



Caely Holdings Bhd.

ANNUAL
REPORT
2009





Corporate Information	2
Notice of 13th Annual General Meeting	3 - 4
Statement Accompanying Notice of the Thirteenth Annual General Meeting	5
Group Structure	6
Profile of the Directors	7 - 9
Executive Chairperson's Statement	10 - 11
Corporate Governance Statement	12 - 17
Audit Committee Report	18 - 20
Statement on Internal Control	21 - 22
Financial Statements	23 - 66
Statement by Directors	67
Statutory Declaration	67
Independent Auditors' Report	68 - 69
Landed Properties	70 - 71
Analysis of Shareholdings	72 - 75
Proxy Form	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman	: Datin Fong Nyok Yoon
Deputy Chairman	: Dato' Wan Mohamad Zin Bin Mat Amin
Managing Director	: Dato' Chuah Chin Lai
Executive Directors	: Khor Mooi Soong Lim Pow Choo
Independent Directors	: Siow Hock Lee Ooi Say Teik Hem Kan @ Chan Hong Kee

AUDIT COMMITTEE

Chairman	Siow Hock Lee
Members	Ooi Say Teik Hem Kan @ Chan Hong Kee

AUDITORS

Messrs PricewaterhouseCoopers
Chartered Accountants
1st Floor Standard Chartered Bank Chambers
21-27 Jalan Dato' Maharaja Lela
P.O. Box 136
30710 Ipoh
Perak Darul Ridzuan
Tel : (605) 254 9545
Fax : (605) 253 2366

COMPANY SECRETARIES

Chong Swee Yoon
(MAICSA 7010242)

Catherine Mah Suik Ching
(LS 01302)

NOMINATION COMMITTEE

Chairman	Hem Kan @ Chan Hong Kee
Members	Dato' Wan Mohamad Zin Bin Mat Amin Ooi Say Teik

REGISTERED OFFICE

10th Floor, Wisma Havela Thakardas
No.1 Jalan Tiong Nam
Off Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Tel No: (603) 9195 1688
Fax No: (603) 9195 1799

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : CAELY
Stock Code : 7154

REMUNERATION COMMITTEE

Chairman	Ooi Say Teik
Members	Datin Fong Nyok Yoon Siow Hock Lee

SHARE REGISTRARS

Mega Corporate Services Sdn Bhd
Level 11-2 Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur
Tel No. : + 6 03 2692 4271
Fax No. : + 6 03 2732 5388

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting ("AGM") of CAELY HOLDINGS BHD ("CHB") will be convened and held at No. 47, Zone J4, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on 9 September 2009 at 9.45 a.m. to transact the following item of businesses :-

AGENDA

1. To receive and adopt the statutory financial statements for the financial period ended 31 March 2009 together with the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To approve the payment of Directors' fee of RM267,500.00 in respect of the financial period ended 31 March 2009. (Resolution 2)
3. To re-elect Dato' Wan Mohamad Zin Mat Amin who retires in accordance to Article 124 of the Company's Articles of Association. (Resolution 3)
4. To re-elect Dato' Chuah Chin Lai who retires in accordance to Article 124 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Mr Ooi Say Teik who retires in accordance to Article 124 of the Company's Articles of Association. (Resolution 5)
6. To re-appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 6)

SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary and Special Resolutions :-

7. **Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965 ("the Act")** (Resolution 7)

"THAT pursuant to Section 132D of the Act, and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and is hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next AGM."

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

CHONG SWEE YOON (MAICSA 7010242)
CATHERINE MAH SUIK CHING (LS 01302)
Joint Secretaries
Kuala Lumpur
18 August 2009



NOTICE OF 13TH ANNUAL GENERAL MEETING (continued)

NOTES :

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the proxies shall not be valid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office situated at 10th Floor Wisma Havela Thakardas No. 1 Jalan Tiong Nam Off Jalan Raja Laut 50350 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON THE SPECIAL BUSINESS

A mandate under Section 132D had been given by the shareholders on 23 June 2008 to the Director to allot and issue shares in the Company, In view of the global economic crisis, the Directors did not see the viability of raising funds during the financial period.

A fresh mandate is being sought as the Directors are hopeful that the economy will pick up in 2010.

The proposed Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the next AGM.

STATEMENT ACCOMPANYING NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING

1. Names of Directors who are standing for re-election

- a) Dato' Wan Mohamad Zin Mat Amin
- b) Dato' Chuah Chin Lai
- c) Mr Ooi Say Teik

2. Details of attendance of Directors at board meetings

Seven board meetings were held during the financial period from 1 January 2008 to 31 March 2009 (fifteen months). Details of attendance of Directors at the aforesaid board meetings are as follows:-

Name	Attendance (No. of Meetings)
Datin Fong Nyok Yoon	7
Dato' Wan Mohamad Zin Bin Mat Amin	7
Dato' Chuah Chin Lai	7
Mr Khor Mooi Soong	7
Ms Lim Pow Choo	7
Mr Siow Hock Lee	6
Mr Ooi Say Teik	7
Mr Hem Kan @ Chan Hong Kee	7

3. Date, Time and Place of the Annual General Meeting

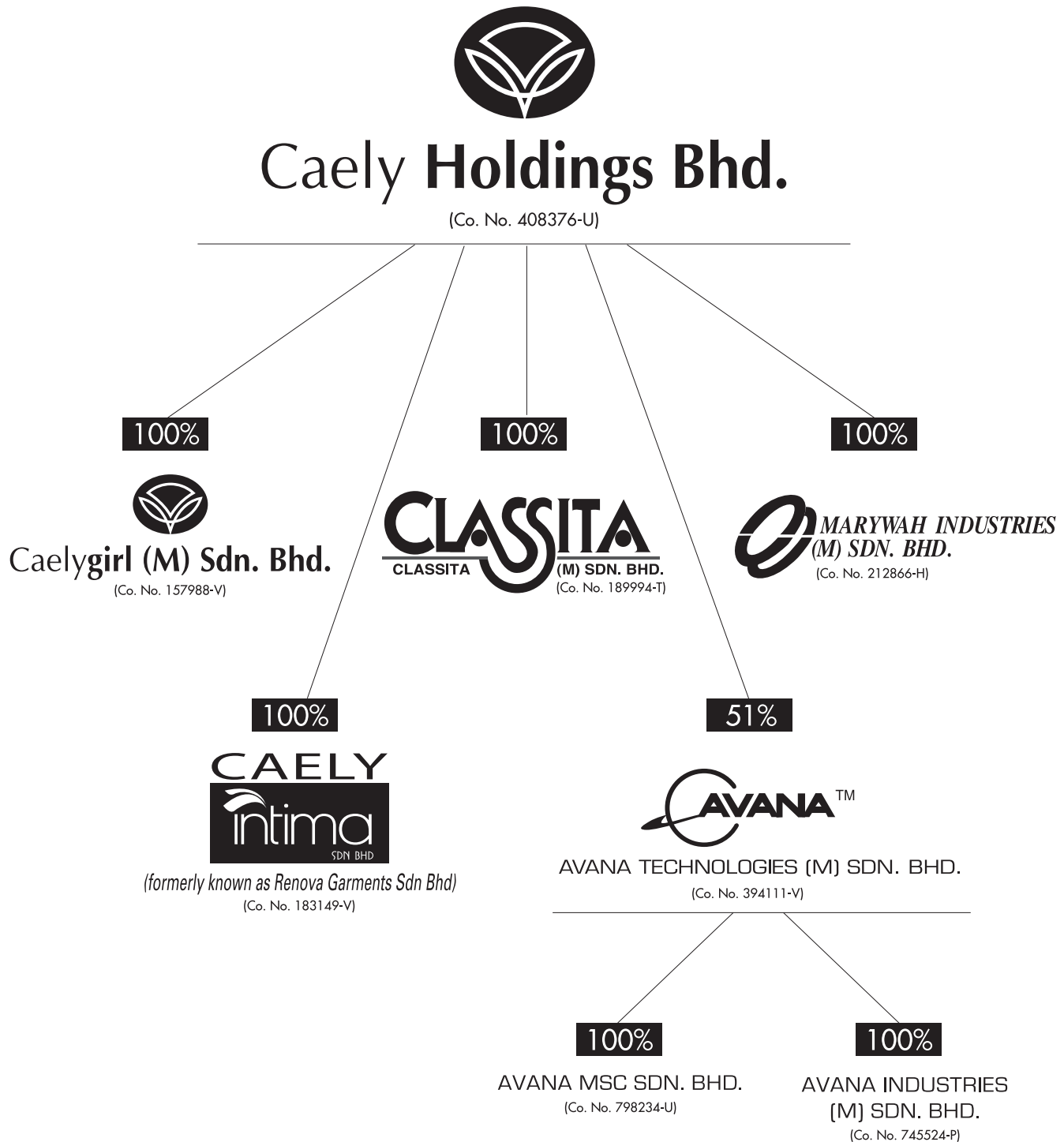
Date : Wednesday, 9 September, 2009
Time : 9.45 a.m.
Venue : No. 47, Zone J4, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur

4. Further details of Directors who are standing for re-election

The details of the three Directors seeking re-election are set out in the Profile of Directors of the Annual Report 2009 in pages 7 to 9 whilst their shareholdings in the Company are presented in the Directors' Shareholdings in page 73 of the same Annual Report.

5. No individual (other than the abovementioned Directors) is seeking election or re-election as a Director at the 13th Annual General Meeting of the Company.

GROUP STRUCTURE



PROFILE OF THE DIRECTORS

1. DATIN FONG NYOK YOON

(47 years of age – Malaysian)

Executive Chairperson / Non-Independent Director

Datin Fong Nyok Yoon is the Executive Chairperson of Caely Holdings Bhd (CHB) and was appointed to the Board on 2 October 2002. She is also a member of the Remuneration Committee. She has extensive knowledge in the ladies undergarments industry having been in the business for the past 20 years. She has no conflict of interest with CHB and has no conviction for offences within the past 10 years.

Datin Fong Nyok Yoon and Lim Pow Choo are sisters. Datin Fong Nyok Yoon is the spouse of Dato' Chuah Chin Lai and Lim Pow Choo is the spouse of Khor Mooi Soong. She attended all the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

2. DATO' WAN MOHAMAD ZIN BIN MAT AMIN

(62 years of age – Malaysian)

Deputy Chairman / Non-Independent Non-Executive Director

Dato' Wan Mohamad Zin Bin Mat Amin is the Deputy Chairperson of CHB and was appointed to the Board on 2 October 2002. He is a member of the Nomination Committee. He graduated from the Royal Military College in 1968 and completed his staff course in the Malaysian Armed Forces Staff College in 1981. He obtained his Master in Business Administration from Greenwich University, Australia in 2002. He is a major shareholder and Managing Director of a company that supplies electronic defence products and engine spare parts, an industry in which he has more than 20 years of working experience. He is also a Director of Sunchirin Industries (Malaysia) Berhad and P.A. Resources Berhad. Dato' Wan has no family relationship with other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has no conviction for offences within the past 10 years. Dato' Wan attended all the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

3. DATO' CHUAH CHIN LAI

(49 years of age – Malaysian)

Managing Director

Dato' Chuah Chin Lai is the Managing Director of CHB and was appointed to the Board on 2 October 2002. He has been in the Group for the past 20 years and currently heads the direct selling division and is actively involved in the Group's export business. He has no conflict of interest with CHB and has no conviction of offences within the past 10 years. He is the spouse of Datin Fong Nyok Yoon. His relationship with other Directors and major shareholders are stated in the profile of Datin Fong Nyok Yoon. He attended all the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

PROFILE OF THE DIRECTORS (continued)

4. KHOR MOOI SOONG

(55 years of age – Malaysian)

Executive Director

Khor Mooi Soong is an Executive Director of CHB and was appointed to the Board on 2 October 2002. He has extensive business experience in various sectors including manufacturing and property development. Besides sourcing for materials / components, he also assists in the marketing of CHB's products. He has no conflict of interest with CHB and has no conviction of offences within the past 10 years. He is the spouse of Lim Pow Choo. His relationship with other Directors and major shareholders are stated in the profile of Datin Fong Nyok Yoon. Mr. Khor attended all the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

5. LIM POW CHOO

(49 years of age – Malaysian)

Executive Director

Lim Pow Choo is an Executive Director of CHB and was appointed to the Board on 2 October 2002. She has vast experience in the garment business, particularly in ladies undergarments. She is currently the head of the Group's manufacturing division, overseeing the production processes for the OEM market.

She has no conflict of interest with CHB and has no conviction of offences within the past 10 years. She is the spouse of Khor Mooi Soong. Her relationship with other Directors and major shareholders are stated in the profile of Datin Fong Nyok Yoon. She attended all the seven (7) Board Meeting of CHB held during the financial period ended 31 March 2009.

6. SIOW HOCK LEE

(53 years of age – Malaysian)

Independent Non-Executive Director

Siow Hock Lee is an Independent Non Executive Director of CHB and was appointed to the Board on 5 June 2003. He is the Chairman of the Audit Committee and a member of the Remuneration Committee. He is a member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants and has extensive working experience of more than 20 years in providing audit and accounting related services. He is a Partner of a firm of accounting practice and an Independent Non-Executive Director of Amtel Holdings Berhad and Green Ocean Corporation Berhad (formerly known as Online One Corporation Berhad), which are public listed companies of Bursa Malaysia Securities Berhad. He has no family relationship with other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has no conviction for offences within the past 10 years. Mr. Siow attended six (6) out of the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

PROFILE OF THE DIRECTORS (continued)

7. OOI SAY TEIK

(49 years of age - Malaysian)

Independent Non-Executive Director

Ooi Say Teik is an Independent Non-Executive Director and was appointed to the Board on 5 June 2003. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He graduated from the University of Malaya in 1985 with a Bachelor of Arts (Hons), majoring in Economics. In 1990, he obtained his Bachelor of Laws (Hons) from the University of London and was called to the Malaysian Bar and admitted as an Advocate & Solicitor of the High court of Malaya in 1991. Since then, he has been involved in a wide spectrum of the law, particularly in the areas of corporate, banking and litigation. Mr. Ooi is also an Independent Non-Executive Director of Green Ocean Corporation Berhad (formerly known as Online One Corporation Berhad), a public listed company of Bursa Malaysia Securities Berhad. He has no family relationship with the other Directors and major shareholders of CHB, no conflict of interest with CHB and has no conviction for offences within the past 10 years. He attended all the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

8. HEM KAN @ CHAN HONG KEE

(68 years of age - Malaysian)

Independent Non-Executive Director

Hem Kan @ Chan Hong Kee is an Independent Non-Executive Director of CHB and was appointed to the Board on 5 June 2003. He is the Chairman of the Nomination Committee and a member of the Audit Committee. He obtained his Senior Cambridge Certificate in 1963. He has extensive business experience in various business sectors, including housing development and oil palm plantation. He is the Honorary Chairman of both the Perak Chinese Chamber of Commerce and Industry and the Lower Perak Chinese Chamber of Commerce. He is also the Board Chairman of San Min Secondary School, Teluk Intan and is an Honorary Chairman and Adviser to the Hilir Perak Dialysis Centre and a committee member of the Bethany Home for the Handicap. He also serves on the Board of various limited companies. He has no family relationship with other Directors and major shareholders of CHB, no conflict of interest with CHB and has no conviction for offences within the past 10 years. He attended all the seven (7) Board Meetings of CHB held during the financial period ended 31 March 2009.

EXECUTIVE CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors of Caely Holdings Bhd, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and Company for the financial period ended 31 March 2009. As the Company has changed its accounting year end to 31 March from 31 December, this year's Annual Report covers a financial period of fifteen (15) months.

FINANCIAL PERFORMANCE

For the 15 months financial period under review, the Group recorded a consolidated revenue of RM106.3 million and an after tax and minority interest loss of RM3.0 million. This loss was mainly attributable to the direct selling division as a result of lower revenues recorded and higher operational costs incurred and the allowances of slow moving inventories and the impairment of marketable securities of RM1.7 million and RM0.443 million respectively.

There are no comparative figures for the preceding year corresponding period because of the change in our accounting year end to 31 March as announced to Bursa Malaysia Securities Berhad on 25 November 2008.

PERFORMANCE REVIEW

For the financial period under review, the OEM division continues to be the prime contributor of the Group's turnover. This division registered a turnover of RM98.8 million which accounted for almost 93% of the Group's turnover and reported a segmental profit before taxation of RM9.4 million. The improved performance in profit was attributable to better profit margin and lower operational overheads costs.

The Direct Selling division contributed about 6.7% of the Group's turnover, amounting to RM7.1 million. However, for the financial period under review, this division recorded a segmental loss before taxation of RM6.1 and this was mainly due to low turnover and relatively higher operational costs.

During the financial period under review, the Group acquired a 51% equity interest in Avana Technologies (M) Sdn Bhd ("Avana"), officially consolidated as a subsidiary on November 4, 2008. Avana's principal activities are the manufacturing and marketing of automobile accessories and trading of consumer goods. For the five months period under review, this subsidiary registered a turnover of RM0.5 million and incurred a loss of RM0.6 million. The downturn in the economy has affected the automobile industries and this has affected Avana's performance in registering low turnover and a net loss position.

DIVIDENDS

The Board does not propose any dividends for the financial period under review.

EXECUTIVE CHAIRPERSON'S STATEMENT (continued)

PROSPECTS

The global economic events in recent months have not help liven up the prospects of economic recovery both locally and internationally. Many countries have come up with rescue plans such as stimulus package to pump prime their economies to prevent them from seeping into deep recession. Our Government, too, has followed suit. It recently launched the second stimulus package to boost our economy.

As our Group's main contribution is export based, the improvement in the economies of the exporting countries would be more relevant to us. Opinions on the economies of these countries are however, mixed. With no clear sign of economic recovery in sight, the Group will continue to adopt a prudent approach in its management, putting greater emphasise in existing core businesses, improving margins, controlling costs and managing its resources to further enhance its competitiveness.

Barring any unforeseen circumstances, the Board is cautiously optimistic that the financial performance for the ensuing financial year will be encouraging.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its social and community obligations and is committed in carrying out its role as a responsible and caring corporate entity. The Group believes that through our actions and our people, we can contribute positive impact to our society. To this end, the Group has set up CaelyCare to discharge its corporate social responsibility.

Our human resource development programs focus on training in building leadership, self-confidence, personal and work competence. Trainings are conducted either in-house or outsourced. These training include formal classroom to on-the-job, action-based trainings. Through such trainings, we believe our employees will be well equipped and motivated to perform their duties to realize their full potential.

The Group is also concerned on the Health and Safety of its employees and strives to maintain a work place that is safe and risk-free. A health and safety committee has been set up and one of its main tasks is to respond quickly and efficiently in the event of an emergency. Through the collaboration with the local fire and rescue department, fire drills are being conducted at least twice yearly. Other drills such as the use of fire fighting equipment, first aid, CPR, orderly evacuation procedures and other hazard preventive measures are also being carried out.

The Group is also doing its part for the local community and society – for instance, by giving the needy and less fortunate ones the chance to work together with their peers. With the assistance and collaboration of the local institution, Bethany Home of the Handicapped, the Group was able to employ some of their students after appropriate trainings. In fact, many hearing-impaired students have been in our employ for several years. The Group also donates generously to Bethany Home and several old folk homes regularly in either cash or/and consumer products.

APPRECIATION

On behalf the Board, I wish to convey my sincere appreciation for the support and confidence given to us by our shareholders, customers, financiers, business associates and the government authorities.

I also wish to take this opportunity to thank my fellow Board members, management and employees of the Group for their continued diligence, dedication and commitment.

Datin Fong Nyok Yoon
Executive Chairperson

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") has reviewed the manner in which the Malaysian Code on Corporate Governance ("the Code") is applied in the Group. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

THE BOARD OF DIRECTORS

The Board is responsible for the Group's objectives, policies and stewardship of the Group's resources. To this end, the Board has assumed the following specific responsibilities:

- Formulates, implements and review strategic plans;
- Oversees the conduct of the businesses to ensure that they are being properly managed;
- Identifies principal risks and ensures that appropriate systems are implemented to manage those risks;
- Formulates policies for succession planning, including recruiting, training, rewarding and, where appropriate, replacing senior management;
- Develops and implements an investor's relations program or shareholder communications policies; and
- Reviews the adequacy and the integrity of the internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board favours a more structured approach to formalise the existing process by which risks are identified, assessed, controlled and reviewed. As such, an enterprise-wide risk management program is being implemented to strengthen the current internal control system. The Board and the Audit Committee will continue to keep under review the Group's whole system of internal control including operational, compliance and risk management as well as financial controls.

Board Composition and Balance

The Board comprises four Executive Directors and four Non-Executive Directors, three of whom are Independent Directors. The role of the Executive Chairperson is clearly separated from the role of the Managing Director to ensure a balance of power and authority. The Executive Directors decide and implement operational decisions whilst the Non-Executive Directors contribute to the formulation of policies and decision-making through their knowledge and experience in other businesses and sectors. Their roles are clearly demarcated.

The Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgment. Together, they play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, taking into accounts the long-term interests of the shareholders, employees, customers, and the many communities in which the Group conducts its business. The profile of the Directors is set out on (pages 7 to 9) of the Annual Report.

In discharging its duties, the Board met seven times during the financial period ended 31 March 2009.

Pursuant to Best Practices, the Board has identified Siow Hock Lee, the Chairman of the Audit Committee, as the Independent Non-Executive Director to whom concerns may be conveyed, who would bring the same to the attention of the Board.

CORPORATE GOVERNANCE STATEMENT (continued)

Board Committees

The Board delegates certain responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. All committees have written terms of reference and operating procedures. The Chairmen of the various Committees will report to the Board the outcome of their meetings.

Supply of Information

All Board members are supplied with information on a timely basis. Board papers are circulated prior to Board Meetings and the board papers provide among others, financial and corporate information, significant operational, financial and corporate issues, performance reports and management proposals for Board approvals.

Procedures are in place for Directors to seek both independent professional advice and services of the Company Secretary in the discharge of their duties and responsibilities.

Appointment to the Board

Pursuant to the principles of the Code, the Board has established a Nomination Committee consisting of three Non-Executive Directors, two of whom are Independent. The Nomination Committee is responsible for, among others, the nomination for appointment of new Board members.

Directors' Training

The Group acknowledges the importance of continuous education and training to enable the Board member to keep abreast on the state of economy, technology advances, regulatory updates and management strategies so as to effectively discharge its duties and responsibilities. All the Directors have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd. An education / training programme is in place to ensure that the Directors are given the opportunity to further enhance their skills and knowledge continuously.

The Directors are aware of the importance of having a knowledge-based management and staff force. To this end, the management and staff are encouraged to attend trainings and education programmes to embrace themselves with the latest development and industry updates, etc. However, in an effort to contain cost, not all are given the equal opportunity: Only suitably qualified executives are given priority. For this reason, Messrs. Ooi Say Teik, Siow Hock Lee, Hem Kan @ Chan Hong Kee, who are independent non-executive directors, and Mr. Khor Mooi Soong and Madam Lim Pow Choo did not attend any training programmes during the financial year. Datin Fong Nyok Yoon, Dato' Chuah Chin Lai and Dato' Wan Mohamad Zin Bin Mat Amin attended the following training programmes :

- Profit making module training workshop
- Briefing on Listing Requirements
- Briefing on Key Recommendations of Corporate Law Reform Committee
- Briefing on the proposed revamp of the Listing Requirements for the establishment of a Unified Board.

Throughout the year, the Board of Directors also received updates and briefings by the Company Secretary and external auditors, particularly on information on significant changes in regulatory framework, legal, accounting and governance practices and activities.

Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office at each Annual General Meeting and could offer themselves for re-election. Those Directors appointed during the financial year are eligible for election at the next Annual General Meeting following their appointments.

CORPORATE GOVERNANCE STATEMENT (continued)

Nomination Committee ("NC")

The members of the NC are:

Hem Kan @ Chan Hong Kee, Chairman of NC
Dato' Wan Mohamad Zin Bin Mat Amin
Ooi Say Teik

The NC was established to assist the Board in nominating new nominees as Board members as well as assessing the Directors on an on-going basis as to their skills and experience and other qualities.

Remuneration Committee ("RC")

The members of the RC are:

Ooi Say Teik, *Chairman of RC*
Datin Fong Nyok Yoon
Siow Hock Lee

The RC was established to assist the Board in their responsibilities in assessing the remuneration packages of the Directors of the Company and its subsidiaries. The RC is to recommend to the Board, the level of remuneration for the Directors. The Board will decide after considering the recommendations of the RC.

Directors' Remuneration

The Executive Directors' remuneration is linked to performance, service seniority, experience and scope of responsibilities and comprises salary, fees, allowances and bonuses. Other customary benefits are also made available as appropriate. Other factors like market rates and industry practices are considered during the review of salaries, as and when the Board deems fit.

For instance, the basic salary paid takes into account the performance of the individual, the scope of responsibility, information from independent sources on the rates of salary for similar jobs and other relevant indicators. Bonuses paid to the Executive Directors are based on various performance measures of the Group, together with an assessment of each individual's performance during the period. Other customary benefits-in-kind, such as cars are made available as appropriate. Contributions are also made to the Employees Provident Fund where applicable.

Directors' fees payable to Non-Executive Directors are determined after considering comparable market rates.

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:-

	Fees	Salaries and other	Benefits in kind	Total
	RM	emoluments	RM	RM
	RM	RM	RM	RM
Executive Directors	189,500	1,286,488	26,918	1,502,906
Non-Executive Directors	130,000	9,800	0	139,800
	319,500	1,296,288	26,918	1,642,706

	Number of Directors		Total
	Executive Directors	Non-Executive Directors	Total
RM1 to RM 50,000	-	4	4
RM150,001 to RM200,000	1	-	1
RM250,001 to RM300,000	1	-	1
RM400,001 to RM450,000	1	-	1
RM600,001 to RM650,000	1	-	1
	4	4	8

CORPORATE GOVERNANCE STATEMENT (continued)

Directors' Remuneration (continued)

The Best Practices recommend the disclosure of the details of each individual director's remuneration. The Board is of the view that the transparency and accountability in this respect are appropriately served by the band disclosure made above.

SHAREHOLDERS AND INVESTORS

The Board acknowledges the importance of regular communication with shareholders and investors via AGM, annual reports, circulars to shareholders, and quarterly financial reports and various announcements made during the financial period, through which shareholders and investors can have an overview of the Group's performance and operations.

The Annual General Meeting ("AGM") of the Company represents the principal forum for dialogue and interaction between the shareholders and the Company. The Board at the AGM will present to the shareholders the performance of the Group and the shareholders are encouraged to communicate with the Board and to vote on all resolutions.

Shareholders and members of the public can also access information on the Company via the Bursa Malaysia Securities Bhd's website at www.bursamalaysia.com. All announcements including the Company's quarterly results and annual reports are posted on this website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects to shareholders via its quarterly and annual financial announcements. In the preparation of financial statements, the Audit Committee and the Board review the financial statements for consistency and appropriateness of the application of accounting standards and policies and for reasonableness and prudence in making estimates, statements and explanations.

Internal Controls

The Directors recognise their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risks. Although every effort is made to provide the best possible system of internal control and risk management, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Statement on Internal Control is set out in (pages 21 to 22) of the Annual Report which provides an overview of the state of internal controls within the Group.

Relationship with Auditors

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both external auditors and internal auditors.

A full Audit Committee report enumerating its role in relation to the auditors is set out in (pages 18 to 20) of the Annual Report.

CORPORATE GOVERNANCE STATEMENT (continued)

DIRECTORS' RESPONSIBILITIES IN FINANCIAL REPORTING

The Listing Requirements of Bursa Malaysia require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of financial year and of their results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring that the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

OTHER COMPLIANCE INFORMATION

Share Buybacks

During the financial period, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

During the financial period, the Company did not issue any options, warrants or convertible securities.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

During the financial period, the Company did not sponsor any ADR or GDR program.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-Audit Fees

The non-audit fees paid to external auditors, Messrs. PricewaterhouseCoopers by the Company and its subsidiaries amounted approximately RM134,500.

Variation in Results

There were no profit estimate, forecast or projections or unaudited results released which differ by 10% or more from audited results for the financial period ended 31 March 2009.

Profit Guarantee

During the financial period, there was no profit guarantee given by the Company.

Revaluation Policy on Landed Properties

The Company has a policy of regular revaluation on the Group's landed properties. Details of the policy are stated in Note 3(b) to the financial statements.

CORPORATE GOVERNANCE STATEMENT (continued)

Contracts involving Directors' and Major Shareholders' Interests

Other than the recurrent related party transactions disclosed below, there was no material contracts entered into by the Company or its subsidiaries involving the interests of Directors and major shareholders during the financial period under review.

Recurrent Related Party Transactions

Details of recurrent related party transactions entered by the Company and its subsidiaries during the financial period ended 31 March 2009 are as follows:

Company in the Group Involved	Related Party	Interested Related Party	Nature of Transaction	Transaction Value for the Financial Year Ended 31 March 2009 RM
Caelygirl (M) Sdn Bhd ("CMSB")	Perusahaan Tacly ("Tacly")	Dato' Chuah Chin Lai ^(a)	Purchase of garments for its direct selling business	2,650
CMSB	Kimberlux Sdn Bhd ("KSB")	Datin Fong Nyok Yoon ^(b) Dato' Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	7,500
CMSB	Kimberlux Construction Sdn Bhd ("KCSB")	Datin Fong Nyok Yoon ^(c) Dato' Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	7,500
CMSB	Prestige Gain Sdn Bhd ("PGSB")	Datin Fong Nyok Yoon ^(d) Dato' Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	7,500
Classita (M) Sdn. Bhd. ("CCSB")	Tacly	Dato' Chuah Chin Lai ^(a)	Sub-contractor who provides sewing services for products such as briefs and panties	208,551
Marywah Industries (M) Sdn. Bhd. ("CCSB")	Tacly	Dato' Chuah Chin Lai ^(a)	Sub-contractor who provides sewing services for products such as briefs and panties	2,256

Notes:-

- (a) Tacly is owned by Chuah Chin Kheng, the brother of Dato' Chuah Chin Lai, the Managing Director and substantial shareholder of CHB.
- (b) Fong Nyok Yoon, Dato' Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors and substantial shareholders in KSB.
- (c) Fong Nyok Yoon, Dato' Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors of KCSB. They are deemed to have an indirect interest of 100.00% in KCSB by virtue of their substantial shareholdings in KSB.
- (d) Fong Nyok Yoon, Dato' Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors of PGSB and are deemed to have an indirect interest of 100% in PGSB by virtue of their substantial shareholdings in KSB.

AUDIT COMMITTEE REPORT

Constitution

The Audit Committee ("AC") was established pursuant to a resolution of the Board of Directors ("the Board") passed on 5 June 2003.

Members

The present members of the AC are:-

Name	Designation
Slow Hock Lee, <i>Chairman of the AC</i>	Independent Non-Executive Director
Ooi Say Teik	Independent Non-Executive Director
Hem Kan @ Chan Hong Kee	Independent Non-Executive Director

TERMS OF REFERENCE

Composition

The Board shall elect the AC members from among themselves comprising not less than three (3) non executive members, the majority of whom must be independent directors. The members of the AC shall elect a chairman from among themselves who shall be an independent director.

At least one (1) member:-

- i) must be a member of the Malaysian Institute of Accountants; or
- ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

No alternate director shall be appointed as a member of the AC.

Objectives

The primary objectives of the AC are to:

- assist the Board in discharging its statutory and fiduciary responsibilities relating to the Group's management of principal risks, internal control, financial reporting and compliance of statutory and legal requirements;
- ensure transparency, integrity and accountability in the Group's activities; and
- provide a line of communication between the Board, senior management, internal auditors and external auditors.

Frequency of meetings

Meetings will be held not less than four times a year. The external auditors may request a meeting if they consider one necessary.

AUDIT COMMITTEE REPORT (continued)

Attendance at meetings

During the financial period ended 31 March 2009 the Audit Committee held six (6) meetings, attended by all the AC members, except for Siow Hock Lee who attended five (5) of the meetings. The Group financial controller was invited to attend all meetings. The external auditors attended two (2) of the meetings during this period. The Audit Committee had the opportunity to meet up with the external auditors without the presence of management. The Committee may invite any person to be in attendance to assist it in its deliberations.

Quorum

A majority of the members, who are independent directors, present, being not less than two (2), shall form a quorum.

Authority

The AC has free access to all information and documents and is empowered by the Board to investigate any activity for the purpose of discharging its duties and responsibilities.

The AC has direct communication channels to deal with the internal and external auditors and is authorised to obtain outside legal or other independent professional advice as necessary.

Duties and responsibilities

- a) To review and maintain an effective accounting system and controls in the business process.
- b) To review the company's accounting policies and reporting requirements to ensure compliance with the relevant laws, standards, directives and guidelines.
- c) To assess the adequacy of management reporting.
- d) To review the scope of the external audit and internal audit (if applicable) to ensure no unjustified restrictions are imposed by the management.
- e) To review the assistance given by the company's officers to the auditors.
- f) To recommend the appointment and remuneration of external auditors.
- g) To liaise directly between the external auditors, the management and the Board as a whole, particularly with regard to the audit plan and audit report.
- h) To review the findings of internal and external auditors (as the case may be) on internal controls and other audit comments.
- i) To review the internal audit program, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
- j) To receive reports directly from the internal auditors for all the internal audit functions.
- k) To review the financial statements and annual report prior to submission to the Board.
- l) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- m) To consider and examine such other matters as the AC considers appropriate.

AUDIT COMMITTEE REPORT (continued)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL PERIOD

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial period included the following:-

- Review the external auditors' scope of work and audit plans for the year;
- Review with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- Review and recommend to the Board the re-appointment of external auditors and their audit fees;
- Review the quarterly and annual financial statements, reports and announcements for the Board's consideration and approval;
- Review the related party transactions entered into by the Group;
- Review the internal audit plan prepared by the internal auditor; and
- Review and discuss reports of the internal auditors and assess the effectiveness of the system of internal controls in the areas audited.

INTERNAL AUDIT FUNCTION

The Board believes that an internal audit will provide the AC with independent and objective reports on the risk assessment, risk evaluation and recommendation of control activities to manage such risks. The internal auditors will be in the position to report on the state of internal control and extent of compliance with policies and procedures.

To this end, the internal audit function was outsourced to a firm of consultants. During the financial period under review, the following activities were carried out:-

- Reviewed the Group's operation systems and developed an internal audit plan and executed the internal audit in accordance with the approved audit plan;
- Conducted a risk assessment and evaluation of the adequacy and effectiveness of the internal control systems of certain key divisions of the Group;
- Reviewed the extent of compliance with the Group's policies and procedures; and
- Reported to the AC of the findings and recommendations for corrective actions on reported weaknesses.

Further details on the internal audit are set out in the Statement on Internal Control of this Annual Report.

STATEMENT ON INTERNAL CONTROLS

Introduction

This Statement is made in accordance with Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements with regard to the Group's compliance to the Principles and Best Practices provisions relating to the internal controls as stipulated in the Malaysian Code of Corporate Governance.

In pursuance thereof, the Board of Directors ("Board") of Caely Holdings Berhad is pleased to set out below its Statement of Internal Control providing a status review of the Group's state on internal control.

Responsibility for Risk and Internal Controls

The Board of Directors and the senior management recognize their responsibilities and endeavors to maintain a sound system of internal controls that covers financial, operational, compliance and risk management practices in the organisation. The Board acknowledges its overall responsibility to review and maintain an adequate system of internal controls organisation-wide with consistent integrity designed to manage rather than eliminate risk to improve the governance process of the organisation. However, it is recognized that evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material loss occurrence. The Group has in place an ongoing process for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives. The system of internal controls was in place during the financial period and the system is subject to regular reviews by the Board.

Risk Management Framework

The Group has established an on-going risk management process of identifying risks, assessing its likelihood and impact and taking preventive measures to manage potential risks faced by the Group. In this regard, the risk management policy and framework is established to incorporate the following activities:-

- Identify the various risk factors (financial and non-financial) that can potentially have a significant impact on the Group's success and continuity.
- Establish a risk coverage policy and rank each of these risks according to its relative weight.
- Assess each of these risks (using the risk factors and relative weight) on the Group's core business lines, i.e. manufacture and sale of undergarment products.
- Establish an overall risk profile in order of priority.
- Establish an overall audit plan that covers all risk areas.
- Conduct reviews of control activities on high-risk areas.
- Evaluate the control activities and give an opinion on the systems of internal controls.
- Monitor changes in business conditions and operating style.
- Evaluate changes against risks identified earlier and internal control systems.

STATEMENT ON INTERNAL CONTROLS (continued)

Internal Audit Function

During the financial period under review, the Group outsourced the internal audit function to a firm of consultants to review the risk assessment of the internal control systems of the Group and to report directly to the Audit Committee of its internal audit findings.

The scope of the internal audit focused on the risk areas identified in the company-wide risk assessment exercise in accordance with the internal audit plan approved by the management. The Audit Committee receives reports of the findings of the internal audits with comments from operational heads of the respective departments under audit. These internal audit reports are tabled during the Audit Committee meetings for review and the corrective actions to be undertaken and the management is to ensure that the necessary corrective actions are implemented.

During the financial period under review, a number of internal control weaknesses have been identified and all of which have been or are being addressed by the management. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

Other Key Elements of Internal Control

Apart from risk management and internal audits, the other key elements of the Group's internal control systems are as follows:-

- The Board of Directors has put in place an organisation structure, which formally defines lines of responsibility and delegation of authority.
- Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
- Monthly management reports are prepared at subsidiary levels and subject to review and discussion by the Executive Chairperson, Managing Director, Executive Directors and senior management.
- Quarterly performance reports with comprehensive information on financial performance and key business indicators are deliberated at the Audit Committee and thereafter tabled to the Board.
- The Audit Committee and the Board are committed to identify any significant risks faced by the Group and assess the adequacy of financial and operational controls to address these risks.
- The Audit Committee reviews the external auditors' internal control recommendations arising from the statutory audit. None of the internal control weaknesses identified during the period under review have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.
- The Audit Committee holds meetings to deliberate on the findings and recommendations for improvement by both the internal and external auditors on the state of the internal control system and reports to the Board.
- Informal Board and management meetings at operational level are held during the financial period in order to assess performance and controls.

Conclusion

The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the shareholders' investment and the Group's assets. The Board continues to take appropriate measures and ongoing commitment to strengthen the internal control environment and processes.

The statement was adopted at the Board of Directors' Meeting held on July 25, 2009.

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2009



Directors' Report	23 - 26
Income Statements	27
Balance Sheets	28 - 29
Statements of Changes in Equity	30
Cash Flow Statements	31 - 32
Notes to the Financial Statements	33 - 66
Statement by Directors	67
Statutory Declaration	67
Independent Auditors' Report	68 - 69



The directors are pleased to submit their report together with the audited financial statements of the Group and the Company for the fifteen months ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the Group are the manufacturing and sales of undergarments and direct sales. There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 31 December to 31 March.

FINANCIAL RESULTS

	<u>Group</u>	<u>Company</u>
	RM	RM
Net loss for the financial period	3,053,672	7,331,412

DIVIDENDS

No dividend was paid or declared by the Company since 31 December 2007.

The directors do not recommend the payment of a dividend for the fifteen months ended 31 March 2009.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period are shown in the financial statements.

DIRECTORS

The directors who have held office since the date of the last report are:

Datin Fong Nyok Yoon
Dato' Wan Mohamad Zin bin Mat Amin
Dato' Chuah Chin Lai
Khor Mooi Soong
Lim Pow Choo
Siow Hock Lee
Ooi Say Teik
Hem Kan @ Chan Hong Kee

Executive Chairperson
Deputy Chairman
Managing Director

In accordance with the Company's Articles of Association, Dato' Wan Mohamad Zin bin Mat Amin, Dato' Chuah Chin Lai and Ooi Say Teik retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' BENEFITS**

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in Note 8 and Note 18 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest (other than those disclosed in Note 31 to the financial statements).

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings, particulars of interests of the directors who held office at the end of the financial period in shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM0.50 each			
	As at 1.1.2008	Bought	Sold	As at 31.03.2009
Direct interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	6,950,000	202,000	-	7,152,000
Dato' Wan Mohamad Zin bin Mat Amin	1,028,000	-	-	1,028,000
Datin Fong Nyok Yoon	6,950,000	680,000	-	7,630,000
Khor Mooi Soong	6,950,000	-	-	6,950,000
Lim Pow Choo	6,950,000	-	-	6,950,000
Indirect interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	20,850,000	680,000	-	21,530,000
Datin Fong Nyok Yoon	20,850,000	202,000	-	21,052,000
Khor Mooi Soong	20,850,000	882,000	-	21,732,000
Lim Pow Choo	20,850,000	882,000	-	21,732,000
Siow Hock Lee	135,000	-	-	135,000

By virtue of their substantial interests in shares in Caely Holdings Bhd., Dato' Chuah Chin Lai, Datin Fong Nyok Yoon, Khor Mooi Soong and Lim Pow Choo are deemed to have interests in the shares in all the subsidiaries of the Company.

Other than as disclosed above, none of the directors held any other interest in shares in the Company or its related corporations during the financial period.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial period which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial period.

OTHER STATUTORY INFORMATION

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.



OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the directors:

- (a) the results of the Group's and the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than the allowance for slow moving inventories and the under accrual of income tax which affected the results of the Group and the impairment loss on investment in a subsidiary which affected the results of the Company, as disclosed in Note 8 and Note 10 to the financial statements, and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 25 July 2009.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

KHOR MOOI SOONG
EXECUTIVE DIRECTOR

Teluk Intan, Perak Darul Ridzuan



FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2009

	Note	GROUP		COMPANY	
		15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Revenue	7	106,311,074	104,870,579	0	1,500,012
Cost of sales		(85,451,635)	(88,500,407)	0	0
Gross profit		20,859,439	16,370,172	0	1,500,012
Other operating income		1,032,909	1,889,976	265,977	264,665
Selling and distribution costs		(6,226,408)	(5,788,919)	0	0
Administrative expenses		(14,148,623)	(10,726,605)	(770,311)	(583,518)
Other operating expenses		(507,865)	(3,183)	(6,694,917)	(4,416,947)
Profit/(loss) from operations	8	1,009,452	1,741,441	(7,199,251)	(3,235,788)
Finance cost	9	(973,893)	(1,187,279)	(75,540)	(70,426)
Share of profit/(loss) in a jointly controlled entity		15,430	(63,983)	0	0
Profit/(loss) before taxation		50,989	490,179	(7,274,791)	(3,306,214)
Taxation	10	(3,104,661)	(650,170)	(56,621)	(358,851)
Net loss for the financial period		(3,053,672)	(159,991)	(7,331,412)	(3,665,065)
Attributable to:					
Equity holders of the Company		(3,001,451)	(159,991)		
Minority interest		(52,221)	0		
		(3,053,672)	(159,991)		
Loss per share (sen)					
- basic	11	(3.75)	(0.20)		



BALANCE SHEETS AS AT 31 MARCH 2009

	Note	GROUP		COMPANY	
		As at	As at	As at	As at
		31-03-2009 RM	31-12-2007 RM	31-03-2009 RM	31-12-2007 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	28,337,685	29,909,980	1,625,915	1,708,973
Prepaid lease payments	14	339,358	345,270	339,358	345,270
Investment property	15	1,170,280	0	0	0
Subsidiaries	16	0	0	47,721,044	49,899,709
Goodwill	17	3,954,035	0	0	0
Investment in a jointly controlled entity	18	605,484	510,347	0	0
		<u>34,406,842</u>	<u>30,765,597</u>	<u>49,686,317</u>	<u>51,953,952</u>
CURRENT ASSETS					
Inventories	19	32,251,695	33,374,195	0	0
Debtors, deposits and prepayments	20	15,150,894	18,295,930	3,980,400	3,146,701
Tax recoverable		374,902	2,484,103	116,872	335,206
Marketable securities	21	1,497,608	2,055,082	1,497,608	2,055,082
Short term investment	22	200,000	0	200,000	0
Deposits, bank and cash balances	22	8,506,413	5,906,273	840,050	25,280
		<u>57,981,512</u>	<u>62,115,583</u>	<u>6,634,930</u>	<u>5,562,269</u>
CURRENT LIABILITIES					
Creditors and accruals	23	12,627,802	9,895,289	22,872,748	16,590,227
Hire-purchase creditors	24	117,370	112,888	0	0
Short term bank borrowings					
- bank overdrafts	25	2,495,110	2,360,244	0	0
- others	25	2,177,736	4,729,950	0	0
Term loans	26	186,762	104,337	110,300	104,337
Current tax liabilities		1,777,314	0	0	0
		<u>19,382,094</u>	<u>17,202,708</u>	<u>22,983,048</u>	<u>16,694,564</u>
NET CURRENT ASSETS/(LIABILITIES)		38,599,418	44,912,875	(16,348,118)	(11,132,295)



BALANCE SHEETS AS AT 31 MARCH 2009

		GROUP		COMPANY	
	Note	As at 31-03-2009 RM	As at 31-12-2007 RM	As at 31-03-2009 RM	As at 31-12-2007 RM
NON CURRENT LIABILITIES					
Hire-purchase creditors	24	219,318	134,531	0	0
Term loans	26	1,458,082	751,732	612,330	751,732
Deferred tax liabilities	27	1,461,606	2,003,211	58,492	71,136
		<u>3,139,006</u>	<u>2,889,474</u>	<u>670,822</u>	<u>822,868</u>
		<u>69,867,254</u>	<u>72,788,998</u>	<u>32,667,377</u>	<u>39,998,789</u>
CAPITAL AND RESERVES					
ATTRIBUTABLE TO EQUITY					
HOLDERS OF THE COMPANY					
Share capital	28	40,000,000	40,000,000	40,000,000	40,000,000
Other reserves	29	14,270,083	14,190,376	9,545,213	9,545,213
Retained profits/(accumulated losses)		15,597,171	18,598,622	(16,877,836)	(9,546,424)
Total equity		<u>69,867,254</u>	<u>72,788,998</u>	<u>32,667,377</u>	<u>39,998,789</u>



FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2009

GROUP	Attributable to equity holders of the Company				
	Share capital RM	Other reserves (Note 29) RM	Retained profits RM	Minority interest RM	Total RM
At 1 January 2007	40,000,000	14,190,376	18,758,613	0	72,948,989
Net loss for the financial year	0	0	(159,991)	0	(159,991)
At 31 December 2007	40,000,000	14,190,376	18,598,622	0	72,788,998
At 1 January 2008	40,000,000	14,190,376	18,598,622	0	72,788,998
Currency translation differences	0	79,707	0	0	79,707
Gain not recognised in income statement	0	79,707	0	0	79,707
Acquisition of subsidiary	0	0	0	52,221	52,221
Net loss for the financial period	0	0	(3,001,451)	(52,221)	(3,053,672)
At 31 March 2009	40,000,000	14,270,083	15,597,171	0	69,867,254

COMPANY	Non distributable Other			
	Share capital RM	reserves (Note 29) RM	Accumulated losses RM	Total RM
At 1 January 2007	40,000,000	9,545,213	(5,881,359)	43,663,854
Net loss for the financial year	0	0	(3,665,065)	(3,665,065)
At 31 December 2007	40,000,000	9,545,213	(9,546,424)	39,998,789
At 1 January 2008	40,000,000	9,545,213	(9,546,424)	39,998,789
Net loss for the financial period	0	0	(7,331,412)	(7,331,412)
At 31 March 2009	40,000,000	9,545,213	(16,877,836)	32,667,377



FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2009

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the financial period attributable to equity holders of the Company	(3,001,451)	(159,991)	(7,331,412)	(3,665,065)
Adjustments for:				
Property, plant and equipment				
- depreciation	2,845,949	2,342,732	83,058	66,445
- gains on disposal	(2,937)	(29,714)	0	0
- write off	110,717	6,597	0	0
Amortisation of prepaid lease payments on leased land	5,912	4,730	5,912	4,730
Amortisation on investment property	9,720	0	0	0
Interest expense	419,545	456,015	75,540	70,426
Taxation	3,104,661	650,170	56,621	358,851
Interest income	(221,382)	(78,268)	(30,587)	(21,479)
Gross dividend income from marketable securities	(25,390)	0	(25,390)	0
Impairment loss of marketable securities	442,630	3,183	442,630	3,183
Losses/(Gains) on disposal of marketable securities	65,235	(75,186)	65,235	(75,186)
Share of (profit)/loss in a jointly controlled entity	(15,430)	63,983	0	0
Minority interest	(52,221)	0	0	0
Impairment loss on investment in a subsidiary	0	0	6,187,052	4,413,764
Gross dividend income from a subsidiary	0	0	0	(1,500,012)
	3,685,558	3,184,251	(471,341)	(344,343)
Net movements in working capital:				
Inventories	2,423,675	4,006,144	0	0
Debtors	3,611,122	(587,659)	(189,973)	(44,295)
Creditors	(2,679,417)	(894,894)	48,073	(20,599)
Cash flows generated from/(used in) operations	7,040,938	5,707,842	(613,241)	(409,237)
Dividend received from a subsidiary	0	0	0	1,095,009
Interest paid	(419,545)	(456,015)	(75,540)	(70,426)
Tax paid	(1,551,678)	(233,654)	(15,270)	(11,000)
Tax refund	1,913,568	58,875	164,339	12,000
Net operating cash flow	6,983,283	5,077,048	(539,712)	616,346



FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2009

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of new subsidiary (Note 30)	(862,611)	0	(1,008,387)	0
Payments for property, plant and equipment	(605,773)	(1,333,917)	0	0
Proceeds from disposal of property, plant and equipment	10,000	32,640	0	0
Interest income received	221,382	78,268	8,337	21,479
Acquisition of interest in a jointly controlled entity	0	(574,330)	0	0
Advances to a jointly controlled entity	0	(230,632)	0	0
Advances to a subsidiary	0	0	(1,016,250)	0
Repayment of advances from a subsidiary	0	0	394,774	0
Marketable securities				
- payments for investments	(2,146,319)	(1,948,317)	(2,146,319)	(1,948,317)
- proceeds from disposals	2,195,928	455,612	2,195,928	455,612
- dividend received	25,390	0	25,390	0
Net investing cash flow	(1,162,003)	(3,520,676)	(1,546,527)	(1,471,226)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from/(repayments of) short term bank borrowings	(2,851,214)	3,720,750	0	0
Repayments of hire-purchase creditors	(140,731)	(200,570)	0	0
Repayments of term loans	(164,061)	(96,758)	(133,439)	(96,758)
Advances from subsidiaries	0	0	3,234,448	432,322
Net financing cash flow	(3,156,006)	3,423,422	3,101,009	335,564
Net movement in cash and cash equivalents	2,665,274	4,979,794	1,014,770	(519,316)
Cash and cash equivalents at beginning of the financial period	3,072,687	(1,907,107)	25,280	544,596
Cash and cash equivalents at end of the financial period (Note 22)	5,737,961	3,072,687	1,040,050	25,280



1 GENERAL INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the Group are the manufacturing and sales of undergarments and direct sales.

The Company changed its financial year end from 31 December to 31 March during the current financial period. Accordingly, the income statements, statements of changes in equity, cash flows and related notes to the financial statements are for the fifteen months ended 31 March 2009 whereas the comparatives are in respect of the twelve months ended 31 December 2007. Consequently, the comparatives are not entirely comparable.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Second Board of Bursa Malaysia Securities Berhad.

The addresses of the registered office and principal place of business of the Group and the Company are as follows:

Registered office	Principal place of business
10th Floor Wisma Havela Thakardas No 1 Jalan Tiong Nam Off Jalan Raja Laut 50350 Kuala Lumpur	Lot 2661, 3rd Mile Jalan Maharaja Lela 36000 Teluk Intan Perak Darul Ridzuan

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared under the historical cost convention unless stated otherwise in the summary of significant accounting policies.

The financial statements of the Company have been prepared in accordance with the provisions of the Companies' Act 1965 and Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Going concern assumption

The directors are of the opinion that the use of the going concern assumption in the preparation of the financial statements is appropriate based on the approved Group business plan, orders on hand and available financing arrangements. The efforts put in by the Group in the current financial period such as cash flows control and better production planning has improved the cash position of the Group.

The directors expect the Group to continue to operate as a going concern and accordingly the assets and liabilities of the Group and the Company are recorded on the basis that the Group and Company will be able to realise its assets and discharge its liabilities in the normal course of business.

Estimates and judgement

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.



2 BASIS OF PREPARATION (CONTINUED)

Standards, amendments to published standards and interpretations that are applicable to the Group and the Company and are effective

The new accounting standards that are effective and relevant for the Group's and the Company's financial period beginning 1 January 2008 are as follows:

- FRS 107 Cash Flow Statements
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 134 Interim Financial Reporting
- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operation
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above standards has no material impact on the financial statements of the Group and the Company.

Standards, amendments to published standards and interpretations to the existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company have considered all published standards not yet effective.

The new accounting standards that are relevant and mandatory for the Group's and Company's financial periods beginning on or after 1 April 2009 or later periods, but which the Group and the Company has not early adopted, are as follows:

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 139 Financial Instruments: Recognition and Measurement
- FRS 123 Borrowing Costs
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment

With the exception of FRS 7 and FRS 139, the adoption of the above published standards and interpretations are not expected to have a material impact on the financial statements. The Group and the Company have applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company.

Standards, amendments to published standards and interpretations to the existing standards that are not yet effective and are not relevant to the Group and the Company

The new accounting standards which will be effective for the financial periods beginning on or after 1 April 2009 or later periods but not applicable to the Group and the Company are as follows:

- FRS 4 Insurance Contracts
- Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction



3 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated in Note 2 above, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) *Economic entities in the Group and Consolidation*

(i) Subsidiaries

Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries which were acquired in 2003 prior to the adoption of FRS 3 Business Combinations via an internal group reorganisation exercise, met the conditions of a merger in accordance with FRS 122₂₀₀₄ "Business Combinations". The Group has taken advantage of the exemption provided by FRS 3 to apply this FRS prospectively and the results of the Company and these subsidiaries are consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are consolidated and presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying value of the investment in subsidiaries over the nominal value of the shares acquired is taken to merger deficit. The merger deficit is set off against the retained profits.

Other than those stated above, all other subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is included in the consolidated balance sheet as goodwill and is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned directly, or indirectly through subsidiary, by the parent. It is measured at the minorities' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

Intragroup transactions, balances and unrealised gains on transactions within the Group are eliminated on consolidation in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered. The consolidated financial statements reflect external transactions only.

Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those adopted by the Group.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) *Economic entities in the Group and Consolidation (continued)*

(i) Subsidiaries (continued)

The gain or loss on disposal of a subsidiary of the Group is the difference between net disposal proceeds and the Group's share of its net assets as at date of disposal.

(ii) Jointly controlled entity

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of the jointly controlled entity in the income statement and its share of post-acquisition movements within reserves in reserves. The cumulative post-acquisition movements are adjusted against the cost of investment, net of accumulated impairment loss.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(b) *Property, plant and equipment*

All property, plant and equipment were initially stated at cost.

Freehold land and buildings were subsequently shown at valuation, based on valuations by external independent valuers, less subsequent amortisation/depreciation/impairment losses. Additions between revaluation periods are carried at cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement as incurred.

The Group adopted the policy of regular revaluation of land and buildings. The land and buildings are appraised by external independent professional valuers once in every five years.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation or impairment losses is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

No depreciation is provided on the freehold land. Capital work in progress is not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use.

All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets or their revalued amounts to their residual values over their estimated useful lives at the following annual rates:

Buildings	2%
Furniture, fittings, equipment and vehicles	5% - 50%

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Property, plant and equipment (continued)**

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to the income statement.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised as income or expense in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

(c) Prepaid lease payments

Prepaid lease payments consist of prepayments for long leasehold land and is carried at revalued amount less accumulated amortisation and accumulated impairment loss. The prepaid lease payments is amortised in equal instalments over the lease period of 72 years.

Previously, prepaid lease payments were included within property, plant and equipment and stated at fair value, based on periodic valuation by external independent valuers, less subsequent depreciation and impairment losses. Any surpluses arising on revaluation was credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset.

In accordance with the transitional provisions allowed under FRS 117, the unamortised revalued amount as at 1 January 2006 was retained as the surrogate carrying amount.

(d) Investment property

Investment property is a property which is held for long term rental yields or for capital appreciation or both, and is not occupied by the Group.

Investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight line basis to write off the cost of the asset to its residual value over its estimated useful lives of 50 years.

On the disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

(e) Investments

Investments in subsidiaries and a jointly controlled entity are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount as set out in accounting policy Note (f) on impairment of assets.

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increase/decrease in the carrying amount of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *Impairment of assets*

Property, plant and equipment and other non current assets are reviewed for impairment losses at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level of which there are separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued amount in which case it is taken to revaluation surplus.

(g) *Inventories*

Inventories comprising raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials (determined on the weighted average cost method) comprises cost of purchase and cost of bringing the inventories to their present condition and location. Cost of work in progress and finished goods (determined on the weighted average cost method) includes cost of direct materials, direct labour and an appropriate proportion of production overheads.

Net realisable value is the estimate selling price in the ordinary course of business, less the costs of completion and selling expenses.

(h) *Trade debtors*

Trade debtors are carried at invoiced amount less an allowance for doubtful debts. Bad debts are written off in the financial period in which they are identified. An allowance is made for doubtful debtors based on a review of all outstanding amounts at the financial period end where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, balances with bankers, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) *Employee benefits*

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits are accrued in the financial period in which the associated services are rendered by employees of Group.

(ii) Post-employment benefits

The Group contributes to the Employees Provident Fund (EPF), the national defined contribution plan. The contributions are charged to the income statement in the financial period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(k) *Hire-purchase arrangements*

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as assets in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statement over the hire-purchase periods to give a constant periodic rate of interest on the remaining liabilities.

Property, plant and equipment acquired under hire-purchase arrangements are depreciated over the useful lives of the assets.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) *Income taxes*

Current tax expense is determined according to the tax laws of Malaysia and includes all taxes based upon the taxable profits. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case the taxation is recognised in equity.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(m) *Revenue recognition*

Sales of goods are recognised upon delivery of goods to customers, net of returns and discounts, and after eliminating sales within the Group.

Rental and interest income are recognised on accrual basis.

Dividend income is recognised when the Group's right to receive payment is established.

(n) *Foreign currencies*

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange approximating those ruling at the date of transactions. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the balance sheet date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in the translation of the Group's foreign currency monetary assets and liabilities are as follows:

	31-03-2009 RM	31-12-2007 RM
Assets:		
1 US Dollar	3.63	3.28
1 Euro	4.77	4.83
Liabilities:		
1 US Dollar	3.69	3.35
1 Euro	4.89	4.93
100 Hong Kong Dollars	48.50	43.53
100 Chinese Renminbi	53.93	45.56

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(o) Dividends**

Dividends on ordinary shares are recognised as liabilities when approved for payments and are accounted for in shareholders' equity as an appropriation of retained profits.

(p) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(ii) Financial instruments not recognised on the balance sheet

The Group enters into foreign currency forward contracts with a licensed bank. This financial instrument is not recognised in the financial statements on inception.

The purpose of entering into these foreign currency forward contracts is to protect the Group from movements in the exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses in contracts which are no longer designated as hedges are included in the income statement.

(iii) Fair value estimation for disclosure purposes

The fair value of foreign currency forward contracts is determined using the market forward rates at the balance sheet date. The fair value of marketable securities is based on quoted market prices at the balance sheet date.

The fair values of financial liabilities with fixed interest rates are estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. The carrying amounts of financial liabilities with floating interest rates are assumed to approximate their fair values.

The face values for the financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) *Segment reporting*

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

4 JUDGEMENTS AND ESTIMATIONS

In the process of applying the Group's accounting policies, management makes judgements and estimates that can significantly affect the amount recognised in the financial statements. These judgements and estimates include:

(a) *Provision for taxation*

The Group is subject to income taxes whereby significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) *Allowance for slow moving inventories*

Allowance for slow moving inventories is made based on an analysis of the ageing profile and taking into account the expected usage / sales patterns of items by categories held in inventory. Changes in the inventory ageing and the expected usage / sales profiles can have an impact on the allowance recorded.

(c) *Impairment of assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions can significantly affect the results of the Group's test for impairment of assets.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall risk management is to minimise the effects of such volatility on its financial performance. The nature of these risks and the Group's approaches in managing these risks are listed below:

(a) *Credit risk*

The Group operates locally in Malaysia for its direct selling, retail activities and also exports its ladies undergarments products mostly to Europe, Canada and the United States of America. For the local market, where a substantial portion of its revenue is transacted on credit terms, the Group applies due credit approval and monitoring processes and assesses the credit worthiness of its customers on a periodic basis. For overseas customers, most of the trade debtors are secured via Letter of Credit or Document Against Payment at Sight.



5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Interest rate risk*

The Group's exposure to changes in interest rates relate mainly to debt obligations and deposits placed with financial institutions in Malaysia. Borrowings are contracted on both fixed and variable terms. It is the Group's policy to maintain a mixture of fixed and variable rate debt instruments to minimise interest rate risk.

(c) *Foreign currency exchange risk*

The Group's sales are mostly denominated in US Dollar and to a lesser extent the Euro whilst purchases are denominated in US Dollar, Euro, Hong Kong Dollar, Chinese Renminbi and Ringgit Malaysia.

The Group enters into foreign currency forward contracts to hedge significant exposure on the foreign currency receivables and payables.

(d) *Liquidity risk*

The Group maintains sufficient cash and ensures availability of funding through an adequate but flexible amount of credit facilities obtained from financial institutions in Malaysia. Borrowings are maintained with varying maturities to ensure sufficient cash inflow from operations is available to meet all repayment requirements.

6 SEGMENT REPORTING

The Group operates in Malaysia and is organised into three main business segments:

- Direct selling and retail - involving multi-level marketing of undergarments, garments, leather goods, sportswear and household products and retailing of undergarments and garments.
- Manufacturing and sales of undergarments under Original Equipment Manufacturer arrangement ("OEM") mainly to Europe, Canada and United States of America.
- Manufacturing and sales of own brand of undergarments under the "Caelygirl" trademark, mainly to cater for direct selling business and the China market.

Others represent investment holding activities undertaken by the Company, provision of sewing services from certain subsidiary to OEM segment, sales of automobile accessories and trading of goods.

Intersegment revenue comprise sales of goods from certain subsidiaries to the direct selling business segment, provision of sewing services from Others segment to OEM segment and dividend income received from a subsidiary.



6 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format - business segment

15 months ended 31-03-2009	Direct selling/retail RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
Revenue					
Total revenue	7,119,626	98,778,378	910,975	1,338,855	108,147,834
Intersegment revenue	0	0	(834,954)	(1,001,806)	(1,836,760)
External revenue	7,119,626	98,778,378	76,021	337,049	106,311,074
Results					
Segment result (external)	(6,115,039)	9,420,326	(762,010)	(1,345,372)	1,197,905
Unallocated income					334,842
Unallocated expense					(507,865)
Finance cost					(973,893)
Profit before taxation					50,989
Taxation					(3,104,661)
Net loss for the financial period					(3,053,672)
As at 31.03.2009					
Other information					
Segment assets	12,692,186	54,159,003	12,627,469	11,037,186	90,515,844
Unallocated assets					1,872,510
Total assets					92,388,354
Segment liabilities	3,283,696	7,783,618	769,231	7,445,635	19,282,180
Unallocated liabilities					3,238,920
Total liabilities					22,521,100
Capital expenditure	284,067	525,803	0	93,903	903,773
Depreciation and amortisation	534,163	1,895,217	285,966	146,235	2,861,581



6 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format - business segment (continued)

Year ended 31-12-2007	Direct selling RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
Revenue					
Total revenue	7,945,390	96,676,332	1,279,956	2,380,535	108,282,213
Intersegment revenue	0	0	(1,031,099)	(2,380,535)	(3,411,634)
External revenue	7,945,390	96,676,332	248,857	0	104,870,579
Results					
Segment result (external)	(4,269,873)	6,445,349	(89,761)	(518,392)	1,567,323
Unallocated income					113,318
Unallocated expense					(3,183)
Financial cost					(1,187,279)
Profit before taxation					490,179
Taxation					(650,170)
Net loss for the financial year					(159,991)
As at 31.12.2007					
Other information					
Segment assets	15,011,181	57,325,563	13,865,087	2,140,164	88,341,995
Unallocated assets					4,539,185
Total assets					92,881,180
Segment liabilities	3,361,476	12,806,073	807,377	1,114,045	18,088,971
Unallocated liabilities					2,003,211
Total liabilities					20,092,182
Capital expenditure	444,008	983,609	0	0	1,427,617
Depreciation and amortisation	478,219	1,546,053	252,015	71,175	2,347,462

Unallocated income includes interest income, rental income of premises, gross dividend income from marketable securities and gains from disposal of marketable securities. Unallocated expense represents impairment loss of marketable securities and losses on disposal of marketable securities.

Unallocated assets consist primarily of investment in marketable securities and tax recoverable. Unallocated liabilities include tax payable and deferred tax liabilities.

6 SEGMENT REPORTING (CONTINUED)

(b) Secondary reporting format - geographical segments

Although all the business segments are located in Malaysia, the OEM segment exports the undergarments to China, Europe, Canada and United States of America.

	Sales		Total assets		Capital expenditure	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	As at 31-03-2009 RM	As at 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Canada	22,952,824	19,667,738	0	0	0	0
Denmark	7,616,738	6,132,088	0	0	0	0
Germany	10,801,141	11,528,694	0	0	0	0
France	1,245,620	617,233	0	0	0	0
Italy	4,181,182	767,614	0	0	0	0
United Kingdom	3,281,994	3,380,708	0	0	0	0
United States of America	43,785,509	52,044,756	0	0	0	0
Mexico	291,979	927,574	0	0	0	0
Malaysia	7,532,696	8,194,246	91,782,870	92,370,833	903,773	1,427,617
Other countries	4,621,391	1,609,928	605,484	510,347	0	0
	106,311,074	104,870,579	92,388,354	92,881,180	903,773	1,427,617

7 REVENUE

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Direct sales and retail	7,119,626	7,945,390	0	0
Sales of finished goods	99,191,448	96,925,189	0	0
Gross dividend income from an unquoted subsidiary	0	0	0	1,500,012
	106,311,074	104,870,579	0	1,500,012

8 PROFIT/ (LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Profit/(Loss) from operations is stated after charging/(crediting):				
Auditors' remuneration paid/payable to PricewaterhouseCoopers Malaysia				
- statutory audit	117,790	111,790	37,050	37,050
- non statutory audit services	134,500	32,400	20,000	4,900
Allowance for doubtful debts	383,844	195,887	0	0
Inventories				
- allowance for slow moving inventories	1,656,959	97,701	0	0
- write down	30,296	342,372	0	0
- reversal of previous year's write down	0	(27,181)	0	0



8 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Profit/(Loss) from operations is stated after charging/(crediting)(continued):				
Amortisation of prepaid lease payments on leased land	5,912	4,730	5,912	4,730
Amortisation on investment property	9,720	0	0	0
Property, plant and equipment				
- depreciation	2,845,949	2,342,732	83,058	66,445
- gains on disposal	(2,937)	(29,714)	0	0
- write off	110,717	6,597	0	0
Rental expenses				
- premises	619,813	558,705	0	0
- machinery	5,830	1,860	0	0
Staff costs	20,986,696	16,716,032	285,700	228,500
Impairment loss on investment in a subsidiary	0	0	6,187,052	4,413,764
Interest income	(221,382)	(78,268)	(30,587)	(21,479)
Net realised foreign exchange gains	(585,533)	(1,784,782)	0	0
Net unrealised foreign exchange (gain)/loss	(18,626)	132,267	0	0
Rental income of premises	(88,070)	(35,050)	0	0
Losses/(gains) on disposal of marketable securities	65,235	(75,186)	65,235	(75,186)
Impairment loss of marketable securities	442,630	3,183	442,630	3,183
Gross dividend income from an unquoted subsidiary	0	0	0	(1,500,012)
Gross dividend income from marketable securities	(25,390)	0	(25,390)	0
Included in staff costs are:				
- directors' fees	319,500	266,000	267,500	214,000
- directors' emoluments other than fees	1,119,605	753,810	18,200	14,500
- defined contribution plan expenses	1,063,746	803,947	0	0
Monetary value of benefits given to certain directors	26,918	26,918	0	0

Defined contribution plan expenses of the Group includes contributions in respect of directors amounting to RM176,683 (2007: RM118,560).



9 FINANCE COST

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Bank commissions on trade finance facilities	94,628	70,897	0	0
Bank charges and commitment fees	459,720	660,367	0	0
Interest expense	419,545	456,015	75,540	70,426
	<u>973,893</u>	<u>1,187,279</u>	<u>75,540</u>	<u>70,426</u>

10 TAXATION

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Malaysian taxation:				
- income tax charge	2,447,000	869,386	0	328,289
Deferred tax credit				
- origination and reversal of temporary differences (Note 27)	(541,605)	(120,945)	(12,644)	0
	<u>1,905,395</u>	<u>748,441</u>	<u>(12,644)</u>	<u>328,289</u>
In respect of previous financial years:				
- under/(over) accrual of income tax	1,199,266	(98,271)	69,265	30,562
Tax charge	<u>3,104,661</u>	<u>650,170</u>	<u>56,621</u>	<u>358,851</u>

The explanation of the relationship between tax expense and profit/(loss) before taxation is as follows:

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
Profit/(loss) before taxation	50,989	490,179	(7,274,791)	(3,306,214)
Tax calculated at the Malaysian income tax rate 25% (2007: 27%)	12,747	132,348	(1,818,698)	(892,678)
Tax effects of				
- expenses not deductible for tax purposes	409,473	126,168	1,752,042	1,239,134
- expenses eligible for double deduction/ tax incentives	(318,800)	(552,405)	0	0
- income not subject to tax	(2,009)	0	0	0
- current financial period's deductible temporary differences not recognised as deferred tax asset	1,835,360	1,172,943	0	0
- current year tax loss not allowed for carry forward	50,254	0	50,254	0
- utilisation of previously unrecognised capital allowance	0	(15,468)	0	(15,468)

**10 TAXATION (CONTINUED)**

The explanation of the relationship between tax expense and profit/(loss) before taxation is as follows (continued):

	GROUP		COMPANY	
	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM	15 months ended 31-03-2009 RM	Year ended 31-12-2007 RM
- tax rate of 20% on initial RM500,000 (2007: RM500,000) of chargeable income	(25,000)	(40,000)	0	0
- change in tax rate on temporary differences	(56,630)	(75,145)	3,758	(2,699)
- under/(over) accrual of income tax in respect of previous financial years	1,199,266	(98,271)	69,265	30,562
Tax charge	3,104,661	650,170	56,621	358,851

Subject to the agreement by the Inland Revenue Board, the Group and the Company have the following unutilised capital allowances and unused tax losses which can be carried forward and utilised to set off against future taxable profits:

	GROUP		COMPANY	
	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM
Unutilised capital allowances	2,577,000	1,983,000	106,497	121,000
Unused tax losses	15,183,000	8,533,000	50,254	0

11 LOSS PER SHARE

Basic loss per share of the Group is calculated by dividing the net loss for the financial period/year by the weighted average number of ordinary shares in issue during the financial period/year.

	GROUP	
	15 months ended 31.03.2009	Year ended 31.12.2007
Net loss for the financial period/year attributable to equity holders of the Company (RM)	(3,001,451)	(159,991)
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic loss per share (sen)	(3.75)	(0.20)

The Company has no potential dilutive ordinary shares as at 31 March 2009 and 31 December 2007.

12 DIVIDENDS

No dividend was paid or declared by the Company since 31 December 2007.

The directors do not recommend the payment of a dividend in respect of the fifteen months ended 31 March 2009.



13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM	Buildings RM	Furniture, fittings, equipment and vehicles RM	Capital work in progress RM	Total RM
As at 31.03.2009					
Opening net book value	4,135,000	17,435,935	8,339,045	0	29,909,980
Acquisition of subsidiary (Note 30)	0	0	487,661	0	487,661
Additions	0	25,000	878,773	0	903,773
Disposals	0	0	(7,063)	0	(7,063)
Write off	0	0	(110,717)	0	(110,717)
Depreciation charge	0	(463,929)	(2,382,020)	0	(2,845,949)
Closing net book value	4,135,000	16,997,006	7,205,679	0	28,337,685
Cost	0	516,468	20,136,275	0	20,652,743
Valuation	4,135,000	17,306,500	0	0	21,441,500
Accumulated depreciation	0	(825,962)	(12,930,596)	0	(13,756,558)
Net book value	4,135,000	16,997,006	7,205,679	0	28,337,685

GROUP
As at 31.12.2007

Opening net book value	4,135,000	17,306,500	9,262,755	130,363	30,834,618
Additions	0	0	1,062,412	365,205	1,427,617
Transfers	0	491,468	4,100	(495,568)	0
Disposals	0	0	(2,926)	0	(2,926)
Write off	0	0	(6,597)	0	(6,597)
Depreciation charge	0	(362,033)	(1,980,699)	0	(2,342,732)
Closing net book value	4,135,000	17,435,935	8,339,045	0	29,909,980
Cost	0	491,468	21,469,639	0	21,961,107
Valuation	4,135,000	17,306,500	0	0	21,441,500
Accumulated depreciation	0	(362,033)	(13,130,594)	0	(13,492,627)
Net book value	4,135,000	17,435,935	8,339,045	0	29,909,980

COMPANY
As at 31.03.2009

Opening net book value	0	1,274,000	434,973	0	1,708,973
Depreciation charge	0	(32,500)	(50,558)	0	(83,058)
Closing net book value	0	1,241,500	384,415	0	1,625,915
Cost	0	0	575,847	0	575,847
Valuation	0	1,300,000	0	0	1,300,000
Accumulated depreciation	0	(58,500)	(191,432)	0	(249,932)
Net book value	0	1,241,500	384,415	0	1,625,915

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31.12.2007	Freehold land RM	Buildings RM	Furniture, fittings, equipment and vehicles RM	Capital work in progress RM	Total RM
Opening net book value	0	1,300,000	475,418	0	1,775,418
Depreciation charge	0	(26,000)	(40,445)	0	(66,445)
Closing net book value	0	1,274,000	434,973	0	1,708,973
Cost	0	0	575,847	0	575,847
Valuation	0	1,300,000	0	0	1,300,000
Accumulated depreciation	0	(26,000)	(140,874)	0	(166,874)
Net book value	0	1,274,000	434,973	0	1,708,973

The details of the revaluation of land and buildings are as follows:

- (i) Valuation of building of the Company carried out by an independent valuer, Raine & Horne International Zaki & Partner Sdn. Bhd. on 3 October 2006.

Description	Valuation method	Valuation amount RM
Building	Comparison method	1,300,000

- (ii) Valuations of land and buildings of the subsidiaries carried out by an independent valuer, Raine & Horne International Zaki & Partner Sdn. Bhd. on 21 and 25 September 2006.

	Valuation method	Valuation amount RM
Freehold land	Comparison method	4,135,000
Buildings	Comparison method	16,006,500
		20,141,500

The net book value of land and buildings that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation and impairment losses are as follows:

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Freehold land	1,019,735	1,019,735	0	0
Buildings	14,463,258	14,868,268	1,128,454	1,153,255
	15,482,993	15,888,003	1,128,454	1,153,255



13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Net book value of property, plant and equipment pledged as securities for the bank borrowings of the Group and the Company as disclosed in Note 25 and Note 26 to the financial statements are RM27,419,246 (31.12.2007: RM29,475,002) and RM1,241,500 (31.12.2007: RM1,274,000) respectively.

Property, plant and equipment being acquired under hire-purchase arrangements are as follows:

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Furniture, fittings, equipment and vehicles				
- additions during the financial period, at cost	316,450	108,351	0	0
- net book value at financial period end	498,534	543,172	0	0

14 PREPAID LEASE PAYMENTS

	GROUP AND COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM
Net book value		
At 1 January 2008/1 January 2007	345,270	350,000
Amortisation	(5,912)	(4,730)
At 31 March 2009/31 December 2007	339,358	345,270

The prepaid lease payments which were previously recorded as property, plant and equipment were last revalued by an independent valuer, Raine & Horne International Zaki & Partner Sdn. Bhd. on 3 October 2006.

Description	Valuation method	Valuation amount RM
Leasehold land	Comparison method	350,000

As permitted by the transitional provisions of FRS 117, the last revalued amounts stated above less accumulated amortisation has been treated as the surrogate carrying amount of prepaid lease payments as at 1 January 2007.

The leasehold land with net book value of RM339,358 (31.12.2007: RM345,270) is pledged as security for the term loan of the Group and the Company as disclosed in Note 26 to the financial statements.

15 INVESTMENT PROPERTY

	GROUP	
	As at 31.03.2009 RM	As at 31.12.2007 RM
At cost:		
At 1 January 2008/1 January 2007	0	0
Acquisition of subsidiary (Note 30)	1,180,000	0
Amortisation	(9,720)	0
At 31 March 2009/31 December 2007	1,170,280	0

**15 INVESTMENT PROPERTY (CONTINUED)**

The investment property of a subsidiary is pledged as security for the bank borrowings of the said subsidiary as disclosed in Note 25 and Note 26 to the financial statements.

The fair value of the investment property is estimated at RM1.18 million (31.12.2007: Nil) based on the latest available valuation exercise carried out in July 2008 for the purpose of the acquisition.

16 SUBSIDIARIES

	COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM
Unquoted shares at cost	65,562,873	61,554,486
Less:		
Accumulated impairment losses	(17,841,829)	(11,654,777)
	<u>47,721,044</u>	<u>49,899,709</u>

Details of the subsidiaries which are all incorporated in Malaysia, are as follows:

Name of company	Group's effective interest		Principal activities
	As at 31.03.2009	As at 31.12.2007	
Caelygirl (M) Sdn. Bhd.	100%	100%	Direct sales of undergarments, garments, leather goods, sportswear and household products and retail sales of undergarments and garments
Classita (M) Sdn. Bhd.	100%	100%	Manufacture and sales of undergarments
Marywah Industries (M) Sdn. Bhd.	100%	100%	Manufacture and sales of undergarments and trading of related raw materials
Caely Intima Sdn. Bhd.	100%	100%	Dormant
Avana Technologies (M) Sdn. Bhd.	51%	0%	Manufacturing and marketing of automobile accessories and trading of goods
Subsidiaries of Avana Technologies (M) Sdn. Bhd.			
Avana MSC Sdn. Bhd.	51%	0%	Dormant
Avana Industries Sdn. Bhd.	51%	0%	Dormant

During the financial period, the Company acquired 51% equity interest in Avana Technologies (M) Sdn. Bhd. (Note 30).



17 GOODWILL

	GROUP	
	As at 31.03.2009 RM	As at 31.12.2007 RM
At 1 January 2008/1 January 2007	0	0
Acquisition of subsidiary (Note 30)	3,954,035	0
Accumulated impairment	0	0
At 31 March 2009/31 December 2007	3,954,035	0

18 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	GROUP	
	As at 31.03.2009 RM	As at 31.12.2007 RM
Share of net assets in a jointly controlled equity	605,484	510,347

The Group has a 51% (31.12.2007: 51%) interest in a jointly controlled entity, Foshan City Classita Undergarments Pte. Ltd., a company incorporated in China whose principal business is the manufacturing and trading in undergarments. The cost of investment in this jointly controlled entity was RM574,330.

The Group's share of the assets and liabilities in the jointly controlled entity is as follows:

	GROUP	
	As at 31.03.2009 RM	As at 31.12.2007 RM
Non current assets	399,250	395,932
Current assets	1,510,765	803,570
Current liabilities	(1,304,531)	(680,162)
Net assets	605,484	519,340

The Group's share of the revenue and expenses of the jointly controlled entity is as follows:

	GROUP	
	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM
Revenue	4,295,370	1,531,630
Expenses including tax	(4,279,940)	(1,595,613)
Profit/(Loss) from ordinary activities after tax	15,430	(63,983)
Profit/(Loss) from ordinary activities after tax is stated after charging: Director's remuneration - director of the Company	48,271	22,211



19 INVENTORIES

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Raw materials	9,615,273	10,695,174	0	0
Work in progress	2,503,871	2,170,296	0	0
Finished goods	20,132,551	20,508,725	0	0
	<u>32,251,695</u>	<u>33,374,195</u>	<u>0</u>	<u>0</u>

Certain inventories of the Group are pledged as security for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

20 DEBTORS, DEPOSITS AND PREPAYMENT

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Trade				
Trade debtors, net of allowance for doubtful debts				
- normal trade terms	11,537,127	15,613,753	0	0
- instalment schemes	19,257	210,472	0	0
Amount owing by a jointly controlled entity	35,752	0	0	0
	<u>11,592,136</u>	<u>15,824,225</u>	<u>0</u>	<u>0</u>
Non Trade				
Other debtors	121,148	21,869	0	0
Deposits	143,564	244,682	10,000	10,000
Prepayments	3,063,414	1,971,522	235,894	45,921
Amounts owing by subsidiaries	0	0	3,734,506	3,090,780
Advances to a jointly controlled entity	230,632	230,632	0	0
Rentals receivable from companies in which certain directors have controlling interest	0	3,000	0	0
	<u>3,558,758</u>	<u>2,471,705</u>	<u>3,980,400</u>	<u>3,146,701</u>
	<u>15,150,894</u>	<u>18,295,930</u>	<u>3,980,400</u>	<u>3,146,701</u>
The currency exposure profile of trade debtors and non trade debtors is as follows:				
- Ringgit Malaysia	1,188,590	2,494,000	3,734,506	3,090,780
- US Dollar	9,524,755	11,784,616	0	0
- Euro	964,187	1,570,478	0	0
- Chinese Renminbi	266,384	230,632	0	0
Total trade debtors and non trade debtors	<u>11,943,916</u>	<u>16,079,726</u>	<u>3,734,506</u>	<u>3,090,780</u>

**20 DEBTORS, DEPOSITS AND PREPAYMENT (CONTINUED)**

The Group's historical experience in collection of trade debtors falls within the recorded allowances. The Group has no other significant concentration of credit risk for trade debtors.

Credit terms of trade debtors of the Group are as follows:

- (i) normal trade terms - payment in advance to 90 days (31.12.2007: payment in advance to 120 days); and
- (ii) instalment schemes - 4 months to 12 months (31.12.2007: 4 months to 24 months).

Included in trade debtors under instalment schemes in the previous financial year was an amount due from an overseas customer with agreed repayment terms of 24 months. This amount has been fully settled in the current financial period.

Included in prepayments of the Group are payments in advance for the purchases of inventories of RM904,950 (31.12.2007 RM116,270).

Non trade balances with related parties and subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an amount owing by a subsidiary, Avana Technologies (M) Sdn. Bhd. of RM1,038,500 which carries interest rates ranging from 8.05% to 9.25% (31.12.2007: Nil) per annum. Rentals receivable from companies in which certain directors have controlling interest as at 31 December 2007 were pertaining to shared office premises, based on terms agreed between the parties.

21 MARKETABLE SECURITIES

	GROUP AND COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM
Shares in corporations and unit trusts quoted in Malaysia, at lower of cost and market value	1,497,608	2,055,082
Market value of quoted shares and unit trusts	1,497,608	2,106,805

22 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Fixed deposits with a licensed bank	6,060,534	1,473,342	0	0
Bank and cash balances	2,445,879	4,432,931	840,050	25,280
Deposits, bank and cash balances	8,506,413	5,906,273	840,050	25,280
Short term investment: Negotiable instrument of deposit	200,000	0	200,000	0
	8,706,413	5,906,273	1,040,050	25,280
Fixed deposits with a licensed bank pledged as security	(473,342)	(473,342)	0	0
Bank overdrafts (Note 25)	(2,495,110)	(2,360,244)	0	0
	5,737,961	3,072,687	1,040,050	25,280



22 CASH AND CASH EQUIVALENTS (CONTINUED)

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
The currency exposure profile of deposits, bank and cash balances and the short term investment is as follows:				
- Ringgit Malaysia	7,762,610	3,488,007	1,040,050	25,280
- US Dollar	943,389	2,053,891	0	0
- Singapore Dollar	0	17,036	0	0
- Euro	414	347,339	0	0
Total deposits, bank and cash balances	8,706,413	5,906,273	1,040,050	25,280
	%	%	%	%
Weighted average effective interest rates at the balance sheet date are as follows:				
Fixed deposits with a licensed bank	2.0	3.1	0	0
Negotiable instrument of deposit	2.6	0	2.6	0
Bank balances held at call with licensed banks	0.2	3.2	0	0

The remaining bank and cash balances of the Group and the Company are deposits placed in current accounts of various licensed banks in Malaysia and cash in hand which do not earn any interest.

Fixed deposits with a licensed bank and negotiable instrument of deposit of the Group have average maturity periods of 31 days (31.12.2007: 31 days) and 89 days (31.12.2007: Nil) respectively.

23 CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Trade				
Trade creditors	7,111,194	7,755,163	0	0
Amount owing to a jointly controlled entity	0	38,106	0	0
	7,111,194	7,793,269	0	0
Non trade				
Other creditors	3,219,592	169,550	3,000,000	0
Accruals	2,297,016	1,932,470	304,474	256,401
Amounts owing to subsidiaries	0	0	19,568,274	16,333,826
	5,516,608	2,102,020	22,872,748	16,590,227
	12,627,802	9,895,289	22,872,748	16,590,227
The currency exposure profile of trade and non trade creditors and accruals is as follows:				
- Ringgit Malaysia	10,493,666	8,883,505	22,872,748	16,590,227
- US Dollar	562,699	191,743	0	0
- Chinese Renminbi	1,532,201	693,764	0	0
- Others	39,236	126,277	0	0
Total creditors and accruals	12,627,802	9,895,289	22,872,748	16,590,227

23 CREDITORS AND ACCRUALS (CONTINUED)

Credit terms of trade payables granted to the Group vary from payment in advance to 90 days (31.12.2007: payment in advance to 90 days).

Included in trade creditors of the Group is an amount owing to Perusahaan Tacly, a business entity owned by close family members of certain directors of the Company, for the purchase of inventories amounting to RM17,564 (31.12.2007: RM17,521).

Included in other creditors of the Group and the Company is the partial purchase consideration of RM3,000,000 (31.12.2007: Nil) owing to Mr. Ooi Hock Hin, one of the directors for a subsidiary, Avana Technologies (M) Sdn. Bhd. for the purchase of 51% equity interest in the said subsidiary.

Non trade amounts owing to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

24 HIRE-PURCHASE CREDITORS

	GROUP	
	As at 31.03.2009 RM	As at 31.12.2007 RM
Payable within one year	131,947	124,236
Payable later than one year but not later than two years	60,258	104,804
Payable later than two years but not later than five years	145,254	36,992
Payable more than five years	40,602	0
	378,061	266,032
Less: Finance charges	(41,373)	(18,613)
	336,688	247,419
Present value of hire-purchase liabilities		
Current		
Payable within one year	117,370	112,888
Non current		
Payable later than one year but not later than two years	50,374	99,645
Payable later than two years but not later than five years	130,122	34,886
Payable more than five years	38,822	0
	219,318	134,531
	336,688	247,419

All hire-purchase of the Group are denominated in Ringgit Malaysia. The effective interest rates of hire-purchase creditors of the Group ranged from 4.55% to 8.50% (31.12.2007: 4.94% to 7.50%) per annum.

Hire-purchase creditors are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The fair value of hire-purchase creditors at the balance sheet date amounted to RM351,715 (31.12.2007: RM246,764).



25 SHORT TERM BANK BORROWINGS

	GROUP		
	Secured RM	Unsecured RM	Total RM
As at 31.03.2009			
Bank overdrafts	1,773,170	721,940	2,495,110
Others:			
Trade finance facilities	809,286	831,000	1,640,286
Foreign currency revolving credit	537,450	0	537,450
Short term revolving credit	0	0	0
	1,346,736	831,000	2,177,736
Total short term bank borrowings	3,119,906	1,552,940	4,672,846
As at 31.12.2007			
Bank overdrafts	2,061,687	298,557	2,360,244
Others:			
Trade finance facilities	175,000	3,037,000	3,212,000
Foreign currency revolving credit	517,950	0	517,950
Short term revolving credit	0	1,000,000	1,000,000
	692,950	4,037,000	4,729,950
Total short term bank borrowings	2,754,637	4,335,557	7,090,194

The short term bank borrowings of the subsidiaries are secured, where applicable, by the following:

- (i) fixed charges on the land and buildings/investment property of the respective subsidiaries;
- (ii) debentures incorporating fixed and floating charges over all the present and future assets of the respective subsidiaries;
- (iii) a fixed deposit of RM473,342 of a subsidiary;
- (iv) a third party fixed deposit of RM102,826 pledged by a director of a subsidiary.

Certain short term bank borrowings of the subsidiaries are also guaranteed by the Company as shown in Note 32 to the financial statements. In addition, certain credit facilities are jointly and severally guaranteed by certain directors of the respective subsidiaries.

	GROUP	
	As at 31.03.2009 RM	As at 31.12.2007 RM
The currency exposure profile of short term bank borrowings is as follows:		
- Ringgit Malaysia	3,994,110	6,572,244
- US Dollar	537,450	517,950
- Euro	141,286	0
	4,672,846	7,090,194



25 SHORT TERM BANK BORROWINGS (CONTINUED)

	GROUP	
	As at 31.03.2009	As at 31.12.2007
Weighted average effective interest rates at the balance sheet date are as follows:	%	%
- bank overdrafts	6.5	8.4
- trade finance facilities	4.7	5.0
- revolving credit	4.9	6.2

The ranges of credit periods of the trade finance facilities and revolving credit are 87 to 183 days (31.12.2007: 8 to 185 days).

26 TERM LOANS

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Current				
Repayable within one year	186,762	104,337	110,300	104,337
Non Current				
Repayable later than one year and not later than five years	998,341	508,943	580,859	508,943
Repayable later than five years	459,741	242,789	31,471	242,789
	<u>1,458,082</u>	<u>751,732</u>	<u>612,330</u>	<u>751,732</u>
	<u>1,644,844</u>	<u>856,069</u>	<u>722,630</u>	<u>856,069</u>

The term loan of the Company which is denominated in Ringgit Malaysia is secured by fixed charges over a leasehold land and building of the Company. This term loan obtained from a licensed bank is repayable by 120 instalments commencing July 2004 and carries an effective interest rate of 6.55% (31.12.2007: 7.75%) per annum.

The term loan of a subsidiary which is denominated in Ringgit Malaysia is secured by an investment property of the said subsidiary, a third party fixed deposit of RM102,826 pledged by a director of the subsidiary and a personal guarantee by the same director. This term loan obtained from a licensed bank is repayable by 120 instalments commencing November 2008 and carries an effective interest rate of 5.55% (31.12.2007: Nil) per annum.

The interest on these loans is calculated based on floating interest rates which may be varied any time at the banks' discretion.

27 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxation relates to the same tax authority.

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Deferred tax liabilities				
- subject to income tax	1,315,298	1,856,903	58,492	71,136
- subject to real property gains tax	146,308	146,308	0	0
	<u>1,461,606</u>	<u>2,003,211</u>	<u>58,492</u>	<u>71,136</u>

The movements in deferred tax liabilities during the financial period/year comprise the following:

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
At 1 January 2008/1 January 2007	2,003,211	2,124,156	71,136	71,136
(Credited)/charged to income statement				
- property, plant and equipment	(321,913)	(218,486)	(3,403)	0
- unused tax losses	203,078	83,096	(12,564)	0
- other temporary differences	(422,770)	14,445	3,323	0
	<u>(541,605)</u>	<u>(120,945)</u>	<u>(12,644)</u>	<u>0</u>
At 31 March 2009/31 December 2007	<u>1,461,606</u>	<u>2,003,211</u>	<u>58,492</u>	<u>71,136</u>
Subject to income tax:				
Deferred tax assets (before offsetting)				
- property, plant and equipment	(513,387)	(499,364)	0	0
- unused tax losses	(12,564)	(215,642)	(12,564)	0
- other temporary differences	(601,383)	(182,720)	(26,624)	(29,947)
	<u>1,127,334</u>	<u>897,726</u>	<u>39,188</u>	<u>29,947</u>
Offsetting	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>



27 DEFERRED TAX LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	2,434,791	2,742,681	97,680	101,083
- other temporary differences	7,841	11,948	0	0
Offsetting	(1,127,334)	(897,726)	(39,188)	(29,947)
Deferred tax liabilities (after offsetting)	1,315,298	1,856,903	58,492	71,136
Subject to real property gains tax:				
Deferred tax liabilities				
- property, plant and equipment	146,308	146,308	0	0
Deferred tax liabilities (after offsetting)	1,461,606	2,003,211	58,492	71,136

The tax effects of unused tax losses and unutilised capital allowances of subsidiaries determined after appropriate offsetting, for which no deferred tax assets are recognised in the financial statements of the subsidiaries, amounted to approximately RM3,782,000 (31.12.2007: RM2,033,000) and RM104,000 (31.12.2007: Nil).

28 SHARE CAPITAL

	GROUP AND COMPANY			
	As at 31.03.2009 No. of shares	As at 31.03.2009 RM	As at 31.12.2007 No. of shares	As at 31.12.2007 RM
Authorised:				
Ordinary shares of RM0.50 each	100,000,000	50,000,000	100,000,000	50,000,000
Issued and fully paid-up:				
Ordinary shares of RM0.50 each	80,000,000	40,000,000	80,000,000	40,000,000



29 OTHER RESERVES

Group	Share premium RM	Reserve on consolidation RM	Currency translation reserve RM	Revaluation reserve RM	Total RM
At 1 January 2007/ 31 December 2007	9,419,360	80,344	0	4,690,672	14,190,376
At 1 January 2008	9,419,360	80,344	0	4,690,672	14,190,376
Currency translation differences	0	0	79,707	0	79,707
At 31 March 2009	9,419,360	80,344	79,707	4,690,672	14,270,083

Company	Share premium RM	Revaluation reserve RM	Total RM
At 1 January 2007/31 December 2007	9,419,360	125,853	9,545,213
At 1 January 2008/31 March 2009	9,419,360	125,853	9,545,213

The details of revaluation reserve are as follows:

	GROUP		COMPANY	
	As at 31.03.2009 RM	As at 31.12.2007 RM	As at 31.03.2009 RM	As at 31.12.2007 RM
Surplus on revaluation of land and buildings				
- land	2,976,612	2,976,612	50,459	50,459
- buildings	2,505,723	2,505,723	121,943	121,943
	5,482,335	5,482,335	172,402	172,402
Deferred tax liabilities	(791,663)	(791,663)	(46,549)	(46,549)
Revaluation reserve, net of tax	4,690,672	4,690,672	125,853	125,853

30 BUSINESS COMBINATION

The Company completed the acquisition of 51% equity interest in Avana Technologies (M) Sdn. Bhd. ("ATMSB") on 4 November 2008. Details of the acquisition are as follows:

	RM
Purchase consideration paid/payable via:	
- Cash consideration	3,978,000
- Expenses directly attributable to the acquisition, paid in cash	30,387
	4,008,387
Less: Fair value of net assets acquired	(54,352)
	3,954,035
Goodwill	

In accordance with the Sale of Share Agreement, the Company has paid a partial consideration of RM978,000 as at 31 March 2009. In addition, RM1,500,000 each is due payable each year within 14 days upon issuance of Audited Financial Statements of ATMSB for a two years profit guarantee period. The vendor guarantees the profit after tax to be achieved by ATMSB for the two years profit guarantee period shall not be less than 90% of RM1,700,000 per year. The RM1,500,000 part consideration due payable shall be reduced by a sum equivalent to the shortfall in the profit guarantee for each of the two years.

The initial accounting for this business combination has been determined provisionally with the assumption that the vendor is able to meet the profit guarantee for the two years guarantee period. The directors are of the view that any reduction in consideration payable is not probable and cannot be measured reliably as at 31 March 2009.

In the event the adjustment to purchase consideration becomes probable and can be measured reliably, cost of business combination and goodwill arising on this acquisition will be adjusted accordingly.

Details of the net assets acquired and the cash flows arising from the acquisition are shown below:

	RM
Property, plant and equipment	487,661
Investment property	1,180,000
Current assets	2,102,677
Current liabilities	(3,663,765)
	106,573
Fair value of total net assets	
Less: Minority interest	(52,221)
	54,352
Fair value of net assets acquired	
Total purchase consideration (inclusive of expenses directly attributable to the acquisition)	4,008,387
Less: Amounts payable upon meeting profit guarantee	(3,000,000)
	1,008,387
Purchase consideration paid	
Less: Cash and cash equivalents of subsidiary acquired	(145,776)
	862,611
Cash outflow of Group on acquisition	

**30 BUSINESS COMBINATION (CONTINUED)**

The acquired business contributed revenue of RM337,049 but loss after tax of RM582,819 to the Group for the period from 4 November 2008 to 31 March 2009. Had the acquisition taken effect at the beginning of the financial period, the revenue and loss after tax of the Group would have been RM1,662,670 and RM1,354,038 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to the investment property had applied from 1 January 2008, together with the consequential tax effects.

There was no acquisition in the previous financial year.

31 SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with related parties based on terms agreed between the parties:

	GROUP		COMPANY	
	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM
Purchases of goods from a jointly controlled entity: - Foshan City Classita Undergarments Pte. Ltd.	7,849,007	2,661,019	0	0
Purchases of goods/services from business entities owned by close family members of certain directors of the Company: - Perusahaan Tacy	213,457	253,534	0	0
Purchases of goods/services from a company owned by close family members of certain directors of the Company: - Yori Samensa Ltd.	0	62,719	0	0
Purchases of goods/services from a company where a substantial shareholder is connected with certain directors of the Company: - Nyok Lan Garments Sdn. Bhd.	0	18,979	0	0
Sales of raw materials to a jointly controlled entity: - Foshan City Classita Undergarments Pte. Ltd.	0	381,224	0	0



31 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	GROUP		COMPANY	
	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM
Advances to a jointly controlled entity: - Foshan City Classita Undergarments Pte. Ltd.	0	230,632	0	0
Management fees charged to subsidiaries: - Caelygirl (M) Sdn. Bhd. - Classita (M) Sdn. Bhd.	0 0	0 0	135,000 75,000	108,000 60,000
Advances to subsidiary: - Avana Technologies (M) Sdn. Bhd.	0	0	1,016,250	0
Interest receivable from: - Avana Technologies (M) Sdn. Bhd.	0	0	22,250	0

(b) Key management compensation

Salaries and other short term employee benefits	1,636,623	1,179,018	285,700	228,500
Post employment benefits	201,883	140,026	0	0
	1,838,506	1,319,044	285,700	228,500

Key management compensation includes directors' fees and directors' emoluments as disclosed in Note 8 to the financial statements.

32 CONTINGENT LIABILITIES

Unsecured

Corporate guarantees for banking facilities extended to certain subsidiaries

COMPANY	
As at 31.03.2009 RM	As at 31.12.2007 RM
31,510,000	29,950,000



33 NON CASH TRANSACTIONS

The principal non cash transactions of the Group during the financial period/year are the purchase of property, plant and equipment by means of the following:

	GROUP	
	15 months ended 31.03.2009 RM	Year ended 31.12.2007 RM
Contra with other debtors	68,000	0
Hire-purchase	230,000	93,700

34 FINANCIAL INSTRUMENTS

(i) Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Group in currencies other than its functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

The details of the outstanding forward contracts at the balance sheet dates are as follows:

Hedged items	Currency bought	Currency sold	Contractual rates	RM equivalent
As at 31.03.2009				
Trade debtors				
Sales contracts due in April 2009				
- USD600,000	RM	USD	3.624 to 3.707	2,199,300
- EUR285,755	RM	EUR	4.716 to 4.966	1,399,263
Trade creditors				
Purchases contracts due in April 2009				
- USD100,000	USD	RM	3.693	369,300
As at 31.12.2007				
Trade debtors				
Sales contracts due in January 2008 to March 2008				
- USD3,600,000	RM	USD	3.419 to 3.438	12,343,050

The fair value of the outstanding forward contracts at balance sheet date was a favourable net position of RM24,779 (31.12.2007: favourable net position of RM465,450).

(ii) Fair values of financial assets and liabilities on the balance sheet

The carrying amounts of recognised financial assets and liabilities of the Group and the Company as at 31 March 2009 and 31 December 2007 approximated their fair values.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 25 July 2009.

**PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965**

We, Dato' Chuah Chin Lai and Khor Mooi Soong, being two of the directors of Caely Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 27 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2009 and of the results and cash flows of the Group and the Company for the fifteen months ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with a resolution dated 25 July 2009.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

KHOR MOOI SOONG
EXECUTIVE DIRECTOR

Teluk Intan, Perak Darul Ridzuan

STATUTORY DECLARATION**PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965**

I, Dato' Chuah Chin Lai, being the director primarily responsible for the financial management of Caely Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 27 to 66 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

Subscribed and solemnly declared by the abovenamed Dato' Chuah Chin Lai at Teluk Intan in the state of Perak Darul Ridzuan, Malaysia on 25 July 2009.

Before me,

COMMISSIONER FOR OATHS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Caely Holdings Bhd., which comprise the balance sheets as at 31 March 2009 of the Group and the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the fifteen months then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 66.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009 and of their financial performance and cash flows for the fifteen months then ended.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

LIM TEONG KEAN
(No. 2499/12/09 (J))
Chartered Accountant

1st Floor, Standard Chartered Bank Chambers
21-27 Jalan Dato' Maharaja Lela
30000 Ipoh
Perak Darul Ridzuan

25 July 2009



AS AT 31 MARCH 2009

Title and Location	Description	Tenure / Age of buildings	Year of expiry	Land area / Built-up area (Square feet)	Date of last valuation* /acquisition#	Net book value (RM)
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Land	Leasehold	05.04.2078	2,300	03.10.2006*	339,358
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Building (4-storey shophouse)	Leasehold 5 years	05.04.2078	9,060	03.10.2006*	1,241,500
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	45,466	21.09.2006*	581,745
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	2-storey hostel	Freehold 14 years	-	15,250	21.09.2006*	406,830
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey hostel	Freehold 12 years	-	11,100	21.09.2006*	359,080
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 10 years	-	28,140	21.09.2006*	1,662,178
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	274,972	21.09.2006*	3,518,255
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	2-storey factory building	Freehold 13 years	-	69,928	21.09.2006*	5,230,975



AS AT 31 MARCH 2009

Title and Location	Description	Tenure / Age of buildings	Year of expiry	Land area / Built-up area (Square feet)	Date of last valuation* /acquisition#	Net book value (RM)
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 6 years	-	76,800	21.09.2006*	6,651,995
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1 1/2-storey factory building	Freehold 3 years	-	8,400	21.09.2006*	613,400
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 3 years	-	7,200	21.09.2006*	248,300
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey surau	Freehold 3 years	-	625	21.09.2006*	25,785
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey factory building	Freehold 3 years	-	1,980	21.09.2006*	148,025
Lot No. 15644 H.S.(D) LP 10747, Mukim of Durian Sebatang, District of Hilir Perak	Land and Building (2-storey residential property for staff)	Freehold 8 years	-	1,200 1,693	25.09.2006*	35,000 95,500
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 2 year	-	7,200	1.12.2007#	313,438
HSD 42613, Lot No. 334, Mukim 13, District of Seberang Perai Tengah	Land and building (1-storey warehouse)	Leasehold	4.11.2058	30,408 13,550	08.07.2008*	1,170,280

**AS AT 04 AUGUST 2009**

Authorised Capital	:	RM50,000,000
Issued and Paid-up Capital	:	RM40,000,000
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1 vote per ordinary share
No. of Shareholders	:	3,000

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 04 AUGUST 2009

Size of Shareholding	No. of Shareholder	%	No of Shares	% of Issued Capital
1 - 99	2	0.07	102	Negligible
100 - 1,000	508	16.93	463,079	0.58
1001- 10,000	1,756	58.53	8,685,900	10.86
10,001 - 100,000	650	21.67	20,298,819	25.37
100,001 - 4,000,000	81	2.70	30,204,100	37.75
4,000,001 and above	3	0.10	20,348,000	25.44
TOTAL	3,000	100.00	80,000,000	100.00

**SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS
AS AT 04 AUGUST 2009**

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Datin Fong Nyok Yoon	7,630,000	9.54	21,032,000 ^(a)	26.29
Dato' Chuah Chin Lai	7,152,000	8.94	21,510,000 ^(b)	26.89
Khor Mooi Soong	6,930,000	8.67	21,732,000 ^(c)	27.17
Lim Pow Choo	6,950,000	8.69	21,712,000 ^(d)	27.14

Notes:-

- (a) Deemed interested by virtue of the shareholdings of her spouse, Dato' Chuah Chin Lai, her sister and her spouse, Lim Pow Choo and Khor Mooi Soong.
- (b) Deemed interested by virtue of the shareholdings of his spouse, Datin Fong Nyok Yoon, his sister-in-law and spouse, Lim Pow Choo and Khor Mooi Soong.
- (c) Deemed interested by virtue of the shareholdings of his spouse, Lim Pow Choo, his sister-in-law and spouse, Datin Fong Nyok Yoon and Dato' Chuah Chin Lai.
- (d) Deemed interested by virtue of the shareholdings of her spouse, Khor Mooi Soong, her sister and her spouse, Datin Fong Nyok Yoon and Dato' Chuah Chin Lai.



DIRECTORS' SHAREHOLDINGS AS AT 04 AUGUST 2009

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Datin Fong Nyok Yoon	7,630,000	9.54	21,032,000 ^(a)	26.29
Dato' Wan Mohamad Zin Bin Mat Amin	1,028,000	1.29 ^(b)	-	-
Dato' Chuah Chin Lai	7,152,000	8.94 ^(c)	21,510,000 ^(d)	26.89
Khor Mooi Soong	6,930,000	8.67 ^(e)	21,732,000 ^(f)	27.17
Lim Pow Choo	6,950,000	8.69	21,712,000 ^(g)	27.14
Siow Hock Lee	-	-	135,500 ^(h)	0.17
Ooi Say Teik	-	-	-	-
Hem Kan @ Chan Hong Kee	-	-	-	-

Notes:-

- (a) Deemed interested by virtue of the shareholdings of her spouse, Dato' Chuah Chin Lai, her sister and her spouse, Lim Pow Choo and Khor Mooi Soong.
- (b) 1,028,000 shares are held through nominee companies.
- (c) 6,768,000 shares are held through nominee companies.
- (d) Deemed interested by virtue of the shareholdings of his spouse, Datin Fong Nyok Yoon, his sister-in-law and spouse, Lim Pow Choo and Khor Mooi Soong.
- (e) 5,680,000 shares are held through nominee companies.
- (f) Deemed interested by virtue of the shareholdings of his spouse, Lim Pow Choo, his sister-in-law and spouse, Datin Fong Nyok Yoon and Dato' Chuah Chin Lai.
- (g) Deemed interested by virtue of the shareholdings of her spouse, Khor Mooi Soong, her sister and her spouse, Datin Fong Nyok Yoon and Dato' Chuah Chin Lai.
- (h) Deemed interested by virtue of the shareholdings spouse, Chen Bee Yoke.



THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AS AT 04 AUGUST 2009

	Name of Shareholder	No. Shares Held	%
1.	FONG NYOK YOON	7,630,000	9.54
2.	LIM POW CHOO	6,950,000	8.69
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHIN LAI (474038)	5,768,000	7.21
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR MOOI SOONG (CEB)	3,580,000	4.48
5.	MAH WEE HIAN @ MAH SIEW KUNG	3,200,000	4.00
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR MOOI SOONG (E-TAI/TIN)	2,100,000	2.63
7.	KHOR MOOI SOONG	1,250,000	1.56
8.	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHIN LAI	1,000,000	1.25
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WAN MOHAMAD ZIN BIN MAT AMIN (MY0113)	984,300	1.23
10.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN CHAN	808,200	1.01
11.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (BNYM AS E&A)	754,000	0.94
12.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHOON POW (33R)	739,700	0.92
13.	TEO KIN SWEE	654,400	0.82
14.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH HOCK LEONG	647,600	0.81
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG NEW SOON	632,000	0.79
16.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG YOKE PHENG	609,100	0.76
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG YOKE PHENG (MM1178)	556,100	0.70
18.	NG YOKE PHENG	448,300	0.56
19.	CHONG JONG SIEW	431,000	0.54



AS AT 04 AUGUST 2009

	Name of Shareholder	No. Shares Held	%
20.	CHUAH CHIN LAI	384,000	0.48
21.	TAN YENG FATT	360,500	0.45
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON WEI	360,000	0.45
23.	TAN OOI THIAM	355,000	0.44
24.	TAN SOON KIAN @ TAN SOON HUAT	350,000	0.44
25.	LEE YU YONG @ LEE YUEN YING	345,000	0.43
26.	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR KOID HUN KIAN (MR0665)	300,000	0.38
27.	OW TIEW SEE	293,600	0.37
28.	CHAW SUE BENG	253,100	0.32
29.	CHONG SEE BIEW @ CHONG SOO SANG	237,000	0.30
30.	AMSEC NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR TAN PENG NGUANG	230,000	0.29
	Total	42,210,900	52.76



PROXY FORM

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 10th Floor Wisma Havela Thakardas No.1 Jalan Tiong Nam Off Jalan Raja Laut, 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof.

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Affix
Stamp

CAELY HOLDINGS BHD.
(408376-U)

10th Floor, Wisma Havela Thakardas
No. 1, Jalan Tiong Nam,
Off Jalan Raja Laut,
50350 Kuala Lumpur.

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Caely Holdings Bhd.

(Co. No. 408376-U)

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