



Caely Holdings Bhd.

(Co. No. 408376-U)

ANNUAL REPORT



2010





Caely

Enhance & Enrich



Caelygirl
Caelgirl



Caelypure
Caelbriic



Caelystyle
Caelstijc



Caelyhealth
Caelmcaijc



Caelyhome
Caelmowc



Slim Line Collection



Swiss Polo Collection



Caely Holdings Bhd.

(Co. No. 408376-U)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Fong Nyok Yoon
Executive Chairperson /
Non-Independent Executive Director

Dato' Wan Mohamad Zin Bin Mat Amin
Deputy Chairman /
Non-Independent Non-Executive Director

Dato' Chuah Chin Lai
Managing Director/
Non-Independent Executive Director

Khor Mooi Soong
Non-Independent Executive Director

Lim Pow Choo
Non-Independent Executive Director

Siow Hock Lee
Independent Non-Executive Director

Ooi Say Teik
Independent Non-Executive Director

Hem Kan @ Chan Hong Kee
Independent Non-Executive Director

Jamie Khor Siew Teng
Alternate Director to Ms. Lim Pow Choo

AUDIT COMMITTEE

Chairman
Siow Hock Lee

Members
Ooi Say Teik
Hem Kan @ Chan Hong Kee

REMUNERATION COMMITTEE

Chairman
Ooi Say Teik

Members
Datin Fong Nyok Yoon
Siow Hock Lee

NOMINATION COMMITTEE

Chairman
Hem Kan @ Chan Hong Kee

Members
Dato' Wan Mohamad Zin Bin Mat Amin
Ooi Say Teik

COMPANY SECRETARIES

Chong Swee Yoon (MAISCA 7010242)

Catherine Mah Sulk Ching (LS 01302)

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad

Stock Code : 7154

REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Tel: 03-7841 8000
Fax: 03-7841 8199

AUDITORS

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: 05-254 9545
Fax: 05-253 2366

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 11-2, Faber Imperial Court
Jalan Sultan Ismail
P.O.Box 12337
50774 Kuala Lumpur

Tel: 03-2692 4271
Fax: 03-2732 5388

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Bhd
Malayan Banking Berhad
Hong Leong Bank Berhad
Ambank (M) Berhad

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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 29 September 2010 at 9.30 a.m. to transact the following item of businesses :-

AGENDA

1. To receive the statutory financial statements for the financial year ended 31 March 2010 together with the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To approve the payment of Directors' fee of RM214,000.00 in respect of the financial year ended 31 March 2010. (Resolution 2)
3. To re-elect Mr Khor Mooi Soong who retires in accordance to Article 124 of the Company's Articles of Association. (Resolution 3)
4. To re-elect Ms Lim Pow Choo who retires in accordance to Article 124 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Mr Siow Hock Lee who retires in accordance to Article 124 of the Company's Articles of Association. (Resolution 5)
6. To consider and, if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965 :- (Resolution 6)
 - "That Mr Ham Ken @ Chan Hong Kee, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
7. To re-appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)

SPECIAL BUSINESS

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

8. **Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965 ("the Act")** (Resolution 8)

"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."

NOTICE OF 14TH ANNUAL GENERAL MEETING (continued)

9. 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
7 September 2010

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 Level 8 Symphony House Block D13 Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

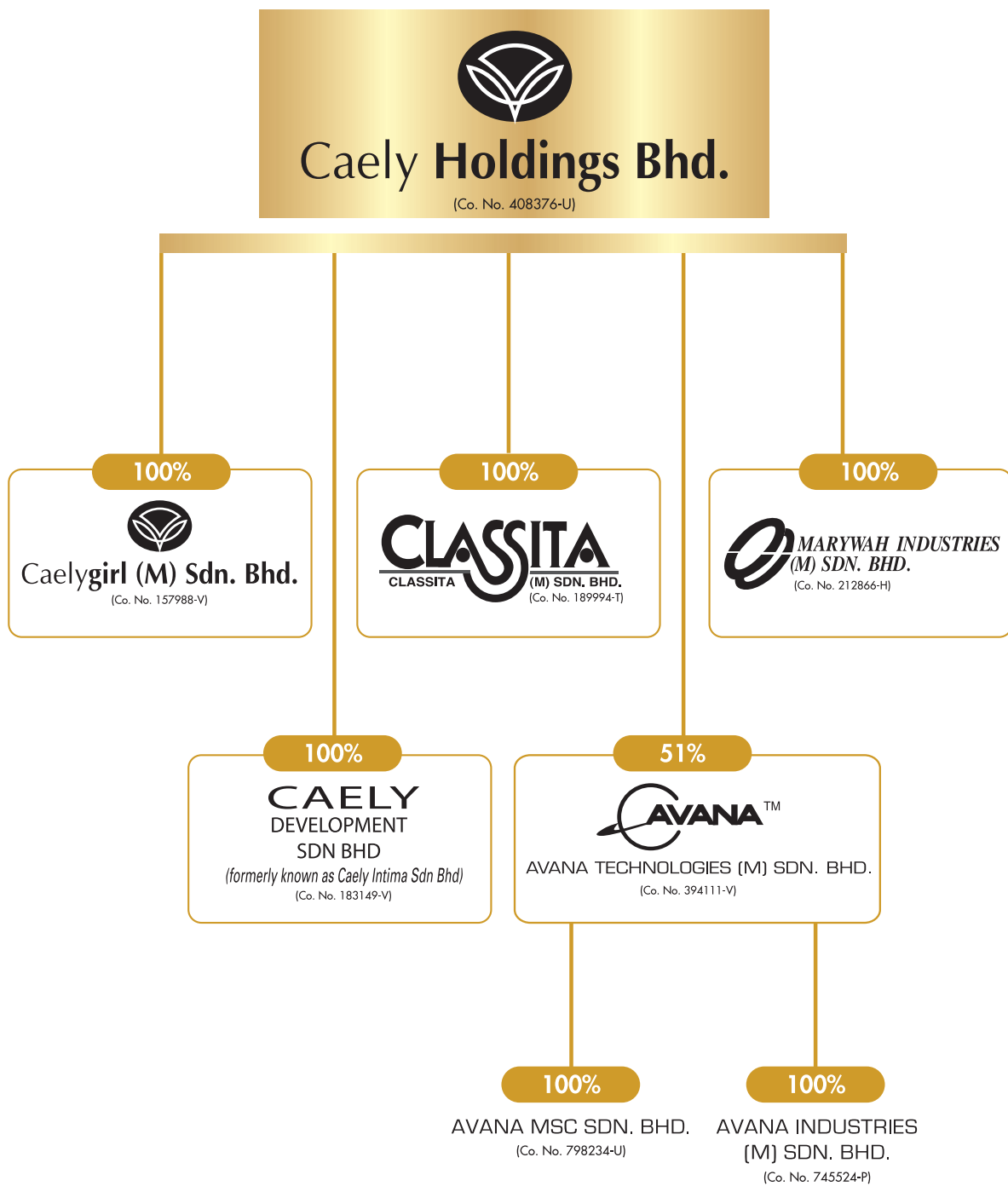
EXPLANATORY NOTES ON THE SPECIAL BUSINESS

The proposed Ordinary Resolution 8, 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.

The Mandate is a renewal of the Mandate granted by the members at the last AGM held on 9 September 2009. The Mandate granted at the last AGM was not utilised by the Company and thus, no proceeds were raised.

The Renewed Mandate will empower the directors to raise fund via issuance of new shares without delay, in the event if business opportunities arise.

GROUP STRUCTURE



PROFILE OF THE DIRECTORS

DATIN FONG NYOK YOON *Aged 48, Malaysian,*
Executive Chairperson / Non Independent Executive Director

Datin Fong Nyok Yoon is the Executive Chairperson of Caely Holdings Bhd (CHB), a post she has held since 2 October 2002. She is also a member of the Remuneration Committee.

Datin Fong has been involved in the ladies undergarments industry since she started her career in 1985 and has garnered extensive experience and knowledge in this industry. She is the driving force in the OEM's export markets, which has been the dominant contributor to the Group.

Datin Fong and Lim Pow Choo are sisters. Dato' Chuah Chin Lai is her spouse while Lim Pow Choo is the spouse of Khor Mooi Soong. Khor Siew Teng is her niece. She has no conflict of interest with CHB and has no conviction for offences within the past 10 years. She attended 4 out of the 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

DATO' WAN MOHAMAD ZIN BIN MAT AMIN *Aged 63, Malaysian*
Deputy Chairman / Non Independent Non Executive Director

Dato' Wan Mohamad Zin Bin Mat Amin was appointed to the Board on 2 October 2002 as a Deputy Chairman. 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 1968. He also holds a Master in Business Administration from Greenwich University, Australia.

Dato' Wan Mohamad Zin is also involved in other business ventures such as defence related supplies, property development, automotive parts manufacturing, information technology and investment holding. He is also a Director of Sunchirin Industries (Malaysia) Berhad and P.A. Resources Berhad, the shares of both companies are listed and traded on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia).

Dato' Wan Mohamad Zin 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. He attended 2 out of the 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

DATO' CHUAH CHIN LAI *Aged 50, Malaysian*
Managing Director

Dato' Chuah Chin Lai is the Managing Director of CHB, a post he has held since his appointment on 2 October 2002.

Dato' Chuah was involved with various other businesses which he has gained his business acumen before setting up the Group's business with his spouse, Datin Fong Nyok Yoon and her sister, Lim Pow Choo and her spouse, Khor Mooi Soong. He heads the direct selling division and is actively involved in the Group's OEM export business.

Dato' Chuah has no conflict of interest with CHB and has no conviction for offences within the past 10 years. His relationship with other Directors and major shareholders are stated above. He attended all 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

PROFILE OF THE DIRECTORS (continued)

KHOR MOOI SOONG *Aged 56, Malaysian* **Executive Director**

Khor Mooi Soong is an Executive Director of CHB since his appointment to the Board on 2 October 2002. He has extensive business experience and acumen in manufacturing, trading and property development. His involvement in the Group includes sourcing for materials and components as well as the marketing of CHB's products.

Mr. Khor has no conflict of interest with CHB and has no conviction of offences for the past 10 years. He is the spouse of Lim Pow Choo and father of Khor Siew Teng. His relationship with the other Directors and major shareholders are stated in the profile of Datin Fong Nyok Yoon.

Mr. Khor attended all 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

LIM POW CHOO *Aged 50, Malaysian* **Executive Director**

Lim Pow Choo is an Executive Director of CHB and was appointed to the Board on 2 October 2002. She started her career in the garments and ladies undergarments business whereby she built her vast experience in this line of industry. She is the head of the Group's manufacturing division and oversees the production process for the OEM export markets.

Lim Pow Choo 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 and mother of Khor Siew Teng. Her relationship with other Directors and major shareholders are stated in the profile of Datin Fong Nyok Yoon. She attended 4 out of the 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

SIOW HOCK LEE *Aged 54, 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.

Mr. Siow is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants. He is partner to a couple of firms of accounting practices and has extensive working experience in providing audit and accounting related services. Mr. Siow is also an Independent Non Executive Directors of Amtel Holdings Berhad, Green Ocean Corporation Berhad and Mykris International Berhad.

Mr. Siow has no family relationship with the 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. He attended all 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

PROFILE OF THE DIRECTORS (continued)

OOI SAY TEIK *Aged 50, 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 holds the post of Chairman of the Remuneration Committee and is a member of the Audit Committee and Nomination Committee.

Mr. Ooi graduated from the University of Malaya in 1985 with a Bachelor of Arts (Hons), majoring in Economics and obtained his Bachelor of Laws (Hons) from the University of London. He was called to the Malaysian Bar and admitted as an Advocate and Solicitor of the High Court of Malaya in 1992. He is a partner of a legal firm and is involved in a wide spectrum of the law that covers areas in corporate, banking and litigation.

Mr. Ooi is an Independent Non Executive Director of Green Ocean Corporation Berhad and Mykris International Berhad. He has no family relation with the 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. He attended all 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

HEM KAN @ CHAN HONG KEE *Aged 70, Malaysian* **Independent Non Executive Director**

Hem Kan @ Chan Hong Kee is an Independent Non Executive Director 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.

Mr. Chan has extensive business experience in various business sectors such as housing development and oil palm plantation. He is the Honorary Chairman for 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. He is also an adviser to the Hilir Perak Dialysis Centre.

Mr. Chan has no family relationship with the other Directors and major shareholders of CHB. He has no conviction for offences within the past 10 years and has attended all 5 Board Meetings of CHB held during the financial year ended 31 March 2010.

KHOR SIEW TENG *Aged 29, Malaysian* **Alternate Director to Lim Pow Choo**

Khor Siew Teng, an Alternate Director to Lim Pow Choo, was appointed to the Board on 1 December 2009. Ms Khor obtained her Diploma in Business from Inti College Malaysia in 2001 and BA (Hons) Management Information Systems from Liverpool John Moores University in 2004.

Ms Khor is currently the Assistant Purchasing Manager of Classita (M) Sdn Bhd and is responsible for managing and overseeing all purchases of raw materials and accessories in the purchasing department, controlling the quality of the products with the support from store department and Quality Assurance and is also responsible for initiating claims against the suppliers due to disputes over quality, colour and delivery time.

She has no conflict of interest with CHB and has no conviction of offences within the past 10 years. She is the daughter of Khor Mooi Soong and Lim Pow Choo. Her relationship with other Directors and major shareholders are stated in the profile of Datin Fong Nyok Yoon. She attended the only Board Meeting of CHB held since her appointment during the financial year ended 31 March 2010.

EXECUTIVE CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors of Caely Holdings Bhd, it is my pleasure to present the Annual Report and the Audited Financial Statements of the Group and Company for the financial year ended 31 March 2010.

FINANCIAL PERFORMANCE

Despite operating in a challenging business environment, the Group registered consolidated revenue of RM88.1 million and an after tax profit of RM0.876 million in the current financial year under review. The improvement in profit after tax over the previous financial period (a period of 15 months from 1 January 2008 to 31 March 2009 as a result of the change in accounting year-end) was primarily due to the positive contributions from the OEM and own brand divisions. However, the direct selling and others divisions continued to register segmental loss before tax of RM2.8 million and RM1.7 million respectively.

PERFORMANCE REVIEW

For the financial year 2010, the OEM division continued to predominate in terms of the Group's revenue and earnings. Revenue for the OEM division was RM79.5 million, accounted for 90.2% of the Group's revenue. Correspondingly, this division has reported a segmental profit before taxation of RM7.1 million for the current financial year.

During the financial year 2010 under review, the Direct Selling division contributed 9.3% of the Group's revenue, amounting to RM8.2 million. However, this division's revenue is still insufficient to lift it out of the red territory - recording a segmental loss before taxation of RM2.8 million in the current financial year. The management has attributed mediocre revenue and relatively higher operational costs as the main causes for the financial loss in this division.

DIVIDENDS

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

PROSPECTS

Although there are some indications of recovery, the global economy is, generally speaking, still filled with great uncertainties, particularly when referring to the US and certain European economies. These two regions are significant contributors to the Group's revenue and the state of their economies can affect consumer spending and confidence. The current Europe debt crisis has weakened the EURO significantly and the strengthening of the Ringgit against the US Dollar may have an adverse impact on the Group's revenue and margin.

On the local front, Bank Negara Malaysia has projected a 4.5% to 5.5% economic growth for 2010. During the first quarter of 2010, the Government reported a strong real GDP growth of 10.1%. This augurs well for the local business and the government expects economic growth can be sustained on the back of increased export and domestic demand and its spillover effect on employment, production and overall sentiments.

EXECUTIVE CHAIRPERSON'S STATEMENT (continued)

PROSPECTS (continued)

Nonetheless, the Group will continue to exercise prudence and greater emphasis in its business approach such as products improvements, cost management and managing our resources. 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's corporate social responsibility activities are continuously guided by its firm beliefs that it can contribute positive impact to our society as a caring and responsible corporate entity. To this end, the Group is proud to set up CaelyCare to discharge its corporate social responsibility.

The human resource development and training programs focus 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, I believe the employees will be well equipped and motivated to perform their duties to realise 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 which include the use of fire fighting equipment, first aid, CPR, orderly evacuation procedures and other hazard preventive measures.

The Group is also doing its part for the local community and society by providing 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. The Group also donates 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 ("Board") recognises the importance of and is committed to the high standards of corporate governance throughout the Group as a fundamental role in discharging its responsibilities towards achieving the optimal governance framework.

The Board is pleased to disclose the manner how the principles and best practices as enshrined in the Malaysian Code on Corporate Governance ("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

Composition of the Board

The Board consists of eight (8) members made up of four (4) Executive Directors and four (4) Non-Executive Directors, three (3) of whom are Independent Directors. There is also an Alternate Director to one of the Executive Directors on Board.

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 similar or 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 account the long-term interests of the shareholders, employees, customers, and the many communities in which the Group conducts its business.

In discharging its duties, the Board met five times during the financial year ended 31 March 2010.

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.

Duties and Responsibilities

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:

- Reviewing and adopting strategic plans for the Group;
- Overseeing the overall conduct of the Group's businesses to ensure that they are being properly managed;
- Identifying principal risks and ensuring that appropriate control systems are implemented to manage those risks;
- Formulating policies for succession planning, including recruiting, training, rewarding and, where appropriate, replacing senior management;
- Developing and implementing an investor's relations program or shareholder communications policies; and
- Reviewing 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.

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.

i) **Audit Committee ("AC")**

The Board is assisted by the Audit Committee, which operates within clearly defined terms of reference. The composition, terms of reference and activities of the Audit Committee are set out on pages 17 to 19 of this Annual Report

ii) **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.

iii) **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.

Supply of Information

All Board members are supplied with information on a timely basis before each Board Meeting to be convened with an agenda. 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. Senior management staff are invited to attend Board Meetings when necessary to present to the Board further explanation and clarification on matters being tabled.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

Directors' Training

The Group acknowledges the importance of continuous education and training to enable the Board members to keep abreast on the state of economy, technology advances, regulatory updates and management strategies so as to effectively discharge their 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.

Dato' Wan Mohamad Zin attended a briefing on "Corporate Governance Guide Towards Board Room Excellence" during the financial year. All the other Directors attended a one-day workshop on "Basic Understanding on Financial Instruments (FRS 139 and FRS 7)". Mr. Siow Hock Lee had also attended several programmes such as "The Non-Executive Director Development Series: It is Worth the Risk", "FRS Reporting Course" and "The Challenges of Implementing FRS 139".

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.

A Director over seventy (70) years of age is required to submit himself for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

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 year. 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Directors' Remuneration (continued)

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

	Fees RM	Salaries and other emoluments RM	Benefits in kind RM	Total RM
Executive Directors	162,000	955,743	26,918	1,144,661
Non-Executive Directors	104,000	8,000	0	112,000
	266,000	963,743	26,918	1,256,661

	Number of Directors		Total
	Executive Directors	Non-Executive Directors	
RM1 to RM 50,000	-	4	4
RM 50,000 to RM100,000	-	-	-
RM100,001 to RM150,000	1	-	1
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	1	-	1
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	1	-	1
RM350,001 to RM400,000	-	-	-
RM400,001 to RM450,000	-	-	-
RM450,001 to RM500,000	1	-	1
	4	4	8

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 year, 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 or the Company's website at www.caelyholdings.com. All announcements including the Company's quarterly results and annual reports are posted on these websites.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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 20 to 21 of the Annual Report which provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The appointment of the external auditors is recommended by the Audit Committee and the Audit Committee also recommends the remuneration of the external auditors. An appropriate and transparent 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 17 to 19 of the Annual Report.

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 provisions of the Companies Act, 1965, the Bursa Malaysia's Listing Requirements and the Financial Reporting Standards in Malaysia.

OTHER COMPLIANCE INFORMATION

Share Buybacks

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

Options, Warrants or Convertible Securities

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

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

During the financial year, 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 RM100,800.

CORPORATE GOVERNANCE STATEMENT (continued)

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 year ended 31 March 2010.

Profit Guarantee

During the financial year, 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.

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 year under review.

Recurrent Related Party Transactions

Details of recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 31 March 2010 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 2010 RM
CMSB	Kimberlux Sdn Bhd ("KSB")	Datin Fong Nyok Yoon ^{^^} Dato' Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	6,000
CMSB	Kimberlux Construction Sdn Bhd ("KCSB")	Datin Fong Nyok Yoon [#] Dato' Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	6,000
CMSB	Prestige Gain Sdn Bhd ("PGSB")	Datin Fong Nyok Yoon ⁺ Dato' Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	6,000
Classita (M) Sdn. Bhd. ("CCSB")	Tacly	Dato' Chuah Chin Lai [^]	Sub-contractor who provides sewing services for products such as briefs and panties	158,835

Notes:-

[^] Tacly is owned by Chuah Chin Kheng, the brother of Dato' Chuah Chin Lai, the Managing Director and substantial shareholder of CHB.

^{^^} 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.

[#] 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.

⁺ 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 by the Board of Directors ("the Board") on 5 June 2003. The AC comprises the following members, all of whom are Independent Non-Executive Directors.

Members

Siow Hock Lee
Chairman, Independent Non-Executive Director

Ooi Say Teik
Independent Non-Executive Director

Hem Kan @ Chan Hong Kee
Independent Non-Executive Director

TERMS OF REFERENCE

Composition of members

The Board shall elect the AC members from among themselves comprising not less than three (3) members, all of whom shall not be executive directors. The members of the AC shall elect a chairman from among themselves.

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.
- iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate director of the Board 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 year ended 31 March 2010 the AC held five (5) meetings and the Company Secretaries were in attendance. The Executive Directors, Senior Management staff and Internal Auditors were invited to the meetings as and when necessary to response to queries and to provide detailed information and explanations requested. The External Auditors attended two (2) of the meetings during this period. The AC had the opportunity to meet up with the external auditors without the presence of management. The AC may invite any person to be in attendance to assist it in its deliberations.

The details of attendance of the AC members are as follows:

Name of AC members	Number of attendance
Siow Hock Lee	5/5
Ooi Say Teik	5/5
Hem Kan @ Chan Hong Kee	5/5

Quorum

The quorum for meeting of the AC shall be two (2) members of the AC.

Authority

The AC is authorised by the Board to:

- i) investigate any matter within its terms of reference;
- ii) gain free access to all information and documents pertaining to the Group;
- iii) establish a channel of direct communication with the external and internal auditors, and
- iv) obtain external legal or other independent professional advice whenever deemed necessary.

Duties and responsibilities

The duties and responsibilities of the AC include the following:

- i) Assess and review the adequacy and effectiveness of the accounting system and internal controls in the business process.
- ii) Review the company's accounting policies and reporting requirements to ensure compliance with the relevant laws, standards, directives and guidelines.
- iii) Assess the adequacy of management reporting.
- iv) Review the scope of the external audit and internal audit (if applicable) to ensure no unjustified restrictions are imposed by the management.
- v) Review the assistance given by the company's officers to the auditors.
- vi) Recommend the appointment and remuneration of external auditors.
- vii) Liaise directly between the external auditors, the management and the Board as a whole, particularly with regard to the audit plan and audit report.
- viii) Review the findings of internal and external auditors (as the case may be) on internal controls and other audit comments.
- ix) 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.
- x) Receive reports directly from the internal auditors for all the internal audit functions.
- k) Review the financial statements and annual report prior to submission to the Board.
- l) 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) Consider and examine such other matters as the AC considers appropriate.

AUDIT COMMITTEE REPORT (continued)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

- Reviewed the external auditors' scope of work and audit plans for the year;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees;
- Reviewed the quarterly and annual financial statements, reports and announcements for the Board's consideration and approval;
- Reviewed the related party transactions entered into by the Group;
- Reviewed the internal audit plan prepared by the internal auditor; and
- Reviewed and discussed reports of the internal auditors and assessed the effectiveness of the system of internal controls in the areas audited.
- Reported to the Board on major events covered by the AC and make recommendations to the Board and management concerning these matters.

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 the extent of compliance with policies and procedures.

To this end, the internal audit function was outsourced to a firm of consultants. During the financial year under review, the following internal audit 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

Pursuant to Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), the Board of Directors of Caely Holdings Bhd is pleased to provide the following statement on the state of internal controls of the Group. This statement has been prepared 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.

Responsibility for Risk and Internal Controls

The Board and the senior management recognise 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, there are limitations inherent in any system of internal controls. Hence, it is recognised that evaluation and implementation of the system can only provide reasonable assurance and not absolute assurance against any material loss or misstatement.

The Group has established 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 year 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.

Internal Audit Function

During the financial year under review, the Group engaged the internal audit services by outsourcing the internal audit function to an independent consultancy firm, Messrs. RSM Corporate Consulting Sdn Bhd 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.

STATEMENT ON INTERNAL CONTROLS (continued)

Internal Audit Function (continued)

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 year 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 Controls

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 financial year 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 controls system and reports to the Board.
- Informal Board and management meetings at operational level are held during the financial year in order to assess performance and controls.

Conclusion

The Board is of the view that the development of internal controls is an ongoing process and has taken steps to establish a sound internal controls system and will continue to strengthen the internal controls environment. Based on the internal auditors' reports for the financial year ended 31 March 2010, there is a reasonable assurance that the Group's systems of internal controls are adequate and are working satisfactorily.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of BMSB Main Market Listing Requirements.

The statement was adopted via Directors' Circular Resolution dated 21 July 2010.

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010

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The directors are pleased to submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2010.

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 year.

FINANCIAL RESULTS

	<u>Group</u>	<u>Company</u>
	RM	RM
Net profit / (loss) for the financial period	876,269	(3,951,544)

DIVIDENDS

No dividend was paid or declared by the Company since 31 March 2009.

The directors do not recommend the payment of a dividend for the financial year ended 31 March 2010.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year 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	Executive Chairperson
Dato' Wan Mohamad Zin bin Mat Amin	Deputy Chairman
Dato' Chuah Chin Lai	Managing Director
Khor Mooi Soong	
Lim Pow Choo	
Siow Hock Lee	
Ooi Say Teik	
Hem Kan @ Chan Hong Kee	
Khor Siew Teng (Alternate to Lim Pow Choo) - appointed 1 December 2009	

In accordance with the Company's Articles of Association, Khor Mooi Soong, Siow Hock Lee and Lim Pow Choo retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, Hem Kan @ Chan Hong Kee who will attain the age of 70, retires at the forthcoming Annual General Meeting and the directors recommend his re-appointment under Section 129(6) of the said Act.

DIRECTORS' BENEFITS

During and at the end of the financial year, 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 period, 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 30 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 year in shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM0.50 each			
	As at 1.4.2009/ date of appointment*	Bought	Sold	As at 31.3.2010
Direct interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	7,152,000	-	-	7,152,000
Dato' Wan Mohamad Zin bin Mat Amin	1,028,000	-	-	1,028,000
Datin Fong Nyok Yoon	7,630,000	-	-	7,630,000
Khor Mooi Soong	6,950,000	-	20,000	6,930,000
Lim Pow Choo	6,950,000	-	-	6,950,000
Khor Siew Teng*	180,000	-	-	180,000
Indirect interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	21,530,000	-	20,000	21,510,000
Datin Fong Nyok Yoon	21,052,000	-	20,000	21,032,000
Khor Mooi Soong	21,732,000	180,000	-	21,912,000
Lim Pow Choo	21,732,000	180,000	20,000	21,892,000
Siow Hock Lee	135,000	-	-	135,000
Khor Siew Teng*	13,880,000	-	-	13,880,000

By virtue of their substantial interests in shares in Caely Holdings Bhd., Dato' Chuah Chin Lai, Datin Fong Nyok Yoon, Khor Mooi Soong, Lim Pow Choo and Khor Siew Teng 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 year.

**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 year 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 year 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 year.

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 year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment loss on goodwill arising from business combination, impairment loss on investment in a jointly controlled entity and waiver of debt by a creditor which affected the results of the Group and the impairment losses on investment in subsidiaries which affected the results of the Company, as disclosed in Note 8 to the financial statements, and
- (b) there has not arisen in the interval between the end of the financial year 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.

SUBSEQUENT EVENT

The Group has subsequent to the balance sheet date, with mutual agreement with the joint venture partner, decided to cease operations of the jointly controlled entity in China. The closure and liquidation of this jointly controlled entity has not been completed at the date of this report.

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 21 July 2010.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

KHOR MOOI SOONG
EXECUTIVE DIRECTOR

Teluk Intan, Perak Darul Ridzuan

INCOME STATEMENTS



FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	GROUP		COMPANY	
		Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Revenue	7	88,119,128	106,311,074	1,200,010	-
Cost of sales		(69,871,545)	(85,451,635)	-	-
Gross profit		18,247,583	20,859,439	1,200,010	-
Other operating income		3,063,563	1,032,909	749,039	265,977
Selling and distribution costs		(5,085,589)	(6,226,408)	-	-
Administrative expenses		(10,769,949)	(14,148,623)	(589,000)	(770,311)
Other operating expenses		(1,544,356)	(507,865)	(4,956,808)	(6,694,917)
Profit/(loss) from operations	8	3,911,252	1,009,452	(3,596,759)	(7,199,251)
Finance cost	9	(760,303)	(973,893)	(43,785)	(75,540)
Share of (loss)/profit in a jointly controlled entity		(104,857)	15,430	-	-
Profit/(loss) before taxation		3,046,092	50,989	(3,640,544)	(7,274,791)
Taxation	10	(2,169,823)	(3,104,661)	(311,000)	(56,621)
Net profit/(loss) for the financial year/period		876,269	(3,053,672)	(3,951,544)	(7,331,412)
Attributable to:					
Equity holders of the Company		876,269	(3,001,451)		
Minority interest		-	(52,221)		
		876,269	(3,053,672)		
Earnings/(loss) per share (sen)					
- basic	11	1.10	(3.75)		



BALANCE SHEETS AS AT 31 MARCH 2010

		GROUP		COMPANY	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	26,941,984	28,337,685	1,559,469	1,625,915
Prepaid lease payments	14	334,628	339,358	334,628	339,358
Investment property	15	1,146,952	1,170,280	-	-
Subsidiaries	16	-	-	40,880,227	47,721,044
Goodwill	17	-	3,954,035	-	-
Investment in a jointly controlled entity	18	-	605,484	-	-
Trade debtors	20	752,314	-	-	-
		<u>29,175,878</u>	<u>34,406,842</u>	<u>42,774,324</u>	<u>49,686,317</u>
CURRENT ASSETS					
Inventories	19	27,269,386	32,251,695	-	-
Debtors, deposits and prepayments	20	13,222,744	15,150,894	5,095,238	3,980,400
Tax recoverable		352,458	374,902	170,374	116,872
Marketable securities	21	1,903,022	1,497,608	1,903,022	1,497,608
Short term investment	22	-	200,000	-	200,000
Deposits, bank and cash balances	22	14,897,910	8,506,413	362,158	840,050
		<u>57,645,520</u>	<u>57,981,512</u>	<u>7,530,792</u>	<u>6,634,930</u>
CURRENT LIABILITIES					
Creditors and accruals	23	7,116,844	12,627,802	20,876,152	22,872,748
Hire-purchase creditors	24	85,260	117,370	-	-
Short term bank borrowings					
- bank overdrafts	25	1,673,581	2,495,110	-	-
- others	25	1,899,800	2,177,736	-	-
Term loans	26	402,026	186,762	117,746	110,300
Current tax liabilities		949,781	1,777,314	-	-
		<u>12,127,292</u>	<u>19,382,094</u>	<u>20,993,898</u>	<u>22,983,048</u>
NET CURRENT ASSETS/(LIABILITIES)		45,518,228	38,599,418	(13,463,106)	(16,348,118)



BALANCE SHEETS AS AT 31 MARCH 2010

		GROUP		COMPANY	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
NON CURRENT LIABILITIES					
Hire-purchase creditors	24	448,174	219,318	-	-
Term loans	26	2,000,263	1,458,082	484,893	612,330
Deferred tax liabilities	27	1,502,146	1,461,606	110,492	58,492
		3,950,583	3,139,006	595,385	670,822
		70,743,523	69,867,254	28,715,833	32,667,377
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	14,270,083	9,545,213	9,545,213
Retained profits/(accumulated losses)		16,473,440	15,597,171	(20,829,380)	(16,877,836)
Total equity		70,743,523	69,867,254	28,715,833	32,667,377

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 2008	40,000,000	14,190,376	18,598,622	-	72,788,998
Currency translation differences	-	79,707	-	-	79,707
Gain not recognised in income statement	-	79,707	-	-	79,707
Acquisition of subsidiary	-	-	-	52,221	52,221
Net loss for the financial period	-	-	(3,001,451)	(52,221)	(3,053,672)
At 31 March 2009	40,000,000	14,270,083	15,597,171	-	69,867,254
At 1 April 2009	40,000,000	14,270,083	15,597,171	-	69,867,254
Net profit for the financial year	-	-	876,269	-	876,269
At 31 March 2010	40,000,000	14,270,083	16,473,440	-	70,743,523

COMPANY	Share capital RM	Non distributable Other reserves (Note 29) RM	Accumulated losses RM	Total RM
At 1 January 2008	40,000,000	9,545,213	(9,546,424)	39,998,789
Net loss for the financial period	-	-	(7,331,412)	(7,331,412)
At 31 March 2009	40,000,000	9,545,213	(16,877,836)	32,667,377
At 1 April 2009	40,000,000	9,545,213	(16,877,836)	32,667,377
Net loss for the financial year	-	-	(3,951,544)	(3,951,544)
At 31 March 2010	40,000,000	9,545,213	(20,829,380)	28,715,833

CASH FLOW STATEMENTS



FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the financial year/period attributable to equity holders of the Company	876,269	(3,001,451)	(3,951,544)	(7,331,412)
Adjustments for:				
Property, plant and equipment				
- depreciation	2,122,192	2,845,949	66,446	83,058
- gains on disposals	(8,460)	(2,937)	-	-
- write off	590	110,717	-	-
Amortisation of prepaid lease payments on leased land	4,730	5,912	4,730	5,912
Amortisation on investment property	23,328	9,720	-	-
Allowance of doubtful debts	302,323	383,844	1,100,000	-
Interest expense	372,671	419,545	43,785	75,540
Taxation	2,169,823	3,104,661	311,000	56,621
Interest income	(144,929)	(221,382)	(20,225)	(30,587)
Gross dividend income from marketable securities	(50,808)	(25,390)	(50,808)	(25,390)
(Write back)/Impairment loss of marketable securities	(237,402)	442,630	(237,402)	442,630
(Gains)/Losses on disposal of marketable securities	(272,604)	65,235	(272,604)	65,235
Share of loss/(profit) in a jointly controlled entity	104,857	(15,430)	-	-
Minority interest	-	(52,221)	-	-
Impairment losses on investment in subsidiaries	-	-	3,840,817	6,187,052
Impairment of goodwill	954,035	-	-	-
Impairment on investment in jointly controlled entity	500,627	-	-	-
Gross dividend income from a subsidiary	-	-	(1,200,010)	-
Waiver of debt by a creditor	(1,189,511)	-	-	-
	5,527,731	4,069,402	(365,815)	(471,341)
Net movements in working capital:				
Inventories	4,982,309	2,423,675	-	-
Debtors	873,513	3,227,278	(251)	(189,973)
Creditors	(1,321,447)	(2,679,417)	(60,464)	48,073
Cash flows generated from/(used in) operations	10,062,106	7,040,938	(426,530)	(613,241)
Dividend received from a subsidiary	-	-	900,007	-
Interest paid	(372,671)	(419,545)	(43,785)	(75,540)
Tax paid	(3,078,865)	(1,551,678)	(12,500)	(15,270)
Tax refund	144,493	1,913,568	-	164,339
Net operating cash flow	6,755,063	6,983,283	417,192	(539,712)

CASH FLOW STATEMENTS (continued)



FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of new subsidiary	-	(862,611)	-	(1,008,387)
Payments for property, plant and equipment	(477,621)	(605,773)	-	-
Proceeds from disposal of property, plant and equipment	84,000	10,000	-	-
Interest income received	144,929	221,382	20,225	8,337
Advances to a subsidiary	-	-	(2,214,587)	(1,016,250)
Repayment of advances from a subsidiary	-	-	-	394,774
Marketable securities				
- payments for investments	(5,467,383)	(2,146,319)	(5,467,383)	(2,146,319)
- proceeds from disposals	5,571,975	2,195,928	5,571,975	2,195,928
- dividend received	50,808	25,390	50,808	25,390
Net investing cash flow	(93,292)	(1,162,003)	(2,038,962)	(1,546,527)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposits pledged as security	(3,000,000)	-	-	-
Repayments of short term bank borrowings	(277,936)	(2,851,214)	-	-
Repayments of hire-purchase creditors	(128,255)	(140,731)	-	-
Term loans obtained	975,183	-	-	-
Repayments of term loans	(217,737)	(164,061)	(119,991)	(133,439)
Repayments of advances to a subsidiary	-	-	(4,474,155)	-
Advances from subsidiaries	-	-	5,538,024	3,234,448
	(2,648,745)	(3,156,006)	943,878	3,101,009
Net movement in cash and cash equivalents	4,013,026	2,665,274	(677,892)	1,014,770
Cash and cash equivalents at beginning of the financial year/period	5,737,961	3,072,687	1,040,050	25,280
Cash and cash equivalents at end of the financial year/period (Note 22)	9,750,987	5,737,961	362,158	1,040,050

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 is a public limited liability company, incorporated and domiciled in Malaysia and listed in 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
Level 8, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PUJ 1A/46 47301 Petaling Jaya Selangor Darul Ehsan	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 year 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 the 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 year. 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2 BASIS OF PREPARATION (CONTINUED)

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

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group's financial year ended 31 March 2010 that are applicable to the Group.

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 new accounting standards that are relevant for the Group's financial periods beginning on or after 1 April 2010, but which the Group has not early adopted, are as follows:

- FRS 8 "Operating Segments"
- FRS 139 "Financial Instruments: Recognition and Measurement"
- FRS 7 "Financial instruments: Disclosures"
- FRS 101 (revised) "Presentation of financial statements"
- FRS 3 (revised) "Business combinations"
- FRS 127 (revised) "Consolidated and separate financial statements"
- IC Interpretation 4 "Determining whether an Arrangement contains a Lease"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 17 "Distribution of non-cash assets to owners"
- Amendments to FRS 139 "Eligible Hedged Items"
- Amendments to FRS 139 and FRS 7 "Reclassification of Financial Assets"
- Amendments to IC 9 and FRS 139 "Embedded Derivatives"
- 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"
- Amendments to FRS 132 "Financial instruments: Presentation" and FRS 101(revised) "Presentation of financial statements" - "Puttable financial instruments and obligations arising on liquidation"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- IAS 24 (revised) "Related Party Disclosures" (MASB ED 73)
- Amendments to FRS 132 "Classification of Rights Issues"
- Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
- MASB's improvements project covering amendments to the following standards:
 - FRS 5 "Non-current assets held for sale and discontinued operations"
 - FRS 107 "Statement of cash flows"
 - FRS 110 "Events after the balance sheet date"
 - FRS 116 "Property, plant and equipments"
 - FRS 117 "Leases"
 - FRS 118 "Revenue"
 - FRS 127 "Consolidated & separate financial statements"
 - FRS 134 "Interim financial reporting"
 - FRS 136 "Impairment of assets"
 - FRS 140 "Investment property"

The Group and the Company has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and the Company:

- FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9
- FRS 7 and Improvement to FRS 7

Other than the above standards, other standards mentioned above are not expected to have a material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 BASIS OF PREPARATION (CONTINUED)

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

- FRS 4 "Insurance contract"
- FRS 123 "Borrowing costs"
- IC Interpretation 11 "FRS 2 Group and treasury share transactions"
- IC Interpretation 12 "Service concession arrangements"
- IC Interpretation 13 "Customer loyalty programmes"
- IC Interpretation 14 "FRS 119 The limit on a defined benefit asset, minimum funding requirements and their interaction"
- IC Interpretation 15 "Agreements for construction of real estates"
- IC Interpretation 16 "Hedges of a net investment in a foreign operation"
- IC Interpretation 18 "Transfer of Assets from Customers"
- Amendment to FRS 2 "Share-based payment: Vesting conditions and cancellations"
- Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"
- Amendments to IFRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement"
- MASB's improvements project covering amendments to the following standards:
 - FRS 119 "Employee benefits"
 - FRS 120 "Accounting for government grants"
 - FRS 128 "Investments in associates"
 - FRS 128 "Investments in associates" and FRS 131 "Interests in joint ventures" (consequential amendments to FRS 132 "Financial instruments: Presentation" and FRS 7 "Financial instruments: Disclosure")
 - FRS 129 "Financial reporting in hyperinflationary economies"

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.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Subsidiaries (continued)

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.

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.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, equipment and vehicles	5% - 50%

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 was 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.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Trade debtors

Trade debtors are carried at invoiced amount less an allowance for doubtful debts. Bad debts are written off in the financial year in which they are identified. An allowance is made for doubtful debtors based on a review of all outstanding amounts at the financial year 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 year in which the associated services are rendered by employees of the 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 year 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.

(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.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

	31.03.2010 RM	31.03.2009 RM
Assets:		
1 US Dollar	3.24	3.63
1 Euro	4.35	4.77
Liabilities:		
1 US Dollar	3.31	3.69
1 Euro	4.44	4.89
100 Hong Kong Dollars	43.30	48.50
100 Chinese Renminbi	48.32	53.93

(iii) Foreign entities

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the period and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities and borrowings that hedge such investments are taken to 'Currency translation differences' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

(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.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) *Financial instruments (continued)*

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.

(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.

(d) *Allowance for receivables*

The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statement reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the allowance recorded.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 and includes operations of a jointly controlled entity.
- Manufacturing and sales of own brand of undergarments under the "Caelygirl" trademark, mainly to cater for direct selling business.

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 comprises 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.

(a) *Primary reporting format - business segment*

Year ended 31.03.2010	Direct selling/retail RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
Revenue					
Total revenue	8,169,083	79,485,670	570,566	3,093,635	91,318,954
Intersegment revenue	-	-	(570,566)	(2,629,260)	(3,199,826)
External revenue	8,169,083	79,485,670	-	464,375	88,119,128
Results					
Segment result (external)	(2,771,957)	7,113,309	288,189	(1,666,149)	2,963,392
Unallocated income					843,003
Finance cost					(760,303)
Profit before taxation					3,046,092
Taxation					(2,169,823)
Net profit for the financial year					876,269

6 SEGMENT REPORTING (CONTINUED)

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

As at 31.03.2010	Direct selling/retail RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
Other information					
Segment assets	15,649,508	49,586,442	12,749,647	6,580,321	84,565,918
Unallocated assets					2,255,480
Total assets					86,821,398
Segment liabilities	4,595,671	6,121,394	235,393	2,673,490	13,625,948
Unallocated liabilities					2,451,927
Total liabilities					16,077,875
Year ended 31.03.2010					
Capital expenditure	107,656	517,738	-	177,227	802,621
Depreciation and amortisation	346,212	1,348,195	228,712	227,131	2,150,250
15 months ended 31.03.2009					
Revenue					
Total revenue	7,119,626	98,778,378	910,975	1,338,855	108,147,834
Intersegment revenue	-	-	(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)

6 SEGMENT REPORTING (CONTINUED)

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

As at 31.03.2009	Direct selling/retail RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
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
15 months ended 31.03.2009					
Capital expenditure	284,067	525,803	-	93,903	903,773
Depreciation and amortisation	534,163	1,895,217	285,966	146,235	2,861,581

Unallocated income includes interest income, rental income of premises, gross dividend income from marketable securities, write back in value of 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.

(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 and other Asian countries.

	Sales		Total assets		Capital expenditure	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	As at 31.03.2010 RM	As at 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Canada	18,443,559	22,952,824	-	-	-	-
Denmark	5,238,061	7,616,738	-	-	-	-
Germany	7,339,863	10,801,141	-	-	-	-
France	117,725	1,245,620	-	-	-	-
Italy	1,953,003	4,181,182	-	-	-	-
United Kingdom	1,078,995	3,281,994	-	-	-	-
United States of America	42,700,377	43,785,509	-	-	-	-
Mexico	156,891	291,979	-	-	-	-
Malaysia	8,633,459	7,532,696	86,821,398	91,782,870	802,621	903,773
Other countries	2,457,195	4,621,391	-	605,484	-	-
	88,119,128	106,311,074	86,821,398	92,388,354	802,621	903,773



7 REVENUE

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Direct sales and retail	8,169,083	7,119,626	-	-
Sales of finished goods	79,950,045	99,191,448	-	-
Gross dividend income from an unquoted subsidiary	-	-	1,200,010	-
	88,119,128	106,311,074	1,200,010	-

8 PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Profit/(Loss) from operations is stated after charging/(crediting):				
Auditors' remuneration paid/payable to PricewaterhouseCoopers Malaysia				
- statutory audit	133,790	117,790	37,050	37,050
- other services	100,800	134,500	7,800	20,000
Allowance for doubtful debts	302,323	383,844	1,100,000	-
Inventories				
- allowance for slow moving inventories	756,038	1,656,959	-	-
- write down	181,888	30,296	-	-
Amortisation of prepaid lease payments on leased land	4,730	5,912	4,730	5,912
Amortisation on investment property	23,328	9,720	-	-
Property, plant and equipment				
- depreciation	2,122,192	2,845,949	66,446	83,058
- gains on disposal	(8,460)	(2,937)	-	-
- write off	590	110,717	-	-
Rental expenses				
- premises	310,430	619,813	-	-
- machinery	8,870	5,830	-	-
Staff costs	18,825,303	20,986,696	228,000	285,700
Impairment losses on investment in subsidiaries	-	-	3,840,817	6,187,052
Impairment loss on goodwill arising from business combination	954,035	-	-	-
Impairment loss on investment in a jointly controlled entity	500,627	-	-	-



8 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Profit/(loss) from operations is stated after charging/(crediting):				
Interest income	(144,929)	(221,382)	(20,225)	(30,587)
Net realised foreign exchange (gains)/losses	(1,162,713)	(585,533)	5,650	-
Net unrealised foreign exchange losses/(gains)	291,162	(18,626)	10,341	-
Rental income of premises	(137,260)	(88,070)	-	-
Waiver of debt by a creditor	(1,189,511)	-	-	-
(Gains)/Losses on disposal of marketable securities	(272,604)	65,235	(272,604)	65,235
(Writeback)/Impairment loss of marketable securities	(237,402)	442,630	(237,402)	442,630
Gross dividend income from an unquoted subsidiary	-	-	(1,200,010)	-
Gross dividend income from marketable securities	(50,808)	(25,390)	(50,808)	(25,390)
Included in staff costs are:				
- directors' fees	266,000	319,500	214,000	267,500
- directors' emoluments other than fees				
- directors of the Company	845,195	1,119,605	14,000	18,200
- a director of a subsidiary	184,640	-	-	-
- defined contribution plan expenses	868,506	1,063,746	-	-
Monetary value of benefits given to certain directors	26,918	26,918	-	-

Defined contribution plan expenses of the Group include contributions in respect of directors amounting to RM118,548 (2009: RM176,683).

9 FINANCE COST

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Bank commissions on trade finance facilities	94,243	94,628	-	-
Bank charges and commitment fees	293,389	459,720	-	-
Interest expense	372,671	419,545	43,785	75,540
	<u>760,303</u>	<u>973,893</u>	<u>43,785</u>	<u>75,540</u>

10 TAXATION

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Malaysian taxation:				
Income tax charge	1,805,998	2,447,000	259,000	-
Deferred tax charge/(credit)				
- origination and reversal of temporary differences (Note 27)	40,540	(541,605)	52,000	(12,644)
	<u>1,846,538</u>	<u>(1,905,395)</u>	<u>311,000</u>	<u>(12,644)</u>
In respect of previous financial years:				
- under accrual of income tax	323,285	1,199,266	-	69,265
Tax charge	<u>2,169,823</u>	<u>3,104,661</u>	<u>311,000</u>	<u>56,621</u>

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

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Profit/(loss) before taxation	3,046,092	50,989	(3,640,544)	(7,274,791)
Tax calculated at the Malaysian income tax rate 25% (2009: 25%)	761,523	12,747	(910,136)	(1,818,698)
Tax effects of				
- expenses not deductible for tax purposes	676,075	409,473	1,305,186	1,752,042
- expenses eligible for double deduction/ tax incentives	(47,901)	(318,800)	-	-
- income not subject to tax	(76,534)	(2,009)	(72,053)	-
- current financial year's/period's net deductible temporary differences not recognised	545,372	1,835,360	-	-
- current year tax loss not allowed for carry forward	-	50,254	-	50,254

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TAXATION (CONTINUED)

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

	GROUP		COMPANY	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
- utilisation of previously adjusted tax loss arising from change in basis period	(11,997)	-	(11,997)	-
- tax rate of 20% on initial RM500,000 (2009: RM500,000) of chargeable income	-	(25,000)	-	-
- change in tax rate on temporary differences	-	(56,630)	-	3,758
- under accrual of income tax in respect of previous financial years	323,285	1,199,266	-	69,265
Tax charge	2,169,823	3,104,661	311,000	56,621

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Unutilised capital allowances	2,165,000	2,577,000	-	106,497
Unused tax losses	16,605,000	15,183,000	-	50,254

11 EARNINGS/(LOSS) PER SHARE

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

	GROUP	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Net profit/(loss) for the financial year/period attributable to equity holders of the Company (RM)	876,269	(3,001,451)
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic earnings/(loss) per share (sen)	1.10	(3.75)

The Company has no potential dilutive ordinary shares as at 31 March 2010 and 31 March 2009.

12 DIVIDENDS

No dividend was paid or declared by the Company since 31 March 2009.

The directors do not recommend the payment of a dividend for the financial year ended 31 March 2010.



NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT

GROUP 2010	Freehold land RM	Buildings RM	Furniture, equipment, and vehicles RM	Total RM
Opening net book value	4,135,000	16,997,006	7,205,679	28,337,685
Additions	-	-	802,621	802,621
Disposals	-	-	(75,540)	(75,540)
Write off	-	-	(590)	(590)
Depreciation charge	-	(333,623)	(1,788,569)	(2,122,192)
Closing net book value	4,135,000	16,663,383	6,143,601	26,941,984
Cost	-	516,468	20,324,015	20,840,483
Valuation	4,135,000	17,306,500	-	21,441,500
Accumulated depreciation	-	(1,159,585)	(14,180,414)	(15,339,999)
Net book value	4,135,000	16,663,383	6,143,601	26,941,984

GROUP 2009

Opening net book value	4,135,000	17,435,935	8,339,045	29,909,980
Acquisition of subsidiary	-	-	487,661	487,661
Additions	-	25,000	878,773	903,773
Disposals	-	-	(7,063)	(7,063)
Write off	-	-	(110,717)	(110,717)
Depreciation charge	-	(463,929)	(2,382,020)	(2,845,949)
Closing net book value	4,135,000	16,997,006	7,205,679	28,337,685
Cost	-	516,468	20,136,275	20,652,743
Valuation	4,135,000	17,306,500	-	21,441,500
Accumulated depreciation	-	(825,962)	(12,930,596)	(13,756,558)
Net book value	4,135,000	16,997,006	7,205,679	28,337,685

COMPANY 2010

Opening net book value	-	1,241,500	384,415	1,625,915
Depreciation charge	-	(26,000)	(40,446)	(66,446)
Closing net book value	-	1,215,500	343,969	1,559,469
Cost	-	-	575,847	575,847
Valuation	-	1,300,000	-	1,300,000
Accumulated depreciation	-	(84,500)	(231,878)	(316,378)
Net book value	-	1,215,500	343,969	1,559,469

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY 2009	Freehold land RM	Buildings RM	Furniture, equipment, and vehicles RM	Total RM
Opening net book value	-	1,274,000	434,973	1,708,973
Depreciation charge	-	(32,500)	(50,558)	(83,058)
Closing net book value	-	1,241,500	384,415	1,625,915
Cost	-	-	575,847	575,847
Valuation	-	1,300,000	-	1,300,000
Accumulated depreciation	-	(58,500)	(191,432)	(249,932)
Net book value	-	1,241,500	384,415	1,625,915

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.

Description	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	
	2010 RM	2009 RM	2010 RM	2009 RM
Freehold land	1,019,735	1,019,735	-	-
Buildings	14,106,182	14,463,258	1,103,653	1,128,454
	15,125,917	15,482,993	1,103,653	1,128,454

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 RM26,094,930 (2009: RM27,419,246) and RM1,215,500 (2009: RM1,241,500) respectively.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Furniture, equipment and vehicles				
- additions during the financial year/period, at cost	387,877	316,450	-	-
- net book value at financial year/period end	697,554	498,534	-	-

14 PREPAID LEASE PAYMENTS

	GROUP AND COMPANY	
Net book value	2010 RM	2009 RM
At 1 April 2009/1 January 2008	339,358	345,270
Amortisation	(4,730)	(5,912)
At 31 March 2010/31 March 2009	334,628	339,358

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 RM334,628 (2009: RM339,358) 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	
	2010 RM	2009 RM
At cost:		
At 1 April 2009/1 January 2008	1,170,280	-
Acquisition of subsidiary	-	1,180,000
Amortisation	(23,328)	(9,720)
At 31 March 2010/31 March 2009	1,146,952	1,170,280



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 RM1.62 million (2009: RM1.18 million) based on the latest market value provided by a registered real estate agent.

16 SUBSIDIARIES

	COMPANY	
	2010 RM	2009 RM
Unquoted shares at cost	65,562,873	65,562,873
Adjustments arising from the reversal of the contingent considerations	(3,000,000)	-
Accumulated impairment losses	(21,682,646)	(17,841,829)
	<u>40,880,227</u>	<u>47,721,044</u>

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

Name of company	Group's effective interest		Principal activities
	2010 %	2009 %	
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 Development Sdn. Bhd. (formerly known as Caely Intima Sdn. Bhd)	100	100	Dormant
Avana Technologies (M) Sdn. Bhd. ("ATMSB")	51	51	Manufacturing and marketing of automobile accessories and trading of goods
Subsidiaries of ATMSB			
Avana MSC Sdn. Bhd.	51	51	Dormant
Avana Industries Sdn. Bhd.	51	51	Dormant

As disclosed in the financial statements of the previous financial period, the Company had, in accordance with the Sale of Share Agreement, paid a partial consideration of RM978,000 as at 31 March 2009 for its acquisition of 51% equity interest in ATMSB. The remaining consideration of RM3,000,000 is conditional upon ATMSB meeting the profit guarantee for a two year period, and consists of 2 tranches of payments of RM1,500,000 each, which are payable each relevant year upon meeting the respective profit guarantees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 SUBSIDIARIES (CONTINUED)

ATMSB did not meet the profit guarantee for the first relevant year. Based on the projected results of ATMSB, the vendor does not expect ATMSB to meet the profit guarantee for the second relevant year and has consequently agreed to forego the second tranche of the contingent consideration. Accordingly, the Company has reversed the remaining consideration amounting to RM3,000,000 from the cost of its investments and correspondingly the amounts payable to the vendor in the current financial year.

17 GOODWILL

	GROUP	
	2010 RM	2009 RM
At 1 April 2009/1 January 2008	3,954,035	-
Acquisition of subsidiary	-	3,954,035
Adjustments relating to reversal of cost of investment	(3,000,000)	-
Impairment loss	(954,035)	-
At 31 March 2010/31 March 2009	-	3,954,035

18 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	GROUP	
	2010 RM	2009 RM
Share of net assets in a jointly controlled equity	500,627	605,484
Impairment loss	(500,627)	-
	-	605,484

The Group has a 51% (2009: 51%) interest in a jointly controlled entity, Foshan City Classita Undergarments Pte. Ltd., a company incorporated in China whose principal business is manufacturing and trading in undergarments. The cost of investment in this jointly controlled entity was RM574,330. The Group has fully impaired this investment due to the planned cessation and liquidation of this jointly controlled entity subsequent to the balance sheet date.

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

	GROUP	
	2010 RM	2009 RM
Non current assets	-	399,250
Current assets	-	1,510,765
Current liabilities	-	(1,304,531)
Net assets	-	605,484



18 INVESTMENT IN A JOINTLY CONTROLLED ENTITY (CONTINUED)

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

	GROUP	
	Year ended 31.03.2010 RM	15 months ended 31.03.2009 RM
Revenue	3,089,633	4,295,370
Expenses including tax	(3,194,490)	(4,279,940)
(Loss)/Profit from ordinary activities after tax	(104,857)	15,430
(Loss)/Profit from ordinary activities after tax is stated after charging: Director's remuneration - director of the Company	33,430	48,271

19 INVENTORIES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Raw materials	9,578,790	9,615,273	-	-
Work in progress	1,372,059	2,503,871	-	-
Finished goods	16,318,537	20,132,551	-	-
	27,269,386	32,251,695	-	-

20 DEBTORS, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non current assets				
Trade debtors				
- instalment scheme B	752,314	-	-	-
Current assets				
Trade				
Trade debtors, net of allowance for doubtful debts				
- normal trade terms	10,586,273	11,537,127	-	-
- instalment scheme A	19,257	19,257	-	-
- instalment scheme B	203,466	-	-	-
Amount owing by a jointly controlled entity	-	35,752	-	-
	10,808,996	11,592,136	-	-

20 DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non trade				
Other debtors	215,889	121,148	-	-
Deposits	121,564	143,564	10,000	10,000
Prepayments	1,801,717	3,063,414	236,145	235,894
Amounts owing by subsidiaries	-	-	4,849,093	3,734,506
Advances to a jointly controlled entity	274,578	230,632	-	-
	<u>2,413,748</u>	<u>3,558,758</u>	<u>5,095,238</u>	<u>3,980,400</u>
	<u>13,222,744</u>	<u>15,150,894</u>	<u>5,095,238</u>	<u>3,980,400</u>
The currency exposure profile of trade debtors and non trade debtors is as follows:				
- Ringgit Malaysia	3,294,012	1,188,590	4,849,093	3,734,506
- US Dollar	6,850,368	9,524,755	-	-
- Euro	1,632,819	964,187	-	-
- Chinese Renminbi	274,578	266,384	-	-
Total trade debtors and non trade debtors	<u>12,051,777</u>	<u>11,943,916</u>	<u>4,849,093</u>	<u>3,734,506</u>

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 (2009: payment in advance to 90 days);
- (ii) instalment scheme A - 4 months to 12 months (2009: 4 months to 12 months); and
- (iii) instalment scheme B - 60 monthly instalments (2009: Nil).

Included in other debtors of the Group is staff loan amounting to RM199,400 (2009: Nil) which is unsecured, interest free and repayable on demand. A director of a subsidiary has undertaken to repay the staff loan in the event of default.

The fair value of total trade debtors under instalment scheme B at the balance sheet date amounted to RM780,309 (2009: Nil).

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 RM2,958,539 (2009: RM1,038,500) which carries interest rates ranging from 8.05% to 8.30% (2009: 8.05% to 9.25%) per annum.

21 MARKETABLE SECURITIES

	GROUP AND COMPANY	
	2010 RM	2009 RM
Shares in corporations and unit trusts		
- quoted in Malaysia	1,073,302	1,497,608
- quoted outside Malaysia	829,720	-
	<u>1,903,022</u>	<u>1,497,608</u>
Market value of quoted shares and unit trusts	<u>1,903,022</u>	<u>1,497,608</u>

22 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with a licensed bank	7,910,883	6,060,534	-	-
Bank and cash balances	6,987,027	2,445,879	362,158	840,050
Deposits, bank and cash balances	14,897,910	8,506,413	362,158	840,050
Short term investment: Negotiable instrument of deposit	-	200,000	-	200,000
	14,897,910	8,706,413	362,158	1,040,050
Fixed deposits with a licensed bank pledged as security	(3,473,342)	(473,342)	-	-
Bank overdrafts (Note 25)	(1,673,581)	(2,495,110)	-	-
	9,750,987	5,737,961	362,158	1,040,050
The currency exposure profile of deposits, bank and cash balances and the short term investment is as follows:				
- Ringgit Malaysia	9,965,386	7,762,610	51,574	1,040,050
- US Dollar	2,094,518	943,389	217,221	-
- Hong Kong Dollar	93,363	-	93,363	-
- Euro	1,444,443	414	-	-
- Pound	1,300,200	-	-	-
Total deposits, bank and cash balances	14,897,910	8,706,413	362,158	1,040,050

	GROUP		COMPANY	
	2010 %	2009 %	2010 %	2009 %
Weighted average effective interest rate at the balance sheet date are as follows:				
Fixed deposits with a licensed bank	1.6	2.0	-	-
Negotiable instrument of deposit	-	2.6	-	2.6
Foreign currency bank balances with licensed banks	0.2	0.2	0.2	-

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 72 days (2009: 31 days) and Nil days (2009: 89 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade				
Trade creditors	4,734,376	7,111,194	-	-
Non trade				
Other creditors	419,166	3,219,592	-	3,000,000
Accruals	1,963,302	2,297,016	244,009	304,474
Amounts owing to subsidiaries	-	-	20,632,143	19,568,274
	2,382,468	5,516,608	20,876,152	22,872,748
	7,116,844	12,627,802	20,876,152	22,872,748
The currency exposure profile of trade and non trade creditors and accruals is as follows:				
- Ringgit Malaysia	4,805,269	10,493,666	20,876,152	22,872,748
- US Dollar	1,303,487	562,699	-	-
- Chinese Renminbi	930,468	1,532,201	-	-
- Others	77,620	39,236	-	-
Total creditors and accruals	7,116,844	12,627,802	20,876,152	22,872,748

Credit terms of trade payables granted to the Group vary from payment in advance to 270 days (2009: payment in advance to 90 days).

Included in other creditors as at 31 March 2009 of the Group and the Company was the partial purchase consideration owing to Mr. Ooi Hock Hin, one of the directors for a subsidiary, Avana Technologies (M) Sdn. Bhd. amounting to RM3,000,000 for the purchase of 51% equity interest in the said subsidiary. This amount has been fully reversed in the current financial year in respect of the adjustments arising from the reversal of the contingent considerations.

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

24 HIRE-PURCHASE CREDITORS

	GROUP	
	2010 RM	2009 RM
Payable within one year	127,110	131,947
Payable later than one year but not later than two years	120,132	60,258
Payable later than two years but not later than five years	314,599	145,254
Payable more than five years	52,564	40,602
	614,405	378,061
Less: Finance charges	(80,971)	(41,373)
	533,434	336,688

24 HIRE-PURCHASE CREDITORS (CONTINUED)

	GROUP	
	2010 RM	2009 RM
Present value of hire-purchase liabilities		
Current		
Payable within one year	85,260	117,370
Non current		
Payable later than one year but not later than two years	98,847	50,374
Payable later than two years but not later than five years	298,348	130,122
Payable more than five years	50,979	38,822
	448,174	219,318
	533,434	336,688

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 8.41% (2009: 4.55% to 8.50%) 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 the total hire-purchase creditors of the Group at the balance sheet date amounted to RM547,758 (2009: RM351,715).

25 SHORT TERM BANK BORROWINGS

	GROUP		
	Secured RM	Unsecured RM	Total RM
2010			
Bank overdrafts	1,393,153	280,428	1,673,581
Others:			
Trade finance facilities	818,000	570,000	1,388,000
Foreign currency revolving credit	511,800	-	511,800
	1,329,800	570,000	1,899,800
Total short term bank borrowings	2,722,953	850,428	3,573,381
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	-	537,450
	1,346,736	831,000	2,177,736
Total short term bank borrowings	3,119,906	1,552,940	4,672,846



25 SHORT TERM BANK BORROWINGS (CONTINUED)

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) a fixed deposit of RM473,342 of a subsidiary;
- (iii) 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 covered by negative pledge and/or guaranteed by the Company as shown in Note 31 to the financial statements. In addition, certain credit facilities of a subsidiary are guaranteed by a director of a subsidiary.

	GROUP	
	2010	2009
	RM	RM
The currency exposure profile of short term bank borrowings is as follows:		
- Ringgit Malaysia	3,061,581	3,994,110
- US Dollar	511,800	537,450
- Euro	-	141,286
	<u>3,573,381</u>	<u>4,672,846</u>
	GROUP	
	2010	2009
	%	%
Weighted average effective interest rates at the balance sheet date are as follows:		
- bank overdrafts	7.3	6.5
- trade finance facilities	4.3	4.7
- revolving credit	<u>3.4</u>	<u>4.9</u>

The ranges of credit periods of the trade finance facilities and revolving credit are 14 to 183 days (2009: 87 to 183 days).

26 TERM LOANS

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Repayable within one year	402,026	186,762	117,746	110,300
Non Current				
Repayable later than one year and not later than five years	1,616,828	998,341	484,893	580,859
Repayable later than five years	383,435	459,741	-	31,471
	<u>2,000,263</u>	<u>1,458,082</u>	<u>484,893</u>	<u>612,330</u>
	<u>2,402,289</u>	<u>1,644,844</u>	<u>602,639</u>	<u>722,630</u>



26 TERM LOANS (CONTINUED)

The term loan of the Company 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% (2009: 6.55%) per annum. The interest on this loan is calculated based on floating interest rates which may be varied any time at the banks' discretion.

Details of the term loans obtained by the subsidiaries are as follows:

- (i) A term loan of a subsidiary 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 5.50% (2009: 5.55%) per annum. The interest on this loan is calculated based on floating interest rates which may be varied any time at the banks' discretion.
- (ii) Certain term loans of a subsidiary were obtained under the Skim Pembiayaan Peribadi (Tawarruq)-i with a licensed bank. These term loans are secured by a RM3,000,000 security deposit pledged by the said subsidiary under a current account with the bank. These term loans are repayable by 60 instalments and carry a fixed interest rate of 5.80% (2009: Nil) per annum. The fair value of these term loans at the balance sheet date amounted to RM785,368 (2009: Nil).

All term loans are denominated in Ringgit Malaysia.

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax liabilities				
- subject to income tax	1,355,838	1,315,298	110,492	58,492
- subject to real property gains tax	146,308	146,308	-	-
	<u>1,502,146</u>	<u>1,461,606</u>	<u>110,492</u>	<u>58,492</u>
At 1 April 2009/1 January 2008	1,461,606	2,003,211	58,492	71,136
Charged/(credited) to income statement				
- property, plant and equipment	217,005	(321,913)	12,812	(3,403)
- unused tax losses	(78,588)	203,078	12,564	(12,564)
- other temporary differences	(97,877)	(422,770)	26,624	3,323
	<u>40,540</u>	<u>(541,605)</u>	<u>52,000</u>	<u>(12,644)</u>
At 31 March 2010/31 March 2009	<u>1,502,146</u>	<u>1,461,606</u>	<u>110,492</u>	<u>58,492</u>

27 DEFERRED TAX LIABILITIES (CONTINUED)

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(370,770)	(513,387)	-	-
- unused tax losses	(91,152)	(12,564)	-	(12,564)
- other temporary differences	(695,685)	(601,383)	-	(26,624)
Offsetting	1,157,607	1,127,334	-	39,188
Deferred tax assets (after offsetting)	-	-	-	-
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	2,509,179	2,434,791	110,492	97,680
- other temporary differences	4,266	7,841	-	-
Offsetting	(1,157,607)	(1,127,334)	-	(39,188)
Deferred tax liabilities (after offsetting)	1,355,838	1,315,298	110,492	58,492
Subject to real property gains tax:				
Deferred tax liabilities	146,308	146,308	-	-
Deferred tax liabilities (after offsetting)	1,502,146	1,461,606	110,492	58,492

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 RM3,911,000 (2009: RM3,782,000) and RM121,000 (2009: RM104,000) respectively.

28 SHARE CAPITAL

	GROUP AND COMPANY			
	2010 No. of shares	2009 No. of shares	2010 RM	2009 RM
Authorised:				
Ordinary shares of RM0.50 each	100,000,000	100,000,000	50,000,000	50,000,000
Issued and fully paid-up:				
Ordinary shares of RM0.50 each	80,000,000	80,000,000	40,000,000	40,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

29 OTHER RESERVES

Group	Share premium RM	Reserve on consolidation RM	Currency translation reserve RM	Revaluation RM	Total RM
At 1 January 2008/ 31 March 2009	9,419,360	80,344	79,707	4,690,672	14,270,083
At 1 April 2009/ 31 March 2010	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 2008/31 March 2009	9,419,360	125,853	9,545,213
At 1 April 2009/31 March 2010	9,419,360	125,853	9,545,213

The details of revaluation reserve are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 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 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Purchases of goods from a jointly controlled entity: - Foshan City Classita Undergarments Pte. Ltd.	5,856,013	7,849,007	-	-
Purchases of goods/services from business entities owned by close family members of certain directors of the Company: - Perusahaan Tacly	158,835	213,457	-	-
Management fees charged to subsidiaries: - Caelygirl (M) Sdn. Bhd. - Classita (M) Sdn. Bhd.	- -	- -	108,000 60,000	135,000 75,000

- (b) Key management compensation

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries and other short term employee benefits	1,268,713	1,636,623	228,000	285,700
Post employment benefits	135,148	201,883	-	-
	1,403,861	1,838,506	228,000	285,700

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

31 CONTINGENT LIABILITIES

	COMPANY	
	2010 RM	2009 RM
Unsecured		
Corporate guarantees for banking facilities extended to certain subsidiaries	26,460,000	31,510,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 NON CASH TRANSACTIONS

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Contra with other debtors	-	68,000	-	-
Hire-purchase	325,000	230,000	-	-
Waiver of debt by a creditor	1,189,511	-	-	-
Reversal of contingent consideration due to a vendor for acquisition of subsidiaries	3,000,000	-	3,000,000	-

33 FINANCIAL INSTRUMENTS

(a) 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
2010				
Trade debtors				
Sales contracts due in October 2010				
- USD3,665,000	RM	USD	3.3305 to 3.5250	12,431,345
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

The fair value of the outstanding forward contracts at balance sheet date was a favourable net position of RM111,464 (2009: favourable net position of RM24,779).

(b) 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 2010 and 31 March 2009 approximated their fair values other than the fair value of trade debtors under instalment scheme B and fair value of fixed interest rate term loans as stated in Note 20 and Note 26 to the financial statements respectively.



34 SUBSEQUENT EVENT

The Group has subsequent to the balance sheet date, with mutual agreement with the joint venture partner, decided to cease operations of the jointly controlled entity in China. The closure and liquidation of this jointly controlled entity has not been completed at the date of this report.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 21 July 2010.



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 2010 and of the results and cash flows of the Group and the Company for the financial year 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 21 July 2010.

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 21 July 2010.

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 2010 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 financial year 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 2010 and of their financial performance and cash flows for the financial year 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. 2499/12/11(J)]
Chartered Accountant

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

21 July 2010

AS AT 31 MARCH 2010

Title and Location	Description	Tenure / Age of buildings	Year of Expiry	Land area / built-up area (Square feet)	Date of last valuation* or acquisition#	Net book value RM
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Land	Leasehold	05.04.2078	2,300	03.10.2006*	334,628
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Building (4-storey shophouse)	Leasehold 6 years	05.04.2078	9,060	03.10.2006*	1,215,500
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 15 years	-	15,250	21.09.2006*	398,310
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey hostel	Freehold 13 years	-	11,100	21.09.2006*	351,560
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 11 years	-	28,140	21.09.2006*	1,624,257
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 14 years	-	69,928	21.09.2006*	5,108,742
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 7 years	-	76,800	21.09.2006*	6,512,715

AS AT 31 MARCH 2010

Title and Location	Description	Tenure / Age of buildings	Year of Expiry	Land area / Built-up area (Square feet)	Date of last valuation* or acquisition#	Net book value RM
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1 1/2-storey factory building	Freehold 4 years	-	8,400	21.09.2006*	600,600
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 4 years	-	7,200	21.09.2006*	243,100
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey surau	Freehold 4 years	-	625	21.09.2006*	25,245
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey factory building	Freehold 4 years	-	1,980	21.09.2006*	144,925
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 9 years	-	1,200 1,693	25.09.2006*	35,000 93,500
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 3 years	-	7,200	1.12.2007#	307,008
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*	1,146,952

ANALYSIS OF SHAREHOLDINGS

AS AT 03 AUGUST 2010

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	:	2,754

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 03 AUGUST 2010

Size of Shareholding	No. of Shareholders	%	No of Shares	% of Issued Capital
1 - 99	10	0.36	222	Negligible
100 - 1,000	499	18.12	488,559	0.56
1001- 10,000	1,591	57.77	7,807,100	9.76
10,001 - 100,000	574	20.84	18,733,719	23.42
100,001 - 4,000,000	76	2.76	28,054,000	35.06
4,000,001 and above	4	0.15	24,956,400	31.2

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDER AS AT 03 AUGUST 2010

	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	21,912,000 ^(c)	27.39
Lim Pow Choo	6,950,000	8.69	21,892,000 ^(d)	27.36

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 daughter, Khor Siew Teng, 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 daughter, Khor Siew Teng, her sister and her spouse, Datin Fong Nyok Yoon and Dato' Chuah Chin Lai.



DIRECTORS' SHAREHOLDINGS AS AT 03 AUGUST 2010

	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)	21,912,000 ^(f)	27.39
Lim Pow Choo	6,950,000	8.69	21,892,000 ^(g)	27.36
Khor Siew Teng (Alternate Director)	180,000	0.23	13,880,000 ^(h)	17.35
Siow Hock Lee	-	-	135,500 ⁽ⁱ⁾	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 held through nominee companies.
- (c) 5,768,000 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 daughter, Khor Siew Teng, 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 daughter, Khor Siew Teng, her sister and her spouse, Datin Fong Nyok Yoon and Dato' Chuah Chin Lai.
- (h) Deemed interested by virtue of the shareholding of her parents, Khor Mooi Soong and Lim Pow Choo.
- (i) Deemed interested by virtue of the shareholdings of his spouse, Chen Bee Yoke.



THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AS AT 03 AUGUST 2010

	Name of Shareholder	No. Shares Held	%
1.	DATIN 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 DATO' CHUAH CHIN LAI (474038)	5,768,000	7.21
4.	KE-ZAN NOMINEES (ASING) SDN. BHD. KIM ENG SECURITIES PTE. LTD. FOR HORIZON GROWTH FUND N.V.	4,608,400	5.76
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR MOOI SOONG (CEB)	3,580,000	4.48
6.	MAH WEE HIAN @ MAH SIEW KUNG	2,299,800	2.87
7.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR MOOI SOONG (E-TAI/TIN)	2,100,000	2.63
8.	DATO' CHUAH CHIN LAI	1,384,000	1.73
9.	KHOR MOOI SOONG	1,250,000	1.56
10.	DEVARAJAN A/L V PONNUSAMY	1,249,900	1.56
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WAN MOHAMAD ZIN BIN MAT AMIN (PB)	1,028,000	1.29
12.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN CHAN	708,200	0.89
13.	TEO KIN SWEE	654,400	0.82
14.	MAYBAN 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.	NG YOKE PHENG	448,300	0.56
18.	CHONG JONG SIEW	431,000	0.54
19.	TAN YENG FATT	360,500	0.45

ANALYSIS OF SHAREHOLDINGS *(continued)*



AS AT 03 AUGUST 2010

	Name of Shareholder	No. Shares Held	%
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON WEI	360,000	0.45
21.	WOON LAY KUEN	328,000	0.41
22.	TAN OOI THIAM	305,000	0.38
23.	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR KOID HUN KIAN (MR0665)	300,000	0.38
24.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG YOKE PHENG (MM1178)	297,100	0.37
25.	LEE YU YONG @ LEE YUEN YING	295,000	0.37
26.	OW TIEW SEE	293,600	0.37
27.	LEE BOON KOON	257,500	0.32
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PENG NGUANG	230,000	0.29
29.	LIM CHIN SWEE @ LIM CHAI	220,000	0.28
30.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUAN DEE LAM	219,300	0.27
Total		45,444,700	56.83



Caely Holdings Bhd.
(Company No. 408376-U)
(Incorporated in Malaysia)

No. of ordinary shares held

PROXY FORM

I/We _____
(Full Name in Capital Letters)

of _____
(Full address)

being a Member/Members of CAELY HOLDINGS BHD hereby appoint * the Chairman of the meeting or _____
_____ of _____
(Full Name in Capital Letters) (Full Address)

or failing him _____ of _____
(Full Name in Capital Letters) (Full Address)

as * my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting of the Company, to be held at No. 47 Zone J4 Jalan Radin Anum Bandar Baru Sri Petaling 57000 Kuala Lumpur on 29 September 2010 at 9.30 a.m. and, at every adjournment thereof to vote as indicated below :

		For	Against
ORDINARY BUSINESS			
Resolution 1	To receive the Statutory Financial Statements for the year ended 31 March 2010 and the Reports of the Directors and Auditors' thereon	☐	☐
Resolution 2	To approve the payment of directors' fee of RM214,000/- in respect of the year ended 31 March 2010.	☐	☐
Resolution 3	Re-election of Mr Khor Mooi Soong as Director	☐	☐
Resolution 4	Re-election of Ms Lim Pow Choo as Director	☐	☐
Resolution 5	Re-election of Mr Siow Hock Lee as Director	☐	☐
Resolution 6	Re-election of Mr Hem Kan @ Chan Hong Kee as Director	☐	☐
Resolution 7	Re-appointment of Messrs PricewaterhouseCoopers as Auditors, and to authorise the Directors to determine their remuneration	☐	☐

SPECIAL BUSINESS			
Resolution 8	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	☐	☐

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proportion of my holdings to be represented by my *proxy/proxies are as follows :-

First name Proxy	%
Second name Proxy	%
	<u>100%</u>

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand _____ day of _____ 2010.

* Strike out whichever is not desired.

Signature _____

Notes :

- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at the Registered Office at Level 8 Symphony House Block D13 Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof.

Then fold here

Affix
Stamp

CAELY HOLDINGS BHD.
(408376-U)

Level 8, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor.

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Caely Holdings Bhd.

(Co. No. 408376-U)

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Lot 2661, 3rd Mile, Jalan Maharaja Lela,
36000 Teluk Intan, Perak Darul Ridzuan.

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