

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED 31 MARCH 2017**



**Caely**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Year Quarter 31.03.2017 RM	Preceding Year Corresponding Quarter 31.03.2016 RM	Current Year to Date 31.03.2017 RM	Preceding Corresponding Year to Date 31.03.2016 RM
Revenue	23,341,344	28,570,275	119,027,416	118,134,832
Operating expenses	(22,973,328)	(28,238,715)	(114,202,584)	(112,132,553)
Other operating income	1,792,348	(1,628,103)	4,063,572	2,038,879
Profit / (Loss) from operations	2,160,364	(1,296,543)	8,888,404	8,041,158
Finance cost	(865,361)	923,212	(1,721,470)	(506,967)
Profit / (Loss) before taxation	1,295,003	(373,331)	7,166,934	7,534,191
Taxation	(731,122)	(499,004)	(2,117,655)	(2,656,149)
Profit / (Loss) from continuing operations	563,881	(872,335)	5,049,279	4,878,042
Other comprehensive income, net of tax	0	(306,595)	0	1,835,060
Total comprehensive income	563,881	(1,178,930)	5,049,279	6,713,102
Net profit attributable to:				
Owners of the Company	736,948	(706,560)	5,462,078	5,159,213
Non-controlling interest	(173,067)	(163,775)	(412,799)	(281,171)
Net profit	563,881	(872,335)	5,049,279	4,878,042
Total comprehensive income attributable to:				
Owners of the Company	736,948	(1,015,155)	5,462,078	6,994,273
Non-controlling interest	(173,067)	(163,775)	(412,799)	(281,171)
Total comprehensive income	563,881	(1,178,930)	5,049,279	6,713,102
Earnings per share:				
- basic (sen)	0.9	(0.9)	6.8	6.4
- 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 31.03.2017 RM (Unaudited)	As at 31.03.2016 RM (Audited)
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	25,351,190	25,666,359
Investment property	4,000,000	4,000,000
Deferred tax assets	897,060	1,092,094
	<u>30,248,250</u>	<u>30,758,453</u>
<b>CURRENT ASSETS</b>		
Property development costs	55,107,714	50,880,481
Inventories	15,107,274	15,243,532
Receivables, deposits and prepayments	43,962,751	49,310,311
Tax recoverable	432,686	13,213
Marketable securities	598,757	584,759
Derivative financial instruments	6,401	0
Deposits, bank and cash balances	5,000,357	10,912,024
	<u>120,215,940</u>	<u>126,944,320</u>
<b>TOTAL ASSETS</b>	<u><u>150,464,190</u></u>	<u><u>157,702,773</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	49,419,360	40,000,000
Reserves	38,586,940	43,344,223
Non-controlling interest	(960,496)	(547,697)
Equity attributable to owners of the Company	<u>87,045,804</u>	<u>82,796,526</u>
<b>NON CURRENT LIABILITIES</b>		
Hire-purchase creditors	359,813	138,252
Term loan	10,270,393	11,628,849
Deferred tax liabilities	999,275	767,673
	<u>11,629,481</u>	<u>12,534,774</u>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Continued)**

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	As at 31.03.2017 RM (Unaudited)	As at 31.03.2016 RM (Audited)
<b>CURRENT LIABILITIES</b>		
Payables and accruals	35,134,144	39,675,117
Derivative financial instruments	0	0
Current tax liabilities	545,383	865,355
Hire-purchase creditors	125,017	118,053
Term loan	1,355,335	4,146,869
Short term bank borrowings		
- bank overdrafts	8,930,093	13,330,402
- others	2,586,541	2,557,316
Provisions	3,112,392	1,678,361
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	51,788,905	62,371,473
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<b>TOTAL LIABILITIES</b>	63,418,386	74,906,247
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<b>TOTAL EQUITY AND LIABILITIES</b>	150,464,190	157,702,773
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Net Assets per share of RM0.50 each	<b>1.09</b>	<b>1.03</b>
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**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		
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 year	-	-	-	-	5,159,213	5,159,213	(281,171)	4,878,042
Other Comprehensive income Revaluation surplus	-	-	-	1,835,060	-	1,835,060	-	1,835,060
Total Comprehensive income				1,835,060	5,159,213	6,994,273	(281,171)	6,713,102
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)
At 31 March 2016	40,000,000	9,419,360	80,344	10,220,071	23,624,448	83,344,223	(547,697)	82,796,526

**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 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 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	-	-	-	-	5,462,078	5,462,078	(412,799)	5,049,279
Total Comprehensive income	-	-	-	-	5,462,078	5,462,078	(412,799)	5,049,279
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)
Transfer to no-par value regime *	9,419,360	(9,419,360)	-	-	-	-	-	-
At 31 March 2017	49,419,360	-	80,344	10,220,071	28,286,526	88,006,301	(960,496)	87,045,805

\* The new Companies Act 2016 (the “Act”) abolished the concept of authorised share capital and par value of share capital on 31 January 2017. Consequently, the amount standing to the credit on the share premium account become part of the Company’s share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM9,419,360 for purposes as set out in Section 618 (3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

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**

	31.03.2017 RM (Unaudited)	31.03.2016 RM (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial year	5,049,279	4,878,042
Adjustments for:		
Property, plant and equipment		
- depreciation	1,209,649	1,432,113
- losses / (gains) on disposal	(49,498)	(38,663)
- writeoff	3,338	11,073
- impairment	463,780	-
- clawback of revaluation deficit previously charged out to profit or loss	-	(25,365)
- fair value gain on revaluation of investment property	-	(800,000)
Allowance for doubtful debts		
- write back	(157,741)	(2,949)
- charge for the financial year	120,415	189,950
Provision for liquidated damages	1,573,728	430,000
Gain on disposal of marketable securities	(15,432)	(6,812)
Interest expense	1,680,492	488,193
Interest income	(157,487)	(121,833)
Gross dividend income from marketable securities	(21,275)	(15,160)
Fair Value (gain) / loss on marketable securities	(113,898)	106,069
Fair value (gain) / loss on derivative financial instruments	(6,401)	25,413
Net unrealised foreign exchange loss	0	600,931
Taxation	2,117,655	2,656,149
	<u>11,696,604</u>	<u>9,807,151</u>
Net movements in working capital:		
Inventories	136,258	81,810
Property development cost	(3,624,436)	(14,062,928)
Receivables	5,383,440	(4,312,632)
Payables	(4,221,207)	5,525,497
Cash flows generated from / (used in) operations	9,370,659	(2,961,102)
Interest paid	(2,283,289)	(1,950,719)
Tax refund	-	53,319
Tax paid	(2,430,465)	(1,506,088)
Net operating cash flow	<u>4,656,905</u>	<u>(6,364,590)</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)**

	31.03.2017	31.03.2016
	RM	RM
	(Unaudited)	(Audited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- payments for acquisition	(1,011,597)	(85,956)
- proceeds from disposals	50,944	17,000
Interest income received	157,487	14,299
Dividend income received	21,275	15,160
Marketable securities		
- payments for investments	0	(81,809)
- proceeds from disposals	115,332	80,708
Net Investing cash flow	<u>(666,559)</u>	<u>(40,598)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deposits pledged as securities	626,240	(626,240)
(Repayments of)/ Receipts of short term bank borrowings	29,225	(26,152)
Repayment of advances to a director	(459,463)	(3,789)
Repayments of hire-purchase creditors	(121,475)	(240,613)
Repayments of term loan	(4,149,991)	(1,451,175)
Dividend paid	(800,000)	(800,000)
Drawdown of term loan	-	7,450,000
Net financing cash flow	<u>(4,875,464)</u>	<u>4,302,031</u>
Net movement in cash and cash equivalents	(885,118)	(2,103,157)
Effects of exchange rate changes on cash and cash equivalents		(288,764)
Cash and cash equivalent at beginning of the financial period/year	<u>(6,775,448)</u>	<u>(4,383,527)</u>
Cash and cash equivalent at end of the financial period/year	<u><u>(7,660,566)</u></u>	<u><u>(6,775,448)</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 year ended 31.03.2017	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	3,454,160	50,616,795	65,208,589	4,500,036	529,354	124,308,934
Intersegment sales	-	-	(781,482)	(4,500,036)	-	(5,281,518)
External sales	<u>3,454,160</u>	<u>50,616,795</u>	<u>64,427,107</u>	<u>-</u>	<u>529,354</u>	<u>119,027,416</u>
<u>Results</u>						
Profit / (loss) from operations	(139,845)	5,266,956	4,861,064	(298,920)	(800,851)	8,888,404
Finance cost	(13,269)	(812,156)	(894,953)	0	(1,092)	(1,721,470)
Profit before tax						7,166,934
Taxation						(2,117,655)
Net profit for the year						<u>5,049,279</u>
Segment assets	4,690,162	94,375,333	46,243,049	4,975,999	179,647	150,464,190
Segment liabilities	1,666,996	32,835,827	27,957,751	623,811	334,001	63,418,386
Interest income	13	47,708	109,766	-	-	157,487
Capital expenditure	7,148	992,838	337,274	-	24,338	1,361,598
Depreciation and amortisation	42,153	114,089	843,843	18,140	191,424	1,209,648

**Segmental information (Continued)**

Financial year ended 31.03.2016	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<b>Sales</b>						
Total sales	2,068,807	45,276,036	71,074,081	13,500,108	658,874	132,577,906
Intersegment sales	0	0	(942,966)	(13,500,108)	0	(14,443,074)
External sales	<u>2,068,807</u>	<u>45,276,036</u>	<u>70,131,115</u>	<u>0</u>	<u>658,874</u>	<u>118,134,832</u>
<b>Results</b>						
Profit / (loss) on operations	(1,261,626)	3,011,468	6,321,727	285,652	(316,063)	8,041,158
Finance cost	(13,205)	(243,315)	(250,447)	0	0	<u>(506,967)</u>
Profit before tax						7,534,191
Taxation						<u>(2,656,149)</u>
Net profit for the year						<u>4,878,042</u>
Segment assets	4,670,413	93,911,693	53,490,160	4,800,108	830,399	157,702,773
Segment liabilities	1,277,057	44,289,657	27,818,260	737,195	784,078	74,906,247
Interest income	12	11,960	109,619	242	0	121,833
Capital expenditure	20,079	419,481	28,382	0	37,495	505,437
Depreciation and amortisation	53,770	109,634	1,019,707	18,141	230,861	1,432,113

## **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 RM23.3 million, a decrease of RM5.2 million as compared to the preceding year corresponding quarter of RM28.6 million. The decrease in revenue was mainly attributable to lower revenue registered for the Property and Construction segment of RM5.8 million while the Manufacturing segment and Direct Selling/Retail segment posted a marginal improvement of RM0.2 million and RM0.3 million respectively.

On the year-to-date comparison, the Group recorded revenue of RM119.0 million as compared to RM118.1 million in the previous corresponding period. This represents an increase of RM0.9 million. This increase was mainly attributable to higher revenue registered for the Property and Construction segment of RM5.3 million and the Direct Selling / Retail segment of RM1.4 million while the Manufacturing segment declined by RM5.7 million

Despite the decrease in revenue of RM5.2 million, the Group posted a profit after tax of RM0.6 million for the current quarter as compared to loss after tax of RM0.9 million for the previous year corresponding quarter. The improvement in profit after tax was mainly due to improvement in after tax loss of the Direct Sales / Retail segment and better profit margin from the Property and Construction segment.

### **13. Performance review (continued)**

On the year-to-date comparison, the Group's profit after tax increased marginally by RM0.1 million to RM5.0 million from RM4.9 million posted from the previous corresponding financial year. The marginal improvement in profit after tax of RM0.1 million was in line with the marginal increase in revenue of RM0.9 million. In addition, the improvement in the after tax loss in the Direct Selling / Retail segment also contributed to offset the lower profit after tax from the Manufacturing segment.

### **14. Quarterly results comparison**

The Group recorded revenue of RM23.3 million for the current quarter as compared to the immediate preceding quarter of RM38.8 million. This represents a decrease of RM15.5 million or 39.9% over the immediate preceding quarter. The decline in revenue was mainly due to lower contribution by the Property and Construction segment of RM15.1 million.

For the current quarter, the Group posted a profit after tax of RM0.6 million which was almost similar as compared to a profit after tax of RM0.6 million for the immediate preceding quarter. Despite the lower revenue as compared to the immediate preceding quarter, the Group's profit after tax remained the same and this was mainly due to better profit margin contributed by the Property and Development segment.

### **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 31.03.2017 RM	Preceding Year Corresponding Quarter 31.03.2016 RM	Current Year to Date 31.03.2017 RM	Preceding Corresponding Year to Date 31.03.2016 RM
Taxation				
- current year	605,110	399,683	2,081,747	2,314,075
- prior year	0	28,525	(390,728)	48,872
Deferred taxation				
- current year	127,385	73,098	426,636	295,504
Tax charge / (credit)	<u>732,495</u>	<u>501,306</u>	<u>2,117,655</u>	<u>2,658,451</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 2017 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	8,879,417	10,630,206	19,509,623
Unsecured	<u>2,187,298</u>	<u>0</u>	<u>2,187,298</u>
	11,066,715	10,630,206	21,696,921
<u>US Dollar</u>			
Secured	<u>1,930,270</u>	<u>0</u>	<u>1,930,270</u>
	<u>12,996,985</u>	<u>10,630,206</u>	<u>23,627,191</u>

## 21. Derivative financial instruments

The derivative instruments for foreign currency forward contracts and option forward contracts are as follows:

	<b>Contract / Notional amount RM</b>	<b>Fair value as at 31.03.2017 RM</b>	<b>Fair value Gain / (loss) as at 31.03.2017 RM</b>
Foreign currency forward contracts - less than 1 year	568,900	562,499	6,401

## 22. Fair value changes of financial liabilities

As at 31 March 2017, 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 2017 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 31.03.2017	Preceding Year Corresponding Quarter 31.03.2016	Current Year to Date 31.03.2017	Preceding Corresponding Year to Date 31.03.2016
Net profit / (loss) for the year (RM)	736,948	(706,560)	5,462,078	5,159,213
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.9	(0.9)	6.8	6.4
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 2017, 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

	31.03.2017 RM	31.03.2016 RM
Total retained earnings of the Company and its subsidiaries		
Realised	82,206,331	79,039,897
Unrealised	25,699	(410,871)
	<u>82,232,030</u>	<u>78,629,026</u>
Less: Consolidation adjustments	(53,945,504)	(55,004,578)
Total Group retained earnings as per consolidated accounts	<u>28,286,526</u>	<u>23,624,448</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 31.03.2017	Current Year to Date 31.03.2017
(a) Interest income	77,520	157,487
(b) Other income including investment income	1,717	21,275
(c) Interest expense	889,924	1,680,492
(d) Depreciation and amortisation	372,527	1,209,649
(e) Allowance of receivables	(86,174)	(86,274)
(f) Allowance of inventories	(406,482)	(170,681)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	0	15,432
(h) Impairment of assets	223,780	463,780
(i) Foreign exchange gain/(loss)	5,758	1,911,866
(j) Gain/(Loss) on derivatives	125,683	6,401
(k) Exceptional items	-	-

## 29. Authorisation for issue

The Board of Directors has on 26 May 2017 authorised the release of the unaudited interim financial statements for the quarter ended 31 March 2017 on 31 May 2017.