

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2017**



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.06.2017 RM	Preceding Year Corresponding Quarter 30.06.2016 RM	Current Year to Date 30.06.2017 RM	Preceding Corresponding Year to Date 30.06.2016 RM
Revenue	21,632,786	27,734,835	21,632,786	27,734,835
Operating expenses	(21,117,657)	(26,272,246)	(21,117,657)	(26,272,246)
Other operating income	411,467	981,762	411,467	981,762
Profit / (Loss) from operations	926,596	2,444,351	926,596	2,444,351
Finance cost	(293,956)	(89,027)	(293,956)	(89,027)
Profit / (Loss) before taxation	632,640	2,355,324	632,640	2,355,324
Taxation	(226,606)	(649,156)	(226,606)	(649,156)
Profit / (Loss) from continuing operations	406,034	1,706,168	406,034	1,706,168
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	406,034	1,706,168	406,034	1,706,168
Net profit attributable to:				
Owners of the Company	420,569	1,753,958	420,569	1,753,958
Non-controlling interest	(14,535)	(47,790)	(14,535)	(47,790)
Net profit	406,034	1,706,168	406,034	1,706,168
Total comprehensive income attributable to:				
Owners of the Company	420,569	1,753,958	420,569	1,753,958
Non-controlling interest	(14,535)	(47,790)	(14,535)	(47,790)
Total comprehensive income	406,034	1,706,168	406,034	1,706,168
Earnings per share:				
- basic (sen)	0.5	2.2	0.5	2.2
- 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 2017.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30.06.2017 RM (Unaudited)	As at 31.03.2017 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	25,018,596	25,266,920
Investment property	4,100,000	4,100,000
Deferred tax assets	1,254,762	1,092,658
	<u>30,373,358</u>	<u>30,459,578</u>
CURRENT ASSETS		
Property development costs	54,804,336	55,988,476
Inventories	13,519,070	15,107,274
Receivables, deposits and prepayments	45,837,892	42,237,215
Tax recoverable	794,877	458,601
Marketable securities	37,443	598,757
Derivative financial instruments	0	0
Deposits with licensed banks	3,866,219	3,840,992
Deposits, bank and cash balances	501,619	1,121,654
	<u>119,361,456</u>	<u>119,359,370</u>
TOTAL ASSETS	<u>149,734,814</u>	<u>149,818,948</u>
EQUITY AND LIABILITIES		
Share capital	49,419,360	49,419,360
Reserves	10,300,415	10,300,415
Retained profits	28,760,051	28,339,482
	<u>88,479,826</u>	<u>88,059,257</u>
Non-controlling interest	(975,031)	(960,496)
Equity attributable to owners of the Company	<u>87,504,795</u>	<u>87,098,761</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	330,548	359,813
Term loan	9,928,065	10,318,750
Deferred tax liabilities	1,005,735	1,009,732
	<u>11,264,348</u>	<u>11,688,295</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.06.2017 RM (Unaudited)	As at 31.03.2017 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	31,751,846	34,266,399
Provisions	2,853,764	3,112,392
Derivative financial instruments	8,226	0
Current tax liabilities	716,082	718,705
Hire-purchase creditors	125,550	125,018
Term loan	1,347,508	1,289,056
Short term bank borrowings		
- bank overdrafts	11,822,739	8,933,781
- others	2,341,956	2,586,541
	<hr/> 50,967,671	<hr/> 51,031,892
TOTAL LIABILITIES	<hr/> 62,232,019	<hr/> 62,720,187
TOTAL EQUITY AND LIABILITIES	<hr/> 149,736,814	<hr/> 149,818,948
Net Assets per share of RM0.50 each	<hr/> 1.09 <hr/>	<hr/> 1.09 <hr/>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017.

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 2016	40,000,000	9,419,360	80,344	8,385,011	23,624,448	83,344,223	(547,697)	82,796,526
Net profit for the financial year	-	-	-	-	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 30 June 2016	40,000,000	9,419,360	80,344	10,220,071	25,378,406	83,344,223	(595,487)	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 2017.

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 2017	49,419,360	-	80,344	10,220,071	28,339,482	88,059,257	(960,496)	87,098,761
Net profit for the financial period	-	-	-	-	420,569	420,569	(14,535)	5,049,279
Total Comprehensive income	-	-	-	-	420,569	420,569	(14,535)	5,049,279
At 30 June 2017	49,419,360	-	80,344	10,220,071	28,760,051	88,480,096	(975,031)	87,045,805

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30.06.2017 RM (Unaudited)	30.06.2016 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	406,034	1,706,168
Adjustments for:		
Property, plant and equipment		
- depreciation	259,575	284,376
- losses / (gains) on disposal	-	(3,554)
- writeoff	-	-
Interest expense	359,366	91,262
Interest income	(28,819)	(24,410)
Gross dividend income from marketable securities	(3,868)	(4,798)
Gain on disposal of marketable securities	(5,481)	
Fair Value (gain) / loss on marketable securities	(2,518)	9,247
Fair value (gain) / loss on derivative financial instruments	14,627	(91,733)
Net unrealised foreign exchange loss	0	52,522
Taxation	226,606	649,156
	<u>1,225,522</u>	<u>2,668,236</u>
Net movements in working capital:		
Inventories	1,588,204	672,010
Property development cost	1,184,139	(3,344,693)
Receivables	(3,600,677)	870,034
Payables	(2,773,182)	(575,958)
Cash flows generated from / (used in) operations	<u>(2,375,994)</u>	<u>289,629</u>
Interest paid	(359,366)	(583,214)
Tax refund	9,483	-
Tax paid	(741,089)	(529,904)
Net operating cash flow	<u>(3,466,966)</u>	<u>(823,489)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017.

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	30.06.2017	30.06.2016
	RM	RM
	(Unaudited)	(Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(11,251)	(35,706)
- proceeds from disposals	-	-
Interest income received	28,819	24,410
Dividend income received	3,868	4,798
Marketable securities		
- payments for investments	-	-
- proceeds from disposals	569,312	-
Net Investing cash flow	<u>590,748</u>	<u>(6,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits pledged as securities	-	(881,609)
(Repayments of)/ Receipts of short term bank borrowings	(244,584)	(168,533)
Repayment of advances to a director	-	(22,495)
Repayments of hire-purchase creditors	(30,732)	(39,710)
Repayments of term loan	(332,233)	(333,841)
Net financing cash flow	<u>(607,549)</u>	<u>(1,446,188)</u>
Net movement in cash and cash equivalents	(3,483,767)	(2,276,175)
Effects of exchange rate changes on cash and cash equivalents		(52,522)
Cash and cash equivalent at beginning of the financial period/year	<u>(7,812,127)</u>	<u>(6,775,448)</u>
Cash and cash equivalent at end of the financial period/year	<u><u>(11,295,894)</u></u>	<u><u>(9,104,145)</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 2017.

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 2017.

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 2017, except for the adoption of the following FRSs and Amendments to FRSs:

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”
- 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 2018:

- Amendments to FRS 140 “Classification of Change in Use – Assets transferred to, or from, Investment Properties”
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”
- FRS 9 “Financial Instruments”
- MFRS 15 “Revenue from Contracts with Customers”

Effective for financial periods beginning 1 April 2019:

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

Effective for financial periods beginning 1 April 2019:

- MFRS 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 30.06.2017	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	1,299,500	6,057,187	14,380,321	-	124,711	21,861,719
Intersegment sales	-	-	(228,933)	-	-	(228,933)
External sales	<u>1,299,500</u>	<u>6,057,187</u>	<u>14,151,388</u>	<u>-</u>	<u>124,711</u>	<u>21,632,786</u>
<u>Results</u>						
Profit / (loss) from operations	82,202	252,590	700,009	(77,735)	(30,470)	926,596
Finance cost	(4,319)	16,275	(305,571)	0	(341)	(293,956)
Profit before tax						632,640
Taxation						(226,606)
Net profit for the year						<u>406,034</u>
Segment assets	4,386,181	95,362,238	45,498,834	4,316,489	171,072	149,734,814
Segment liabilities	1,653,979	32,350,482	27,234,884	644,438	346,236	62,230,019
Interest income	-	1,236	26,555	1,028	-	28,819
Capital expenditure	-	-	10,189	-	1,062	11,251
Depreciation and amortisation	8,864	37,615	183,029	4,535	25,532	259,575

Segmental information (Continued)

Financial period ended 30.06.2016	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
Sales						
Total sales	729,021	10,695,255	16,326,506	4,500,036	138,767	32,389,585
Intersegment sales	0	0	(154,714)	(4,500,036)	0	(4,654,750)
External sales	<u>729,021</u>	<u>10,695,255</u>	<u>16,171,792</u>	<u>0</u>	<u>138,767</u>	<u>27,734,835</u>
Results						
Profit / (loss) on operations	(141,288)	1,145,402	1,608,615	(92,499)	(75,879)	2,444,351
Finance cost	(4,120)	(208,764)	124,117	0	(260)	<u>(80,027)</u>
Profit before tax						2,355,324
Taxation						<u>(649,156)</u>
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	0	0	24,410
Capital expenditure	5,298	2,280	21,690	0	6,438	35,706
Depreciation and amortisation	11,035	27,415	192,092	4,535	49,299	284,376

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 2017 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

Current Quarter versus Preceding Corresponding Quarter

For the current quarter under review, the Group recorded revenue of RM21.6 million, a decrease of RM6.1 million compared to RM27.7 million for the preceding year corresponding quarter. The decrease in revenue was mainly attributable to lower revenue registered for the Property and Construction segment and Manufacturing segment of RM4.6 million and RM1.7 million respectively while the Direct Selling and Retail improved by RM0.6 million.

For the current quarter ended 30 June 2017, the Group posted a profit after tax of RM0.4 million, a decrease of RM1.3 million compared to the preceding corresponding quarter's profit of RM1.7 million. The decrease in profit after tax was mainly due to lower contribution by the Property and Construction segment and Manufacturing segment.

(i) Property and Construction Segment

Revenue for this segment for the current quarter was RM6.0 million as compared to RM10.7 million for the preceding corresponding quarter. The decline in revenue of RM4.7 million was due to lower contribution from the property development project and construction works as some were at the finalising stages.

In line with the declining revenue, the segmental profit before interest and tax (PBIT) decreased accordingly by RM0.9 million.

13. Performance review (continued)

(ii) Manufacturing Segment

Revenue for the Manufacturing segment for the current quarter was RM14.2 million, a decrease of RM2.0 million compared to the preceding corresponding quarter of RM16.2 million. The decline in revenue was mainly due to lower contribution from our export markets.

Segmental PBIT for the current quarter was RM0.7 million compared to RM1.6 million for the preceding corresponding quarter. The lower segmental PBIT was due to lower profit margin from sales mix as well as lower contribution from the foreign exchange gain.

(iii) Direct Selling and Retail Segment

This segment registered an increase of RM0.6 million in revenue to RM1.3 million as compared to RM0.7 million for the preceding corresponding quarter. The increase in revenue was mainly due to the contribution from the retail market.

In line with the increase in revenue, the segmental PBIT improved to RM0.1 million compared to a segmented loss before interest and tax of RM0.1 million.

14. Quarterly results comparison

For the current quarter under review, the Group registered revenue of RM21.6 million as compared to RM23.4 million for the immediate preceding quarter. The decrease in revenue of RM1.8 million was due to lower contribution from the Manufacturing segment of RM1.7 million.

The Group posted a profit after tax of RM0.4 million for the current quarter compared to RM0.6 million for the immediate preceding quarter. The decline in profit after tax was due to lower profit margin for the current quarter and lower other operating income.

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. 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 30.06.2017 RM	Preceding Year Corresponding Quarter 30.06.2016 RM	Current Year to Date 30.06.2017 RM	Preceding Corresponding Year to Date 30.06.2016 RM
Taxation				
- current year	231,600	310,515	231,600	310,515
- prior year	0	0	0	0
Deferred taxation				
- current year	(4,994)	338,641	(4,994)	338,641
Tax charge / (credit)	<u>226,606</u>	<u>649,156</u>	<u>226,606</u>	<u>649,156</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 2017 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	9,054,647	10,258,614	19,313,261
Unsecured	<u>4,694,697</u>	<u>0</u>	<u>4,694,697</u>
	13,749,344	10,258,614	24,007,958
<u>US Dollar</u>			
Secured	<u>1,886,410</u>	<u>0</u>	<u>1,886,410</u>
	<u><u>15,635,754</u></u>	<u><u>10,258,614</u></u>	<u><u>25,894,368</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 30.06.2017 RM	Fair value Gain / (loss) as at 30.06.2017 RM
Foreign currency forward contracts - less than 1 year	851,900	860,126	(8,226)

22. Fair value changes of financial liabilities

As at 30 June 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 30.06.2017	Preceding Year Corresponding Quarter 30.06.2016	Current Year to Date 30.06.2017	Preceding Corresponding Year to Date 30.06.2016
Net profit / (loss) for the year (RM)	420,569	1,753,958	420,569	1,753,958
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.5	2.2	0.5	2.2
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 2017, there was no material 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

	30.06.2017 RM	30.06.2016 RM
Total retained earnings of the Company and its subsidiaries		
Realised	82,190,089	79,039,897
Unrealised	250,932	(410,871)
	<u>82,441,021</u>	<u>78,629,026</u>
Less: Consolidation adjustments	<u>(53,680,970)</u>	<u>(55,004,578)</u>
Total Group retained earnings as per consolidated accounts	<u><u>28,760,051</u></u>	<u><u>23,624,448</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 30.06.2017	Current Year to Date 30.06.2017
(a) Interest income	28,819	28,819
(b) Other income including investment income	3,868	3,868
(c) Interest expense	359,366	359,366
(d) Depreciation and amortisation	259,575	259,575
(e) Allowance of receivables	0	0
(f) Allowance of inventories	0	0
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	5,481	5,481
(h) Impairment of assets	0	0

Profit / (Loss) before taxation (continued)

(i) Foreign exchange gain/(loss)	303,178	303,178
(j) Gain/(Loss) on derivatives	(14,627)	(14,627)
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has on 25 August 2017 authorised the release of the unaudited interim financial statements for the quarter ended 30 June 2017.