

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.12.2016 RM	Preceding Year Corresponding Quarter 31.12.2015 RM	Current Year to Date 31.12.2016 RM	Preceding Corresponding Year to Date 31.12.2015 RM
Revenue	38,791,863	37,275,840	95,686,071	89,564,557
Operating expenses	(38,092,620)	(34,865,903)	(91,229,256)	(83,919,132)
Other operating income	549,658	1,926,541	2,271,224	3,692,277
Profit / (Loss) from operations	1,248,901	4,336,478	6,728,039	9,337,702
Finance cost	(603,530)	(507,430)	(856,109)	(1,430,179)
Profit / (Loss) before taxation	645,371	3,829,048	5,871,930	7,907,523
Taxation	(16,073)	(788,324)	(1,386,532)	(2,157,145)
Profit / (Loss) from continuing operations	629,298	3,040,724	4,485,398	5,750,378
Other comprehensive income, net of tax	0	2,138,077	0	2,141,655
Total comprehensive income	629,298	5,178,801	4,485,398	7,892,033
Net profit attributable to:				
Owners of the Company	786,540	3,103,655	4,725,130	5,867,773
Non-controlling interest	(157,242)	(62,931)	(239,732)	(117,395)
Net profit	629,298	3,040,724	4,485,398	5,750,378
Total comprehensive income attributable to:				
Owners of the Company	786,540	5,241,732	4,725,130	8,009,428
Non-controlling interest	(157,242)	(62,931)	(239,732)	(117,395)
Total comprehensive income	629,298	5,178,801	4,485,398	7,892,033
Earnings per share:				
- basic (sen)	1.0	3.9	5.9	7.3
- 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 31.12.2016 RM (Unaudited)	As at 31.03.2016 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	24,657,155	25,666,359
Investment property	4,000,000	4,000,000
Deferred tax assets	897,060	1,092,094
	<u>29,554,215</u>	<u>30,758,453</u>
CURRENT ASSETS		
Property development costs	48,352,467	50,880,481
Inventories	13,787,375	15,243,532
Receivables, deposits and prepayments	54,859,122	49,310,311
Tax recoverable	20,326	13,213
Marketable securities	532,654	584,759
Derivative financial instruments	12,825	0
Deposits, bank and cash balances	5,922,822	10,912,024
	<u>123,487,591</u>	<u>126,944,320</u>
TOTAL ASSETS	<u><u>153,041,806</u></u>	<u><u>157,702,773</u></u>
EQUITY AND LIABILITIES		
Share capital	40,000,000	40,000,000
Reserves	47,269,353	43,344,223
Non-controlling interest	(787,429)	(547,697)
Equity attributable to owners of the Company	<u>86,481,924</u>	<u>82,796,526</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	76,549	138,252
Term loan	10,693,012	11,628,849
Deferred tax liabilities	873,263	767,673
	<u>11,642,824</u>	<u>12,534,774</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 31.12.2016 RM (Unaudited)	As at 31.03.2016 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	34,859,178	39,675,117
Derivative financial instruments	132,107	0
Current tax liabilities	595,655	865,355
Hire-purchase creditors	81,742	118,053
Term loan	3,992,701	4,146,869
Short term bank borrowings		
- bank overdrafts	10,926,498	13,330,402
- others	2,482,359	2,557,316
Provisions	1,846,818	1,678,361
	<u>54,917,058</u>	<u>62,371,473</u>
TOTAL LIABILITIES	<u>66,559,882</u>	<u>74,906,247</u>
TOTAL EQUITY AND LIABILITIES	<u>153,041,806</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					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Reserve on consolidation	Revaluation reserve	Retained profits			
	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
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	-	-	-	-	5,867,773	5,867,773	(117,395)	5,750,378
Other Comprehensive income								
Revaluation surplus	-	-	-	2,141,655	-	2,141,655	-	2,141,655
	-	-	-	2,141,655	-	8,009,428	-	7,892,033
Total Comprehensive income				2,141,655	5,867,773	8,009,428	(117,395)	7,892,033
At 31 December 2015	40,000,000	9,419,360	80,344	10,526,666	24,333,008	84,359,378	(383,921)	83,975,457
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
First and final single tier dividend in respect of financial year ended 31 March 2016 of 1 sen per share					(800,000)	(800,000)		(800,000)
Net profit for the financial period	-	-	-	-	4,725,130	4,725,130	(239,732)	4,485,398
Total Comprehensive income	-	-	-	-	4,725,130	4,725,130	(239,732)	4,485,398
At 31 December 2016	40,000,000	9,419,360	80,344	10,220,071	27,549,578	87,269,353	(787,429)	86,481,924

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

	31.12.2016 RM (Unaudited)	31.12.2015 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations	4,485,398	5,750,378
Adjustments for:		
Property, plant and equipment		
- depreciation	837,122	1,103,453
- losses / (gains) on disposal	(49,498)	(23,693)
- impairment	240,000	-
- clawback of revaluation deficit previously charged out to profit or loss	-	(25,365)
- fair value gain on revaluation of investment property	-	(760,000)
Allowance for doubtful debts		
- write back	(100)	-
Provision for liquidated damages	491,000	430,000
Gain on disposal of marketable securities	(15,432)	(156)
Interest expense	790,568	1,341,901
Interest income	(79,967)	(84,882)
Gross dividend income from marketable securities	(19,558)	(2,258)
Fair Value (gain) / loss on marketable securities	(47,794)	3,709
Fair value (gain) / loss on derivative financial instruments	119,282	8,631
Taxation	1,386,532	2,157,145
	<u>8,137,553</u>	<u>9,898,863</u>
Net movements in working capital:		
Inventories	1,456,157	(416,579)
Property development cost	3,490,632	(7,814,542)
Receivables	(5,550,156)	(6,960,925)
Payables	(5,114,192)	1,480,451
Cash flows generated from / (used in) operations	2,419,994	(3,812,732)
Interest paid	(1,753,187)	(428,638)
Tax refund	-	13,856
Tax paid	(1,362,723)	(581,882)
Net operating cash flow	<u>(695,916)</u>	<u>(4,809,396)</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)

	31.12.2016	31.12.2015
	RM	RM
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(67,917)	(288,852)
- proceeds from disposals	50,944	54,339
Interest income received	79,967	84,882
Dividend income received	19,558	2,258
Marketable securities		
- proceeds from disposals	115,332	7,470
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Net Investing cash flow	197,884	(139,903)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits pledged as securities	(720,465)	(405,118)
(Repayments of)/ Proceeds from short term bank borrowings	(74,957)	(22,817)
Repayment of advances to a director	(24,290)	(15,681)
Repayments of hire-purchase creditors	(98,015)	(182,453)
Repayments of term loan	(1,090,005)	(1,009,493)
Dividend paid	(800,000)	(800,000)
Drawdown of term loan	-	7,450,000
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Net financing cash flow	(2,807,732)	5,014,438
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Net movement in cash and cash equivalents	(3,305,764)	65,139
Cash and cash equivalent at beginning of the financial period/year	(6,775,448)	(4,383,526)
Cash and cash equivalent at end of the financial period/year	(10,081,212)	(4,318,387)
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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 31.12.2016	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	2,419,077	44,380,858	49,004,736	4,500,036	386,475	100,691,182
Intersegment sales	-	-	(505,075)	(4,500,036)	-	(5,005,111)
External sales	<u>2,419,077</u>	<u>44,380,858</u>	<u>48,499,661</u>	<u>-</u>	<u>386,475</u>	<u>95,686,071</u>
Results						
Profit / (loss) from operations	(95,060)	2,569,560	4,939,084	(239,162)	(446,383)	6,728,039
Finance cost	(9,156)	(684,251)	(161,911)	0	(791)	(856,109)
Profit before tax						<u>5,871,930</u>
Taxation						<u>(1,386,532)</u>
Net profit for the year						<u>4,485,398</u>
Segment assets	4,258,204	96,191,421	47,295,477	4,846,688	450,016	153,041,806
Segment liabilities	1,964,896	36,940,888	26,376,661	562,197	715,240	66,559,882
Interest income	6	13,536	66,425	-	-	79,967
Capital expenditure	7,148	5,101	31,330	-	24,338	67,917
Depreciation and amortisation	33,157	74,325	570,418	13,605	145,617	837,122

Segmental information (Continued)

Financial period ended 31.12.2015	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	1,378,754	33,270,802	55,062,130	13,500,108	497,376	103,709,170
Intersegment sales	0	0	(644,505)	(13,500,108)	0	(14,144,613)
External sales	<u>1,378,754</u>	<u>33,270,802</u>	<u>54,417,625</u>	<u>0</u>	<u>497,376</u>	<u>89,564,557</u>
Results						
Profit / (loss) on operations	(900,164)	2,091,807	6,917,016	1,430,289	(201,246)	9,337,702
Finance cost	(16,939)	(650,951)	(761,222)	(501)	(566)	<u>(1,430,179)</u>
Profit before tax						7,907,523
Taxation						<u>(2,157,145)</u>
Net profit for the year						<u>5,750,378</u>
Segment assets	3,752,977	84,261,053	57,270,873	4,869,524	1,076,396	151,230,823
Segment liabilities	1,170,850	42,401,441	22,212,771	731,163	739,141	67,255,366
Interest income	2	9,130	75,535	25	0	84,882
Capital expenditure	7,983	330,861	7,632	0	2,376	348,852
Depreciation and amortisation	42,638	82,178	810,645	13,605	154,387	1,103,453

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 RM38.8 million, an increase of RM1.5 million as compared to the preceding corresponding quarter of RM37.3 million. The increase in revenue was mainly attributable to higher revenue registered for the Property and Construction segment of RM7.2 million, despite a drop in RM5.7 million in the Manufacturing segment.

On the year-to-date comparison, the Group recorded revenue of RM95.7 million as compared to RM89.6 million in the previous corresponding period. This represents an increase of RM6.1 million or 6.8%. This increase was mainly attributable to higher revenue registered for the Property and Construction segment of RM11.1 million and the Direct Selling / Retail segment of RM1.0 million while the Manufacturing segment declined by RM5.9 million

Despite the increase in revenue of RM1.5 million, the Group's profit after tax dropped by RM2.4 million for the current quarter to RM0.6 million from RM3.0 million recorded for the previous year corresponding quarter. The decrease in profit after tax was mainly due to higher operational cost incurred during the current quarter, impairment of assets and the provision for liquidated damages on our Property and Construction segment.

13. Performance review (continued)

On the year-to-date comparison, the Group's profit after tax declined by RM1.3 million to RM4.5 million from RM5.8 million posted for the previous corresponding period. This was mainly attributable to lower revenue generated by the Manufacturing segment and higher operational costs incurred by the Property and Construction segment.

14. Quarterly results comparison

The Group recorded revenue of RM38.8 million for the current quarter as compared to the immediate preceding quarter of RM29.2 million. This represents an increase of RM9.6 million or 32.9% over the immediate preceding quarter. This increase was mainly due to the contribution by the Property and Construction segment of RM9.4 million.

For the current quarter, the Group posted a profit after tax of RM0.6 million as compared to a profit after tax of RM2.1 million for the immediate preceding quarter. The decline in profit after tax of RM1.5 million was mainly due to higher operational costs incurred in the current quarter, impairment of assets and the provision for liquidated damages.

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 implementation of the minimum wage policy and 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 31.12.2016 RM	Preceding Year Corresponding Quarter 31.12.2015 RM	Current Year to Date 31.12.2016 RM	Preceding Corresponding Year to Date 31.12.2015 RM
Taxation				
- current year	565,809	709,972	1,476,637	1,916,189
- prior year	(390,728)	18,551	(390,728)	18,551
Deferred taxation				
- current year	(159,008)	59,802	300,623	222,405
Tax charge / (credit)	<u>16,073</u>	<u>788,325</u>	<u>1,386,532</u>	<u>2,157,145</u>

The Group's effective tax rates for the current period is low at 23.6%. The reason is due to adjustment for over-provision in prior years.

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 December 2016 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	13,366,613	10,769,560	24,136,173
Unsecured	<u>2,417,327</u>	<u>0</u>	<u>2,417,327</u>
	15,783,940	10,769,560	26,553,500
<u>US Dollar</u>			
Secured	<u>1,699,360</u>	<u>0</u>	<u>1,699,360</u>
	<u>17,483,300</u>	<u>10,769,560</u>	<u>28,252,860</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 31.12.2016 RM	Fair value Gain / (loss) as at 31.12.2016 RM
Foreign currency forward contracts - less than 1 year	7,832,625	7,951,907	(119,282)

22. Fair value changes of financial liabilities

As at 31 December 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 nine months ended 31 December 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 31.12.2016	Preceding Year Corresponding Quarter 31.12.2015	Current Year to Date 31.12.2016	Preceding Year to Date 31.12.2015
Net profit / (loss) for the year (RM)	786,540	3,103,655	4,725,130	5,867,773
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	1.0	3.9	5.9	7.3
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 December 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

	31.12.2016 RM	31.12.2015 RM
Total retained earnings of the Company and its subsidiaries		
Realised	82,397,895	79,219,165
Unrealised	(130,142)	407,819
	<u>82,267,753</u>	<u>79,626,984</u>
Less: Consolidation adjustments	<u>(54,718,175)</u>	<u>(55,293,976)</u>
Total Group retained earnings as per consolidated accounts	<u>27,549,578</u>	<u>24,333,008</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 31.12.2016	Current Year to Date 31.12.2016
(a) Interest income	14,409	79,967
(b) Other income including investment income	3,895	19,558
(c) Interest expense	596,887	790,568
(d) Depreciation and amortisation	270,083	837,122
(e) Allowance of receivables	(100)	(100)
(f) Allowance of inventories	380,387	235,801
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	15,432	15,432
(h) Impairment of assets	240,000	0
(i) Foreign exchange gain/(loss)	502,886	1,906,108
(j) Gain/(Loss) on derivatives	(11,430)	(119,282)
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 24 February 2017 authorised the release of the unaudited interim financial statements for the quarter ended 31 December 2016 on 27 February 2017.