
Net financing cash flow		
Net movement in cash and cash equivalents	(4,483,645)	(2,185,429)
Effects of exchange rate changes on cash and cash equivalents	7,782	-
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>(11,251,311)</u></u>	<u><u>(6,568,955)</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 30.09.2016	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	1,652,019	22,821,563	32,467,688	4,500,036	270,802	61,712,108
Intersegment sales	-	-	(317,863)	(4,500,036)	-	(4,654,750)
External sales	<u>1,652,019</u>	<u>22,821,563</u>	<u>32,149,825</u>	<u>-</u>	<u>270,802</u>	<u>56,894,208</u>
Results						
Profit / (loss) from operations	(40,930)	2,464,143	3,366,238	(186,727)	(123,586)	5,479,138
Finance cost	(5,967)	(442,042)	195,881	0	(451)	(252,579)
Profit before tax						<u>5,226,557</u>
Taxation						<u>(1,370,459)</u>
Net profit for the year						<u><u>3,856,098</u></u>
Segment assets	4,103,645	108,810,826	47,775,815	4,845,318	721,128	166,256,732
Segment liabilities	1,111,947	50,738,594	26,199,428	865,815	688,323	79,604,107
Interest income	6	12,108	53,444	-	-	65,558
Capital expenditure	7,148	5,101	28,692	-	6,438	47,379
Depreciation and amortisation	22,104	54,876	382,546	9,070	98,443	567,039

Segmental information (Continued)

Financial period ended 30.09.2015	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	670,010	18,936,348	32,733,156	9,000,072	347,059	61,686,645
Intersegment sales	0	0	(397,857)	(9,000,072)	0	(9,397,929)
External sales	<u>670,010</u>	<u>18,936,348</u>	<u>32,335,299</u>	<u>0</u>	<u>347,059</u>	<u>52,288,716</u>
<u>Results</u>						
Profit / (loss) on operations	(639,158)	2,081,432	3,332,289	311,558	(84,897)	5,001,224
Finance cost	(12,515)	(437,479)	(472,182)	(158)	(415)	<u>(922,749)</u>
Profit before tax						4,078,475
Taxation						<u>(1,368,821)</u>
Net profit for the year						<u>2,709,654</u>
Segment assets	4,085,149	79,057,624	53,771,536	4,051,188	1,110,433	142,075,930
Segment liabilities	611,086	38,540,498	21,658,678	953,604	715,408	62,479,274
Interest income	2	6,180	43,177	25	0	49,384
Capital expenditure	17,707	270,860	7,632	0	0	266,199
Depreciation and amortisation	31,149	54,722	546,473	9,070	106,175	747,589

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 RM29.2 million, an increase of RM2.6 million as compared to the preceding corresponding quarter of RM26.6 million. The increase in revenue was mainly attributable to higher revenue registered for the Property and Construction segment of RM4.1 million and the Direct Selling / Retail segment of RM0.5 million while the Manufacturing segment dropped by RM2.0 million.

On the year-to-date comparison, the Group recorded revenue of RM56.9 million as compared to RM52.3 million in the previous corresponding period. This represents an increase of RM4.6 million or 8.8%. This increase was mainly attributable to higher revenue registered for the Property and Construction segment of RM3.9 million and the Direct Selling / Retail segment of RM1.0 million while the Manufacturing segment declined marginally of RM0.2 million

In line with the increase in revenue, the Group's profit after tax improved by RM0.3 million for the current quarter to RM2.1 million from RM1.8 million recorded for the previous year corresponding quarter.

On the year-to-date comparison, the Group's profit after tax improved by RM1.1 million to RM3.9 million from RM2.7 million posted for the previous corresponding period. This improvement was mainly attributable to the Manufacturing segment of RM0.9 million and the improvement in the after tax loss by the Direct Selling / Retail segment of RM0.6 million.

14. Quarterly results comparison

The Group recorded revenue of RM29.2 million for the current quarter as compared to the immediate preceding quarter of RM27.7 million. This represents an increase of RM1.5 million or 5.4% over the immediate preceding quarter. This increase was mainly due to the contribution by the Property and Construction segment of RM1.4 million.

For the current quarter, the Group posted a profit after tax of RM2.1 million as compared to a profit after tax of RM1.8 million for the immediate preceding quarter. The improvement in profit of RM0.3 million was mainly due to the improvement in after tax loss by the Direct Selling / Retail segment of RM0.4 million and the Manufacturing segment of RM0.1 million.

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. In addition, the foreign exchange remains volatile with the weakening of Ringgit Malaysia. 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 30.09.2016 RM	Preceding Year Corresponding Quarter 30.09.2015 RM	Current Year to Date 30.09.2016 RM	Preceding Corresponding Year to Date 30.09.2015 RM
Taxation				
- current year	600,313	949,148	910,828	1,206,218
Deferred taxation				
- current year	120,990	22,305	459,631	162,603
Tax charge / (credit)	<u>721,303</u>	<u>971,453</u>	<u>1,370,459</u>	<u>1,368,821</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 September 2016 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	17,424,077	11,127,221	28,551,298
Unsecured	<u>1,661,967</u>	<u>0</u>	<u>1,661,967</u>
	19,086,044	11,127,221	30,213,265
<u>US Dollar</u>			
Secured	<u>1,699,360</u>	<u>0</u>	<u>1,699,360</u>
	<u><u>20,785,404</u></u>	<u><u>11,127,221</u></u>	<u><u>31,912,625</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 30.09.2016 RM	Fair value Gain / (loss) as at 30.09.2016 RM
Foreign currency forward contracts - less than 1 year	9,786,220	9,894,072	(107,852)

22. Fair value changes of financial liabilities

As at 30 September 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 do not recommend any payment of dividends in respect of the six months ended 30 September 2016.

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 30.09.2016	Preceding Year Corresponding Quarter 30.09.2015	Current Year to Date 30.09.2016	Preceding Year to Date 30.09.2015
Net profit / (loss) for the year (RM)	2,184,630	1,854,224	3,938,588	2,764,118
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	2.7	2.3	4.9	3.5
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 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

	30.09.2016	30.09.2015
	RM	RM
Total retained earnings of the Company and its subsidiaries		
Realised	82,575,200	77,011,148
Unrealised	(136,746)	390,484
	<u>82,438,454</u>	<u>77,401,632</u>
Less: Consolidation adjustments	(54,875,418)	(55,372,279)
Total Group retained earnings as per consolidated accounts	<u><u>27,563,036</u></u>	<u><u>22,029,353</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 30.09.2016	Current Year to Date 30.09.2016
(a) Interest income	41,148	65,558
(b) Other income including investment income	10,865	15,663
(c) Interest expense	102,419	193,681
(d) Depreciation and amortisation	282,663	567,039
(e) Allowance of receivables	0	0
(f) Writeback of Allowance of inventories	(66,369)	(144,586)

Profit / (Loss) before taxation (Continued)

	Current Year Quarter 30.09.2016	Current Year to Date 30.09.2016
(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)	519,036	1,403,222
(j) Gain/(Loss) on derivatives	(199,585)	(107,852)
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 23 November 2016 authorised the release of the unaudited interim financial statements for the quarter ended 30 September 2016 on 24 November 2016.