

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**



Caely

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.09.2017 RM	Preceding Year Corresponding Quarter 30.09.2016 RM	Current Year to Date 30.09.2017 RM	Preceding Corresponding Year to Date 30.09.2016 RM
Revenue	21,242,662	29,159,373	42,875,448	56,894,208
Operating expenses	(21,509,598)	(26,864,391)	(42,627,255)	(53,136,637)
Other operating income	590,937	739,803	1,002,404	1,721,565
Profit / (Loss) from operations	324,001	3,034,785	1,250,597	5,479,136
Finance cost	(459,789)	(163,552)	(753,746)	(252,579)
Profit / (Loss) before taxation	(135,788)	2,871,233	496,851	5,226,557
Taxation	(100,980)	(721,303)	(327,586)	(1,370,459)
Profit / (Loss) from continuing operations	(236,768)	2,149,930	169,265	3,856,098
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	(236,768)	2,149,930	169,265	3,856,098
Net profit attributable to:				
Owners of the Company	(233,573)	2,184,630	186,995	3,938,588
Non-controlling interest	(3,195)	(34,700)	(17,730)	(82,490)
Net profit	(236,768)	2,149,930	169,265	3,856,098
Total comprehensive income attributable to:				
Owners of the Company	(233,573)	2,184,630	186,995	3,938,588
Non-controlling interest	(3,195)	(34,700)	(17,730)	(82,490)
Total comprehensive income	(236,768)	2,149,930	169,265	3,856,098
Earnings per share:				
- basic (sen)	(0.3)	2.7	0.2	4.9
- 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 30.09.2017 RM (Unaudited)	As at 31.03.2017 RM (Audited)
NON CURRENT ASSETS		
Property, plant and equipment	24,778,973	25,266,920
Investment property	4,100,000	4,100,000
Deferred tax assets	1,255,759	1,092,658
	<u>30,134,732</u>	<u>30,459,578</u>
CURRENT ASSETS		
Property development costs	53,055,447	55,988,476
Inventories	13,220,038	15,107,274
Receivables, deposits and prepayments	44,858,268	42,237,215
Tax recoverable	945,919	458,601
Marketable securities	32,281	598,757
Derivative financial instruments	38,874	0
Deposits with licensed banks	3,895,621	3,840,992
Deposits, bank and cash balances	665,772	1,121,654
	<u>116,712,220</u>	<u>119,359,370</u>
TOTAL ASSETS	<u><u>146,846,952</u></u>	<u><u>149,818,948</u></u>
EQUITY AND LIABILITIES		
Share capital	49,419,360	49,419,360
Reserves	10,300,415	10,300,415
Retained profits	28,526,477	28,339,482
	<u>88,246,252</u>	<u>88,059,257</u>
Non-controlling interest	(978,226)	(960,496)
Equity attributable to owners of the Company	<u>87,268,026</u>	<u>87,098,761</u>
NON CURRENT LIABILITIES		
Hire-purchase creditors	303,303	359,813
Term loan	9,638,961	10,318,750
Deferred tax liabilities	855,313	1,009,732
	<u>10,797,577</u>	<u>11,688,295</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	As at 30.09.2017 RM (Unaudited)	As at 31.03.2017 RM (Audited)
CURRENT LIABILITIES		
Payables and accruals	31,924,300	34,266,399
Provisions	2,689,803	3,112,392
Derivative financial instruments	0	0
Current tax liabilities	541,784	718,705
Hire-purchase creditors	119,628	125,018
Term loan	1,336,783	1,289,056
Short term bank borrowings		
- bank overdrafts	9,834,546	8,933,781
- others	2,334,505	2,586,541
	<hr/>	<hr/>
	48,781,349	51,031,892
	<hr/>	<hr/>
TOTAL LIABILITIES	59,578,926	62,720,187
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TOTAL EQUITY AND LIABILITIES	146,846,952	149,818,948
	<hr/> <hr/>	<hr/> <hr/>
Net Assets per share	1.09	1.09
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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 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	-	-	-	-	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 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	-	-	-	-	186,995	186,995	(17,730)	169,265
Total Comprehensive income	-	-	-	-	186,995	186,995	(17,730)	169,265
At 30 September 2017	49,419,360	-	80,344	10,220,071	28,526,477	88,246,252	(978,226)	87,268,026

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

	30.09.2017 RM (Unaudited)	30.09.2016 RM (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	169,265	3,856,098
Adjustments for:		
Property, plant and equipment		
- depreciation	518,008	567,039
- losses / (gains) on disposal	-	(38,177)
- writeoff	-	-
Interest expense	806,772	193,681
Interest income	(59,935)	(65,558)
Gross dividend income from marketable securities	(3,868)	(15,663)
Gain on disposal of marketable securities	(5,481)	-
-Fair Value (gain) / loss on marketable securities	2,644	(5,890)
Fair value (gain) / loss on derivative financial instruments	(32,473)	107,852
Net unrealised foreign exchange loss	0	(7,782)
Taxation	327,586	1,370,459
	<u>1,722,518</u>	<u>5,962,059</u>
Net movements in working capital:		
Inventories	1,887,236	1,775,633
Property development cost	2,933,028	(7,257,340)
Receivables	(2,621,053)	(5,059,195)
Payables	(2,342,099)	4,394,310
Cash flows generated from / (used in) operations	<u>1,579,630</u>	<u>(184,533)</u>
Liquidated damages and compensation paid	(422,589)	0
Interest paid	(806,772)	(1,156,299)
Tax refund	9,483	-
Tax paid	(1,318,829)	(862,646)
Net operating cash flow	<u>(959,077)</u>	<u>(2,203,478)</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)

	30.09.2017	30.09.2016
	RM	RM
	(Unaudited)	(Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- payments for acquisition	(30,061)	(47,379)
- proceeds from disposals	-	-
Interest income received	59,935	65,558
Dividend income received	3,868	15,663
Marketable securities		
- payments for investments	-	-
- proceeds from disposals	569,312	-
Net Investing cash flow	<u>603,054</u>	<u>33,842</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits pledged as securities	-	(1,265,880)
(Repayments of)/ Receipts of short term bank borrowings	(252,036)	(229,874)
Repayment of advances to a director	-	(39,595)
Repayments of hire-purchase creditors	(61,900)	(71,581)
Repayments of term loan	(632,062)	(707,079)
Net financing cash flow	<u>(945,998)</u>	<u>(2,314,009)</u>
Net movement in cash and cash equivalents	(1,302,019)	(4,483,645)
Effects of exchange rate changes on cash and cash equivalents	-	7,782
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>(9,114,146)</u></u>	<u><u>(11,251,311)</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:

- MFRS 16 “Leases”

The financial impacts on the adoption of MFRS 9 and MFRS 15 are being currently assessed by the Group and Company, otherwise the above new accounting standards, 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 2017 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 30.09.2017	Direct Selling/Retail RM	Property development & construction RM	Manufacturing Sales RM	Investment Holding RM	Others RM	Total RM
<u>Sales</u>						
Total sales	2,146,979	10,570,431	30,330,387	-	237,604	43,285,401
Intersegment sales	-	-	(409,953)	-	-	(409,953)
External sales	<u>2,146,979</u>	<u>10,570,431</u>	<u>29,920,434</u>	<u>-</u>	<u>237,604</u>	<u>42,875,448</u>
<u>Results</u>						
Profit / (loss) from operations	498,461	(343,694)	1,421,479	(287,054)	(38,594)	1,250,596
Finance cost	(8,085)	(9,894)	(735,156)	0	(610)	(753,745)
Profit before tax						496,851
Taxation						(327,586)
Net profit for the period						<u>169,265</u>
Segment assets	4,494,496	92,220,499	45,593,768	4,401,998	136,191	146,846,952
Segment liabilities	860,046	29,836,940	27,856,519	718,672	306,749	59,578,926
Interest income	-	2,589	56,579	767	-	59,935
Capital expenditure	-	-	28,999	-	1,062	30,061
Depreciation and amortisation	17,289	75,169	365,429	9,070	51,051	518,008

Segmental information (Continued)

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	0	0	(317,864)	(4,500,036)	0	(4,817,900)
External sales	<u>1,652,019</u>	<u>22,821,563</u>	<u>32,149,824</u>	<u>0</u>	<u>270,802</u>	<u>56,894,208</u>
Results						
Profit / (loss) on 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)	<u>(252,579)</u>
Profit before tax						5,226,557
Taxation						<u>(1,370,459)</u>
Net profit for the period						<u>3,856,098</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	0	0	65,558
Capital expenditure	7,148	5,101	28,692	0	6,438	47,379
Depreciation and amortisation	22,104	54,876	382,546	9,070	98,443	567,039

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

On 26 October 2017, the Group paid a single tier tax exempt final dividend of RM800,000. Other than this, 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

The Group recorded revenue of RM21.1 million for the current quarter under review, a decrease of RM7.9 million over revenue of RM29.1 million of the preceding corresponding quarter.

The Group posted a loss after tax of RM0.2 million for the current quarter under review, representing a decline of profit after tax of RM2.3 million over profit after tax of RM2.1 million recorded for the preceding corresponding quarter.

For the current period under review, the Group recorded revenue of RM42.9 million as compared to the RM56.9 million for preceding corresponding period, a decline of RM14.0 million.

The Group posted a profit after tax of RM0.2 million for the current period under review, a decline of RM3.7 million over profit after tax of RM3.9 million of preceding corresponding period.

The performance of the business segments of the Group for the current period is as follows:

13. Performance review (continued)

(i) Property and Construction Segment

Revenue for this segment for the current period was RM10.6 million as compared to RM22.8 million for the preceding corresponding quarter. The decline in revenue of RM12.2 million was due to lower contribution from the property development projects and construction works as some have reached the final stages.

In line with the declining revenue, this segment posted a segmental loss before interest and tax of RM0.3 million as compared to a segmental profit before interest and tax (PBIT) of RM2.5 million as recorded for the preceding corresponding period.

(ii) Manufacturing Segment

Revenue for the Manufacturing segment for the current period was RM29.9 million, a decrease of RM2.2 million as compared to the preceding corresponding period of RM32.1 million. The decline in revenue was mainly due to lower contribution from our export and local markets.

Segmental PBIT for the current period was RM1.4 million as compared to RM3.4 million for the preceding corresponding period. The lower segmental PBIT was due to lower margin and decrease in other operating income.

(iii) Direct Selling and Retail Segment

Revenue for the Direct Selling and Retail segment increased by RM0.5 million to RM2.1 million for the current period from RM1.6 million for the preceding corresponding period. The increase in revenue was mainly due to the contribution from the retail market.

The segmental PBIT improved to RM0.5 million as compared to a segmented loss before interest and tax of RM0.04 million. This was mainly attributable to higher sales and write back of inventory.

14. Quarterly results comparison

For the current quarter under review, the Group registered revenue of RM21.2 million as compared to RM21.6 million for the immediate preceding quarter. The decrease in revenue of RM0.4 million was due to lower contribution from the Property and Construction segment and Direct Sales and Retail segment of RM1.5 million and RM0.5 million while the Manufacturing segment revenue increased by RM1.6 million over the immediate preceding quarter. The Group posted a loss after tax of RM0.2 million the current quarter as compared to a profit after tax of RM0.4 million for the immediate preceding quarter. The decline for the current quarter was due to lower margin and higher operating costs.

15. Prospects

The Group expects the global and local business conditions and environment to remain uncertain and challenging. Nevertheless, the Group will exercise prudent measures to mitigate 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 remaining financial period to be satisfactory.

16. Profit forecast and profit guarantee

Not applicable.

17. Taxation

	Current Year Quarter 30.09.2017 RM	Preceding Year Corresponding Quarter 30.09.2016 RM	Current Year to Date 30.09.2017 RM	Preceding Corresponding Year to Date 30.09.2016 RM
Taxation				
- current year	252,400	600,313	484,000	910,828
- prior year	0	0	0	0
Deferred taxation				
- current year	(151,420)	120,990	(156,414)	459,631
Tax charge / (credit)	<u>100,980</u>	<u>721,303</u>	<u>327,586</u>	<u>1,370,459</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 2017 are as follows:

	Current RM	Non-current RM	Total RM
<u>Ringgit Malaysia</u>			
Secured	9,250,834	9,942,263	19,193,097
Unsecured	<u>2,584,538</u>	<u>0</u>	<u>2,584,538</u>
	11,835,372	9,942,263	21,777,635
<u>US Dollar</u>			
Secured	<u>1,790,000</u>	<u>0</u>	<u>1,790,000</u>
	<u><u>13,625,372</u></u>	<u><u>9,942,263</u></u>	<u><u>23,567,635</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 30.09.2017 RM	Fair value Gain / (loss) as at 30.09.2017 RM
Foreign currency forward contracts - less than 1 year	2,719,330	2,680,456	38,874

22. Fair value changes of financial liabilities

As at the end of the current period, 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 current period.

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 30.09.2017	Preceding Year Corresponding Quarter 30.09.2016	Current Year to Date 30.09.2017	Preceding Corresponding Year to Date 30.09.2016
Net profit / (loss) for the year (RM)	(233,573)	2,184,630	186,995	3,938,588
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	(0.3)	2.7	0.2	4.9
Diluted earnings per share (sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

26. Capital commitments

As at 30 September 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

	30.09.2017 RM	30.09.2016 RM
Total retained earnings of the Company and its subsidiaries		
Realised	81,759,961	82,575,200
Unrealised	444,291	(136,746)
	<u>82,204,252</u>	<u>82,438,454</u>
Less: Consolidation adjustments	<u>(53,677,775)</u>	<u>(54,875,418)</u>
Total Group retained earnings as per consolidated accounts	<u><u>28,526,477</u></u>	<u><u>27,563,036</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 30.09.2017	Current Year to Date 30.09.2017
(a) Interest income	31,116	59,935
(b) Other income including investment income	0	3,868
(c) Interest expense	447,406	806,772
(d) Depreciation and amortisation	258,433	518,008
(e) Allowance of receivables	0	0
(f) Allowance of inventories	(273,640)	(273,640)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	0	5,481
(h) Impairment of assets	0	0

Profit / (Loss) before taxation (continued)

	Current Year Quarter 30.09.2017	Current Year to Date 30.09.2017
(i) Foreign exchange gain/(loss)	440,482	743,660
(j) Gain/(Loss) on derivatives	47,101	32,473
(k) Exceptional items	-	-

29. Authorisation for issue

The Board of Directors has authorised the release of the unaudited interim financial statements for the quarter ended 30 September 2017 pursuant to a resolution dated 28 November 2017.