



Caely Holdings Bhd.
(Company No. 408376-U)

2012

Annual Report





CONTENTS

2	Corporate Information	17	Audit Committee Report
3	Notice of Annual General Meeting	20	Statement on Internal Controls
5	Amendments to the Articles of Association of the Company	22	Statement of Directors' Responsibility
6	Group Structure	24	Financial Statements
7	Profile of the Directors	95	Landed Properties
9	Executive Chairperson's Statement	97	Analysis of Shareholdings
11	Corporate Governance Statement	99	Proxy Form



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Fong Nyok Yoon
Executive Chairperson /
Non Independent Executive Director

Dato' Chuah Chin Lai
Managing Director /
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

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
Ooi Say Teik

Siow Hock Lee

COMPANY SECRETARIES

Wong Siew Yeen (MAICSA 7018749)
Cheong Choon Yin (MAICSA 7019120)

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 9427
Fax : 05-253 2366

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad
Stock Code : 7154

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

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

PRINCIPAL BANKERS

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



NOTICE OF 16TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth 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 26 September 2012 at 9.30 a.m. to transact the following item of businesses :-

AGENDA ORDINARY BUSINESS

1. To receive and adopt the statutory financial statements for the financial year ended 31 March 2012 together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fee of RM209,000.00 in respect of the financial year ended 31 March 2012.
3. To re-elect Dato' Chuah Chin Lai who retires in accordance to Article 124 of the Company's Articles of Association.
4. To consider and, if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965 :-
 - "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."
5. To re-appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year and to authorise the Directors to fix their remuneration.

(Resolution 1)

(Resolution 2)

(Resolution 3)

(Resolution 4)

(Resolution 5)

SPECIAL BUSINESS

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

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

(Resolution 6)

"THAT subject always to the Companies Act, 1965 ("the Act") and the approval of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever 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 are also empowered to obtain approval from Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."



NOTICE OF 16TH ANNUAL GENERAL MEETING *(continued)*

To consider and, if thought fit, to pass the following Special Resolution :-

7. **Proposed Amendments To The Articles Of Association Of The Company** **(Resolution 7)**

"THAT the alterations, modifications, additions or deletions to the Articles of Association of the Company detailed in Appendix A to the Annual Report 2012 be and are hereby approved."

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

BY ORDER OF THE BOARD

WONG SIEW YEEN (MAICSA 7018749)
CHEONG CHOON YIN (MAICSA 7019120)
Joint Secretaries
Selangor

3 September 2012

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

Ordinary Resolution – Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The Resolution 6, 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 as renewal of the Mandate granted by the members at the last AGM held on 28 September 2011. 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 of business opportunities arise.

Special Resolution – Proposed Amendments to the Articles of Association of the Company

The Resolution 7, if passed, will bring the Company's Articles of Association in line with the amendments prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Appendix A

Articles 2 - Definitions

EXISTING ARTICLES

Deposited Security

A security in the Company standing to the credit of a securities account subject to the provision of the Central Depository Act.

Rules

The Rules of Depository and any appendices thereto, as amended from time to time.

The Directors'

The directors of the Company or their alternates or the directors of the Company or their alternates present at a duly convened meeting of directors at which a quorum is present (as the context requires).

PROPOSED AMENDMENTS TO ARTICLES

Deposited Security

A security in the Company standing to the credit of a securities account and includes a security in a securities account that is in suspense.

Rules

The Rules of Depository, including any amendment that may be made from time to time.

The Director

Has the meaning given in section 2(1) of the Capital Markets and Services Act 2007 and includes in the case of an issuer of structured warrants or a listed issuer which is a collective investment scheme, a director of the issuer of the structured warrants or a director of a management company of the collective investment scheme respectively.

Articles 98 - Votes of Members

EXISTING ARTICLES

1. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
2. A Member may appoint up to 2 proxies to attend the same occasion. A proxy may but need not be a Member and the provision of the Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.

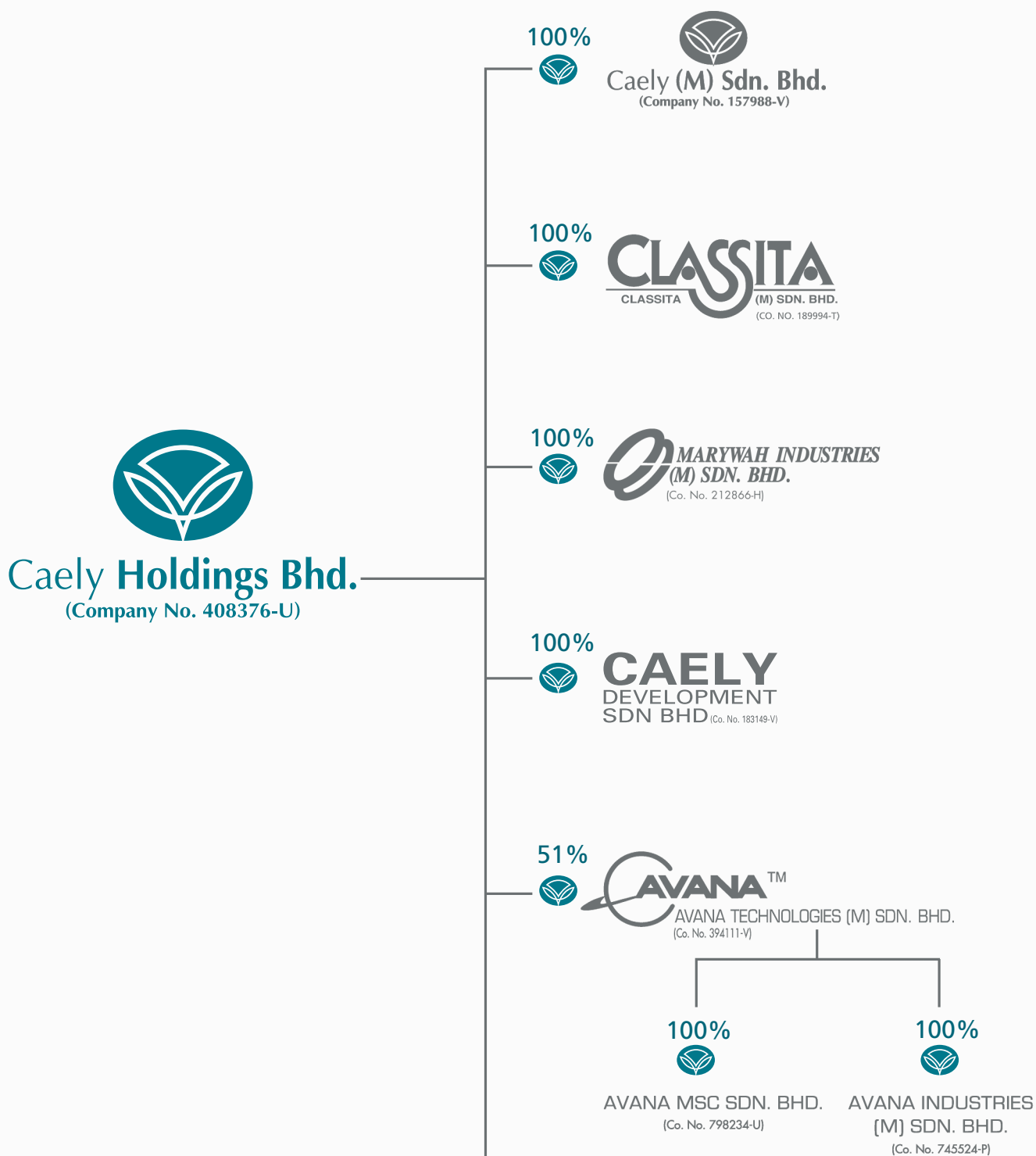
PROPOSED AMENDMENTS TO ARTICLES

1. A Member may appoint up to 2 proxies to attend the same occasion. A proxy may but need not be a Member and the provision of the Section 149(1)(b) of the Act shall not be applied to the Company. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the company shall have the same rights as the member to speak at the meeting. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.



GROUP STRUCTURE





PROFILE OF THE DIRECTORS

DATIN FONG NYOK YOON

Aged 50, 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 is the spouse to Dato' Chuah Chin Lai, the Managing Director and a major shareholder of the Company.

Save as disclosed above, she does not have any family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with CHB. She has no conviction for offences within the past 10 years. She attended 5 out of 6 Board Meetings of CHB held during the financial year ended 31 March 2012.

DATO' CHUAH CHIN LAI

Aged 52, 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 has gained vast business acumen with his involvement with various businesses. He and his spouse, Datin Fong, were among the founders of the Group's business. He heads the direct selling division and he is actively involved in the Group's OEM export business.

Save as disclosed above, Dato' Chuah does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with CHB. He has no conviction of offences within the past 10 years. He attended all 6 Board Meetings of CHB held during the financial year ended 31 March 2012.

SIOW HOCK LEE

Aged 56, 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 and the Nomination 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 and

Green Ocean Corporation Berhad, the shares of both companies are listed and traded on Bursa Malaysia. He is also an Independent Non-Executive Director of Mykris Limited, a company incorporated in New Zealand and listed on the alternate market of the New Zealand Stock Exchange.

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 6 Board Meetings of CHB held during the financial year ended 31 March 2012.



PROFILE OF THE DIRECTORS *(continued)*

OOI SAY TEIK

Aged 52, 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 1991. 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. 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 5 out of 6 Board Meetings of CHB held during the financial year ended 31 March 2012.

HEM KAN @ CHAN HONG KEE

Aged 72, 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, and is 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 6 Board Meetings of CHB held during the financial year ended 31 March 2012.





EXECUTIVE CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors of Caely Holdings Bhd, I am pleased to present the Annual Report and the Audited Financial Statements of Caely Holdings Bhd for the financial year ended 31 March 2012.



FINANCIAL REVIEW

For the financial year ended 31 March 2012, the Group has achieved total revenue of RM68.7 million, an increase of RM11.6 million or 20% from RM57.1 million as compared to last financial year ended 31 March 2011. The increase was mainly due to the contribution by the new segment in construction, which generates RM13.2 million. The OEM segment continues to be the main contributor to the Group, recording revenue of RM50.9 million, despite a drop of RM2 million as compared to last financial year. The direct selling segment recorded revenue of RM4.6 million, a marginal increase RM300,000 over the last financial year.

In line with the increase in revenue, the Group posted a profit after tax of RM1.2 million as compared to an after tax loss of RM10.3 million for the last financial year ended 31 March 2011.

The OEM segment, despite a RM2 million drop in revenue, posted a profit after tax of RM543,693 compared to an after tax loss of RM2.8 million for the last financial year. This year's improvement was due to the write back of provision of stock amounting to RM393,704. The direct selling segment posted an after tax loss of RM1.2 million as compared to an after tax loss of RM5.8 million. The improvement in after tax loss was a result of the streamlining and cost cutting measures undertaken in its direct selling operations. The construction segment posted a profit after tax of RM4.0 million. The Group is finalising the disposal of the car accessories segment, which for this financial year posted an after tax loss of RM2.0 million.

DIVIDENDS

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

PROSPECTS

The global economic outlook in the coming financial year is expected to be very challenging due to the economic uncertainties in United States of America and Eurozone debt crisis. These uncertainties may cause a slowdown in international trade and the Group's OEM segment which exports its products to some of the countries that may be affected. In addition, the strengthening of the Ringgit against the USD and EURO and the volatility of the other currency exchange rates will certainly impact the Group's bottom line.

On the local front, there is good news. Our country's economy is expected to maintain its growth and remain robust in 2013 due to introduction of supportive government initiative and policies such as the Economic Transformation Programmes.

Against this backdrop, the Group remains committed to exercise prudence and greater emphasis is placed in its business approach such as products improvements, cost management. Barring any unforeseen circumstances, the Board is cautiously optimistic that the financial performance for the ensuing financial year will be satisfying.



EXECUTIVE CHAIRPERSON'S STATEMENT *(continued)*

CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility activities are continuously guided by its firm beliefs that it can contribute positively 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.

Also, I wish to thank the management team and the staff of the Group for their hard work, dedication, loyalty and trust throughout the year.

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.

1. THE BOARD OF DIRECTORS

(a) *Composition of the 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 six times during the financial year ended 31 March 2012.

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

(b) *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.



CORPORATE GOVERNANCE STATEMENT *(continued)*

(b) Duties and Responsibilities *(continued)*

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.

(c) 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, <i>Chairman of NC</i>
Ooi Say Teik
Siow Hock Lee

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, <i>Chairman of RC</i>
Datin Fong Nyok Yoon
Siow Hock Lee

The RC was established to assist the Board 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.

(d) Supply of Information

All Board members are supplied with information on a timely basis before each Board Meeting is 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.

(e) Appointment to the Board

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



CORPORATE GOVERNANCE STATEMENT *(continued)*

(f) 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' Chuah Chin Lai, Datin Fong Nyok Yoon and Mr Hem Kan @ Chan Hong Kee attended a "Seminar Peluang Perniagaan" organised by the Hilir Perak Chinese Chamber of Commerce with the cooperation of SME Corp, MATRADE, SME Bank and EXIM Bank.

Mr. Siow Hock Lee attended several programmes such as "Introduction to Malaysian Taxation Principles and Procedures: Workshop 4 – Employment Income", "Introduction to Malaysian Taxation Principles and Procedures: Workshop 5 – Special Topics", "Introduction to Malaysian Taxation Principles and Procedures: Workshop 6 – Tax Audits & Investigations", "Tax Planning for Mergers & Acquisitions" and "Comprehensive Overview of Standards".

Mr Ooi Say Teik attended a programme organised by MACD on "Strategic Planning and Sustainability".

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

(g) 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.

2. 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)*

2. 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	109,000	616,795	7,700	733,495
Non Executive Directors	100,000	7,300	-	107,300
	209,000	624,095	7,700	840,795

	Number of Directors		Total
	Executive Directors	Non Executive Directors	
RM1 to RM 50,000	-	2	2
RM 50,000 to RM100,000	-	1	1
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	-	-	-
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	1	-	1
RM400,001 to RM450,000	1	-	1
	2	3	5

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.

3. 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 available at these websites.



CORPORATE GOVERNANCE STATEMENT *(continued)*

4. ACCOUNTABILITY AND AUDIT

(a) *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.

(b) *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 22 of the Annual Report which provides an overview of the state of internal controls within the Group.

(c) *Relationship with Auditors*

The Audit Committee recommends the appointment of the external auditors and of their remuneration. 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 17 to 19 of the Annual Report.

5. 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 had 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.



CORPORATE GOVERNANCE STATEMENT *(continued)*

6. 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 RM42,350 .

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 2012.

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 4(b) to the financial statements.



AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established by the Board of Directors ("the Board") on 5 June 2003. AC members, 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 channel of communication between the Board, senior management, internal auditors and external auditors.

Frequency of meetings

Meetings shall 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 2012 the AC held five (5) meetings in the presence of the Company Secretaries. The Executive Directors, Senior Management staff and Internal Auditors were invited to the meetings 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 attend the meetings 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	4/5
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) Review the financial statements and annual report prior to submission to the Board.
- xi) 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 may raise questions of management integrity.
- xii) 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 AC 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 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; and
- Reported to the Board 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. The internal audit was executed in accordance with the 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

1. INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market 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 and as guided by Statement of Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance").

2. RESPONSIBILITY FOR RISK AND INTERNAL CONTROLS

The Board and the senior management recognise their overall responsibilities and endeavor 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 risks to improve the governance process of the organisation. However, there are limitations inherent in any system of internal controls: the 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.

3. RISK MANAGEMENT

The Group has established an on-going risk management commitment for identifying risks, assessing and evaluating 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 gravity;
- 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; and
- Evaluate changes against risks identified earlier and internal control systems.

4. 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)*

4. INTERNAL AUDIT FUNCTION (CONTINUED)

The scope of the internal audit focused on the risk areas identified in the enterprise-wide risk assessment exercise in accordance with the internal audit plan approved by the management. The Audit Committee received reports of the findings of the internal audits with comments from operational heads of the respective departments under audit. These internal audit reports were tabled during the Audit Committee meetings for review and ensured that the necessary corrective actions are implemented. Update on the status of action plans as identified in the previous internal audit reports were also presented to the Audit Committee for review and deliberation.

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.

The internal audit fee incurred for the outsourced internal audit function in respect of the financial year amounted to RM36,000.

5. 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 to regular reviews and improvements to reflect changing risks or to resolve operational deficiencies and also in ensuring compliance with International Organisation for Standardisation ("ISO") certification.
- 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' recommendations on internal controls arising from the statutory audit.
- 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. 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.
- Informal Board and management meetings at operational level are held during the financial year in order to assess performance and controls.



STATEMENT ON INTERNAL CONTROLS *(continued)*

6. 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 2012, 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 30 July 2012.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the financial statements for each financial year as required under the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company and of their results and cash flows.

In preparing the financial statements, the Directors are of the view that the Group and the Company have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and ensured that all applicable accounting standards have been complied with.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and the applicable approved Financial Reporting Standards.

The Directors also have a general responsibility for taking necessary steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud as well as other irregularities.



STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 March 2012



24	Directors' Report
28	Statement by Directors
28	Statutory Declaration
29	Independent Auditors' Report
31	Statements of Comprehensive Income

FINANCIAL STATEMENTS

32	Statements of Financial Position
35	Statements of Changes in Equity
37	Statements of Cash Flow
39	Notes to the Financial Statements



DIRECTORS' REPORT

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 2012.

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. During the current financial year, the Group also commenced its property development and construction activities. Other than as mentioned above, there have been no other changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	<u>Group</u>	<u>Company</u>
	RM	RM
Profit before taxation	3,364,873	13,882,341
Taxation	(232,242)	(3,699,969)
Profit for the financial year from continuing operations	3,132,631	10,182,372
Loss for the financial year from discontinued operations	(1,967,575)	-
Net profit for the financial year	<u>1,165,056</u>	<u>10,182,372</u>

DIVIDENDS

No dividend was paid or declared by the Company since 31 March 2011.

The directors do not recommend the payment of a dividend for the financial year ended 31 March 2012.

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
Dato' Chuah Chin Lai
Siow Hock Lee
Ooi Say Teik
Hem Kan @ Chan Hong Kee

Executive Chairperson
Managing Director

In accordance with the Company's Articles of Association, Dato' Chuah Chin Lai retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, Hem Kan @ Chan Hong Kee who at age of 72 retires at the forthcoming Annual General Meeting and the directors recommend his re-appointment under Section 129(6) of the said Act.



DIRECTORS' REPORT *(continued)*

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 year, no director has received or become entitled to receive a benefit (other than those disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest (other than those disclosed in Note 31 to the financial statements).

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			
	As at 1.4.2011	Bought	Sold	As at 31.3.2012
Direct interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	7,152,000	5,500,000	-	12,652,000
Datin Fong Nyok Yoon	7,630,000	11,000,000	5,500,000	13,130,000
Indirect interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	21,510,000	16,500,000	24,880,000	13,130,000
Datin Fong Nyok Yoon	21,032,000	11,000,000	19,380,000	12,652,000
Siow Hock Lee	135,500	-	-	135,500

By virtue of their substantial interests in shares in Caely Holdings Bhd. as at 31 March 2012, Dato' Chuah Chin Lai and Datin Fong Nyok Yoon 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.



DIRECTORS' REPORT *(continued)*

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position 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.



DIRECTORS' REPORT *(continued)*

FOR THE YEAR ENDED 31 MARCH 2012

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 except for the loss from discontinued operations of a subsidiary as disclosed in the statements of comprehensive income of the Group; 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.

SIGNIFICANT EVENT OCCURRING AFTER BALANCE SHEET DATE

Significant event occurring after balance sheet date is as disclosed in Note 37 to the financial statements.

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 30 July 2012.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

DATIN FONG NYOK YOON
EXECUTIVE CHAIRPERSON

Teluk Intan, Perak Darul Ridzuan



STATEMENT BY DIRECTORS

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

We, Dato' Chuah Chin Lai and Datin Fong Nyok Yoon, being two of the directors of Caely Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 31 to 93 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 2012 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.

The information set out in Note 38 on page 94 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution dated 30 July 2012.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

DATIN FONG NYOK YOON
EXECUTIVE CHAIRPERSON

Teluk Intan, Perak Darul Ridzuan

STATUTORY DECLARATION

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

I, Datin Fong Nyok Yoon, 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 31 to 94 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.

DATIN FONG NYOK YOON
EXECUTIVE CHAIRPERSON

Subscribed and solemnly declared by the abovenamed Datin Fong Nyok Yoon at Teluk Intan in the state of Perak Darul Ridzuan, Malaysia on 30 July 2012.

Before me,

COMMISSIONER FOR OATHS



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Caely Holdings Bhd. on pages 31 to 93, which comprise the statements of financial position as at 31 March 2012 of the Group and the Company, and the statements of comprehensive income, changes in equity and cash flows 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 Notes 1 to 37.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give a true and fair view 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 2012 and of their financial performance and cash flows for the financial year then ended.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(continued)*

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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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. 2499/12/13 (J)]
Chartered Accountant

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

30 July 2012



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	Note	GROUP		COMPANY	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	7	68,693,319	57,123,703	15,000,120	1,125,009
Cost of sales	8	(54,625,087)	(54,629,169)	-	-
Gross profit		14,068,232	2,494,534	15,000,120	1,125,009
Other operating income		1,221,150	2,191,173	235,820	393,036
Selling and distribution costs		(3,077,441)	(3,282,449)	-	-
Administrative expenses		(8,270,961)	(10,789,151)	(386,113)	(590,556)
Other operating expenses		-	-	(149,297)	(8,155,206)
Profit/(loss) from operations	9	3,940,980	(9,385,893)	14,700,530	(7,227,717)
Finance cost	10	(576,107)	(708,825)	(818,189)	(116,043)
Profit/(loss) before taxation		3,364,873	(10,094,718)	13,882,341	(7,343,760)
Taxation	11	(232,242)	1,357,310	(3,699,969)	(218,483)
Profit/(loss) from continuing operations		3,132,631	(8,737,408)	10,182,372	(7,562,243)
Loss from discontinued operations	14	(1,967,575)	(1,519,771)	-	-
Net profit/(loss) for the financial year		1,165,056	(10,257,179)	10,182,372	(7,562,243)
Other comprehensive income					
- Surplus on revaluation of land and buildings		2,210,168	-	30,000	-
- Deferred tax on revaluation surplus of land and buildings		(218,987)	-	(7,500)	-
Total comprehensive income attributable to owners of the Company		3,156,237	(10,257,179)	10,204,872	(7,562,243)
Earnings/(loss) per share (sen)					
Basic/diluted					
- continuing operations	12	3.92	(10.92)		
- discontinued operations	12	(2.46)	(1.90)		



STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	GROUP 2012 RM	2011 RM
ASSETS			
Non current assets			
Property, plant and equipment	15	26,391,981	26,015,093
Prepaid lease payments	16	325,168	806,010
Deferred tax assets	18	92,439	69,402
Receivables, deposits and prepayments	19	60,070	288,504
		<u>26,869,658</u>	<u>27,179,009</u>
Current assets			
Property development costs	20	4,546,997	-
Inventories	21	25,587,108	25,895,378
Receivables, deposits and prepayments	19	17,674,326	9,524,156
Tax recoverable		689,001	1,083,906
Marketable securities	22	2,141,947	2,410,746
Derivative financial instruments	23	8,916	95,593
Deposits, bank and cash balances	24	5,047,894	7,248,299
		<u>55,696,189</u>	<u>46,258,078</u>
Non current assets held for sale	14	<u>1,442,562</u>	-
TOTAL ASSETS		<u>84,008,409</u>	<u>73,437,087</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	40,000,000	40,000,000
Other reserves	26	16,181,557	14,270,083
Retained profits		<u>7,492,780</u>	<u>6,327,724</u>
Total equity		<u>63,674,337</u>	<u>60,597,807</u>



STATEMENTS OF FINANCIAL POSITION *(continued)*

AS AT 31 MARCH 2012 *(continued)*

	Note	2012 RM	GROUP 2011 RM
LIABILITIES			
Non current liabilities			
Payables and accruals	27	53,990	74,889
Hire-purchase creditors	28	541,183	376,921
Term loans	29	192,641	1,012,570
Deferred tax liabilities	18	811,305	489,440
		<u>1,599,119</u>	<u>1,953,820</u>
Current liabilities			
Payables and accruals	27	10,641,111	7,004,047
Derivative financial instruments	23	35,331	116,203
Hire-purchase creditors	28	186,416	210,590
Term loans	29	153,544	228,615
Short term bank borrowings			
- bank overdrafts	30	4,186,675	1,694,160
- others	30	2,065,500	1,630,950
Current tax liabilities		5,900	895
		<u>17,274,477</u>	<u>10,885,460</u>
Liabilities associated with assets held for sale		<u>1,460,476</u>	<u>-</u>
Total liabilities		<u>20,334,072</u>	<u>12,839,280</u>
TOTAL EQUITY AND LIABILITIES		<u>84,008,409</u>	<u>73,437,087</u>



STATEMENTS OF FINANCIAL POSITION *(continued)*

AS AT 31 MARCH 2012 *(continued)*

		COMPANY	
	Note	2012 RM	2011 RM
ASSETS			
Non current assets			
Property, plant and equipment	15	1,456,028	1,493,024
Prepaid lease payments	16	325,168	329,898
Investment in subsidiaries	17	34,967,023	34,967,023
		<u>36,748,219</u>	<u>36,789,945</u>
Current assets			
Receivables, deposits and prepayments	19	5,204,176	2,635,152
Tax recoverable		92,643	236,394
Marketable securities	22	2,141,947	2,410,746
Deposits, bank and cash balances	24	293,253	55,802
		<u>7,732,019</u>	<u>5,338,094</u>
TOTAL ASSETS		<u>44,480,238</u>	<u>42,128,039</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	40,000,000	40,000,000
Other reserves	26	9,567,713	9,545,213
Accumulated losses		(18,209,251)	(28,391,623)
Total equity		<u>31,358,462</u>	<u>21,153,590</u>
LIABILITIES			
Non current liabilities			
Payables and accruals	27	6,347,653	14,139,174
Term loans	29	192,641	334,924
Deferred tax liabilities	18	110,558	110,492
		<u>6,650,852</u>	<u>14,584,590</u>
Current liabilities			
Payables and accruals	27	6,317,380	6,246,555
Term loans	29	153,544	143,304
		<u>6,470,924</u>	<u>6,389,859</u>
Total liabilities		<u>13,121,776</u>	<u>20,974,449</u>
TOTAL EQUITY AND LIABILITIES		<u>44,480,238</u>	<u>42,128,039</u>



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

GROUP	Attributable to owners of the Company						Total RM
	Share capital RM	Share premium RM	Reserve on consolidation RM	Currency translation reserve RM	Revaluation reserve RM	Retained profits RM	
At 1 April 2010	40,000,000	9,419,360	80,344	79,707	4,690,672	16,473,440	70,743,523
Effects on adoption of FRS 139	-	-	-	-	-	111,463	111,463
As restated	40,000,000	9,419,360	80,344	79,707	4,690,672	16,584,903	70,854,986
Comprehensive loss							
Net loss for the financial year	-	-	-	-	-	(10,257,179)	(10,257,179)
Total comprehensive loss	-	-	-	-	-	(10,257,179)	(10,257,179)
At 31 March 2011	40,000,000	9,419,360	80,344	79,707	4,690,672	6,327,724	60,597,807
At 1 April 2011	40,000,000	9,419,360	80,344	79,707	4,690,672	6,327,724	60,597,807
Comprehensive income							
Net profit for the financial year	-	-	-	-	-	1,165,056	1,165,056
Other comprehensive income							
- surplus on revaluation of land and buildings	-	-	-	-	2,210,168	-	2,210,168
- deferred tax on revaluation surplus of land and buildings	-	-	-	-	(218,987)	-	(218,987)
- realisation of currency translation reserve to profit or loss (Note 26 (i))	-	-	-	(79,707)	-	-	(79,707)
Total comprehensive income	-	-	-	(79,707)	1,991,181	1,165,056	3,076,530
At 31 March 2012	40,000,000	9,419,360	80,344	-	6,681,853	7,492,780	63,674,337



STATEMENTS OF CHANGES IN EQUITY *(continued)*

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 *(continued)*

COMPANY	Attributable to owners of the Company				Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM	Accumulated losses RM	
At 1 April 2010	40,000,000	9,419,360	125,853	(20,829,380)	28,715,833
Comprehensive loss					
Net loss for the financial year	-	-	-	(7,562,243)	(7,562,243)
Total comprehensive loss	-	-	-	(7,562,243)	(7,562,243)
At 31 March 2011	40,000,000	9,419,360	125,853	(28,391,623)	21,153,590
At 1 April 2011	40,000,000	9,419,360	125,853	(28,391,623)	21,153,590
Comprehensive income					
Net profit for the financial year	-	-	-	10,182,372	10,182,372
Other comprehensive income					
- surplus on revaluation of building	-	-	30,000	-	30,000
- deferred tax on revaluation surplus of building	-	-	(7,500)	-	(7,500)
Total comprehensive income	-	-	22,500	10,182,372	10,204,872
At 31 March 2012	40,000,000	9,419,360	148,353	(18,209,251)	31,358,462



STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) from continuing operations	3,132,631	(8,737,408)	10,182,372	(7,562,243)
Adjustments for:				
Property, plant and equipment				
- depreciation	1,629,761	1,813,981	66,996	66,445
- gains on disposals	(153,110)	(148,760)	-	-
- write off	263,062	69,206	-	-
Amortisation of prepaid lease payments	4,730	4,730	4,730	4,730
Clawback of revaluation deficits	(75,912)	-	-	-
Realisation of currency translation reserve	(79,707)	-	-	-
Allowance of doubtful debts (net)	121,248	1,847,158	149,297	2,242,002
Interest expense	426,334	492,510	818,189	116,043
Interest income	(171,861)	(226,251)	(132,466)	(10,171)
Gross dividend income from marketable securities	(31,921)	(33,832)	(31,921)	(33,832)
Fair value loss/(gains) on marketable securities	178,886	(168,590)	178,886	(168,590)
(Gains)/losses on disposals of marketable securities	(74,645)	3,126	(74,645)	3,126
Fair value losses on derivative financial instruments	5,805	20,610	-	-
Impairment losses on investment in subsidiaries	-	-	-	5,913,204
Gross dividend income from a subsidiary	-	-	(15,000,120)	(1,125,009)
Taxation	232,242	(1,357,310)	3,699,969	218,483
	5,407,543	(6,420,830)	(138,713)	(335,812)
Net movements in working capital:				
Inventories	(176,157)	1,169,464	-	-
Property development costs	(4,546,997)	-	-	-
Receivables	(8,630,478)	2,218,950	117,881	114,355
Payables	3,738,653	(5,522)	70,825	2,546
Related companies	-	-	(951,783)	113,259
Cash flows used in operations	(4,207,436)	(3,037,938)	(901,790)	(105,652)
Dividend received from a subsidiary	-	-	11,250,090	843,757
Interest paid	(426,334)	(494,012)	(31,733)	(39,366)
Tax paid	(318,422)	(1,445,692)	(3,000)	(3,250)
Tax refund	478,826	40,560	189,378	-
Operating cash flows from continuing operations	(4,473,366)	(4,937,082)	10,502,945	695,489
Operating cash flows from discontinued operations (Note 14)	(837,326)	(984,846)	-	-
Net operating cash flow	(5,310,692)	(5,921,928)	10,502,945	695,489



STATEMENTS OF CASH FLOW *(continued)*

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 *(continued)*

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(451,293)	(359,771)	-	-
Proceeds from disposal of property, plant and equipment	199,800	246,122	-	-
Interest income received	171,861	226,251	5,070	640
Marketable securities				
- payments for investments	(2,052,576)	(2,262,831)	(2,052,576)	(2,262,831)
- proceeds from disposals	2,217,134	1,920,571	2,217,134	1,920,571
- dividend received	31,921	33,832	31,921	33,832
Investing cash flows from continuing operations	116,847	(195,826)	201,549	(307,788)
Investing cash flows from discontinued operations (Note 14)	(153,535)	(9,559)	-	-
Net investing cash flow	(36,688)	(205,385)	201,549	(307,788)
CASH FLOWS FROM FINANCING ACTIVITIES				
Withdrawal of deposits pledged as security	-	3,000,000	-	-
Receipts/(repayments) of short term bank borrowings	1,135,960	(270,850)	-	-
Repayments of hire-purchase creditors	(252,269)	(95,444)	-	-
Repayments of term loans	(132,043)	(1,087,933)	(132,043)	(124,411)
Repayments of advances to a subsidiary	-	-	(11,420,000)	(670,417)
Advances from subsidiaries	-	-	1,085,000	100,771
Financing cash flows from continuing operations	751,648	1,545,773	(10,467,043)	(694,057)
Financing cash flows from discontinued operations (Note 14)	(97,188)	(88,650)	-	-
Net financing cash flow	654,460	1,457,123	(10,467,043)	(694,057)
Net movement in cash and cash equivalents	(4,692,920)	(4,670,190)	237,451	(306,356)
Cash and cash equivalents at beginning of the financial year	5,080,797	9,750,987	55,802	362,158
Cash and cash equivalents at end of the financial year (Note 24)	387,877	5,080,797	293,253	55,802



NOTES TO THE FINANCIAL STATEMENTS

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. During the current financial year, the Group also commenced its property development and construction activities.

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 PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan	Lot 2661, 3rd Mile Jalan Maharaja Lela 36000 Teluk Intan Perak Darul Ridzuan

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 30 July 2012.

2 BASIS OF PREPARATION

The financial statements of the Group and 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 Group and 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.

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 5.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Standards, amendments to published standards and interpretations that are applicable to the Group and are effective

The Group and the Company has adopted the following new and amended FRSs as of 1 April 2011:

- 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 12 "Service Concession Agreements"
- IC Interpretation 15 "Agreements for Construction of Real Estates"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfers of Assets from Customers"
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Amendments to FRS 1 "Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters"
- Amendments to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 5 "Plan to Sell the Controlling Interest in a Subsidiary related to Revised FRS 127"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- MASB's improvements project covering amendments to the following standards:
 - FRS 1 "First-time Adoption of Financial Reporting Standards"
 - FRS 7 "Financial Instruments Disclosures"
 - FRS 101 "Presentation of Financial Statements"
 - FRS 121 "The Effects of Changes in Foreign Exchange Rates"
 - FRS 132 "Financial Instrument: Presentation"
 - FRS 134 "Interim Financial Reporting"
 - FRS 139 "Financial Instruments Recognition and Measurement"

The new accounting standards, amendments to published standards and interpretations on the financial statements of the Group and the Company do not result in a significant change to the accounting policies and do not have a material impact on the financial statements of the Group and the Company. The impact for Revised FRS 3 "Business combinations", Revised FRS 127 "Consolidated and separate financial statements" and Amendment to FRS 7 "Financial instruments: Disclosures - improving disclosures about financial instruments", is set out in Note 36 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

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

The Group will apply the new standards, amendments to standards and interpretations in the following period:

- (i) Financial year beginning on/after 1 April 2012
In the next financial year, the Group will be adopting the new FRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). MFRS 1 "First-time Adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.
- MFRS 124 (revised) "Related Party Disclosures"
 - Amendments to MFRS 7 "Financial Instruments: Disclosures on Transfers of Financial Assets"
 - Amendment to MFRS 112 "Deferred Tax - Recovery of Underlying Assets"
- (ii) Financial year beginning on/after 1 April 2013
- MFRS 9 "Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities"
 - MFRS 10 "Consolidated Financial Statements"
 - MFRS 11 "Joint Arrangements"
 - MFRS 12 "Disclosures of Interests in Other Entities"
 - MFRS 13 "Fair Value Measurement"
 - MFRS 119 "Employee Benefits"
 - MFRS 127 "Separate Financial Statements"
 - MFRS 128 "Investments in Associates and Joint Ventures"
 - Amendment to MFRS 101 "Presentation of Items of Other Comprehensive Income"

The above new accounting standards are not expected to have a material impact on the Group's and the Company's financial statements other than MFRS 9. MFRS 9 replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Entities, at initial recognition, may irrevocably elect to designate the quoted investments as fair value through profit or loss, or as fair value through other comprehensive income. The designation will affect the recognition of the fair value gains or losses of such investment either in profit and loss or other comprehensive income (OCI). The OCI option is available instrument-by-instrument basis. Where OCI option is taken, gains or losses on disposal and impairment losses are not reclassified to profit or loss. The directors will, base on facts and circumstances that exist at the date of initial application decide on the designation of the investment.

4 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated in Note 3 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

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.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsidiaries (continued)

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

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

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

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in profit or loss.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combination and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

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 and together with any exchange differences and carrying amount of goodwill relating to the entity sold.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Property, plant and equipment*

Property, plant and equipment are initially stated at cost. Freehold land and buildings are subsequently shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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 recognised as expenses in profit or loss during the financial period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. However, the increase is recognised in profit or loss to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

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%
Plant, furniture, equipment and vehicles	5% - 50%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period.

At the end of the reporting period, 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 profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) *Accounting by lessee*

(i) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

(d) *Prepaid lease payments*

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

Previously, certain 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 2007 was retained as the surrogate carrying amount.

(e) *Investments in subsidiaries*

Investments in subsidiaries 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 Note 4(f) below.

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



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *Impairment of non financial assets*

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An 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 cost to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the reporting period.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss 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 applicable variable selling expenses.

(h) *Construction contracts*

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Contract costs are recognised as expenses in the period in which they are incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the state of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recovered.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) *Construction contracts (continued)*

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(i) *Property development activities*

(i) Land held for property development

Land held for property development consists of land and all cost directly attributable to development activities on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount (see accounting policy Note 4(f) on impairment of non-financial assets).

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

(ii) Property development costs

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property, development costs not recognised as an expense is recognised as an asset and is stated at the lower of costs and net realisable value.

Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) *Financial assets*

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

In addition, certain financial assets are designated at initial recognition at fair value through profit or loss when one of the designation criteria is met:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- Its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
- The item is a hybrid contract that contains one or more embedded derivatives

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non current assets. The loans and receivables comprise of trade and other receivables (excluding prepayments), amounts owing by subsidiaries (at entity level) and deposits, bank and cash balances.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

For financial assets at fair value through profit or loss, an entity is allowed to recognise interest income, interest expense and dividend income separately.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) *Financial assets (continued)*

- (iv) Subsequent measurement - impairment of financial assets
Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(l) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Derivatives that do not qualify for hedged accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 4(j).

(m) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined based on the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(n) 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.

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Short term employee benefits

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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.

(q) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividend distribution

Distribution to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(r) 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 profit or loss except to the extent that it relates to items recognised directly to equity, in which case the taxation is recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company and the subsidiary companies operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

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. Tax benefit from reinvestment allowance is recognised when the tax credit is utilised and no deferred tax asset is recognised when the tax credit is receivable.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) *Income taxes (continued)*

Deferred tax is determined using tax rates enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis.

(s) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- (i) Revenue for sales of goods under Original Equipment Manufacturer arrangement is recognised upon delivery of goods to customers, net of returns and discounts.
- (ii) Revenue for sales of goods under direct sales is recognised upon declaration of sales to the Group by the distributors, net of returns.
- (iii) Income from construction contracts is recognised on the stage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are recognised in full.
- (iv) Income from property development is recognised on the stage of completion method based on units sold, and where the outcome of the development projects can be reliably estimated. Anticipated losses are recognised in full.
- (v) Interest income is recognised using the effective interest method.
- (vi) Dividend income is recognised when the Group's right to receive payment is established.
- (vii) Rental income is recognised on the accrual basis unless collection is in doubt.

(t) *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.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *Foreign currencies (continued)*

(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 end of the reporting period.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the profit or loss.

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

	2012 RM	2011 RM
Assets:		
1 US Dollar	3.04	2.99
1 Euro	4.04	4.24
Liabilities:		
1 US Dollar	3.10	3.06
1 Euro	4.14	4.33
100 Hong Kong Dollars	40.53	39.97
100 Chinese Renminbi	49.08	46.61

(iii) Foreign entity

The Group's foreign entity is that operation that is not an integral part of the operations of the Company. Profit or loss of the foreign entity is translated into Ringgit Malaysia at average exchange rates for the period and the statement of financial position is translated at exchange rates ruling at the end of the reporting period. Exchange differences arising from the retranslation of the net investment in foreign entities and borrowings that hedge such investments are taken to 'Currency translation reserve' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the profit or loss as part of the gain or loss on disposal.

(u) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(v) *Disposal groups held for sale*

Disposal groups are classified as assets/liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5 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 expected usage / sales profiles can have an impact on the allowance recorded.

(c) Impairment of investments in subsidiaries

Investments in subsidiaries 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 fair value less costs to sell and 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 Company's test for impairment of investments in subsidiaries.

(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 the 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.

(e) Recognition of property development profits

When the outcome of the development activity can be estimated reliably and the sale of the development unit is affected, the Group recognises property development profits and costs by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recovered and the property development costs on the development units sold are recognised when incurred.

Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development costs, the expected loss is recognised as an expense in the period in which the loss is identified.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5 JUDGEMENTS AND ESTIMATIONS (CONTINUED)

(f) *Recognition of construction contracts profits*

The Group recognises contract profit based on the stage of completion method. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

Significant judgement is required in the estimation of total contract costs. Where the actual total contract costs is different from the estimated total contract costs, such difference will impact the contract profits/(losses) recognised.

The Group has estimated total contract revenue based on the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably based on the latest available information, and in the absence of such, based on the Directors' best estimates derived from reasonable assumptions, experience and judgement.

Where the actual approved variations and claims differ from the estimates, such difference will impact the contract profits/(losses) recognised.

6 SEGMENT REPORTING

The Group operates in Malaysia and is organised into five 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.
- Property development and construction activities.
- Manufacturing and sales of undergarments under Original Equipment Manufacturer arrangements ("OEM") mainly to Europe, Canada and United States of America.
- Manufacturing and sales of own brand of undergarments, mainly to cater for direct selling business and the provision of sewing services to a fellow subsidiary within the Group.
- Manufacturing and sales of car accessories and trading of goods.

Others represent investment holding activities undertaken by the Company.

Intersegment revenue comprises sales of goods from certain subsidiaries to the "Direct selling / retail" segment, provision of sewing services from the "Manufacturing sales (Own brand)" segment to the "Manufacturing sales (OEM)" segment and dividend income received from a subsidiary.

The results of the manufacturing and sales of car accessories and the trading of goods disclosed in Note 14 are presented as discontinued operations and the relevant comparatives have been re-presented.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position

Group 2012	Continuing Operations						Discontinued Operation	Total RM
	Direct selling/retail RM	Property and construction RM	Manufacturing	Manufacturing	Others RM	Total RM	Car accessories manufacturer RM	
			sales (OEM) RM	sales (Own brand) RM				
Revenue								
Total revenue	4,581,302	13,208,471	50,903,546	2,054,011	15,000,120	85,747,450	510,417	86,257,867
Intersegment revenue	-	-	-	(2,054,011)	(15,000,120)	(17,054,131)	(457,276)	(17,511,407)
External revenue	4,581,302	13,208,471	50,903,546	-	-	68,693,319	53,141	68,746,460
Results								
Profit/(loss) from operations	(636,788)	3,990,284	456,972	468,093	(337,581)	3,940,980	(1,885,450)	2,055,530
Finance cost	(129,064)	(4,574)	(333,629)	(77,107)	(31,733)	(576,107)	(82,125)	(658,232)
Profit/(loss) before tax	(765,852)	3,985,710	123,343	390,986	(369,314)	3,364,873	(1,967,575)	1,397,298
Taxation						(232,242)	-	(232,242)
Net profit/ (loss) for the financial year						3,132,631	(1,967,575)	1,165,056
Segment assets	8,119,151	13,845,511	41,744,229	14,392,766	4,464,190	82,565,847	1,442,562	84,008,409
Segment liabilities	2,514,188	4,884,522	9,123,080	1,570,208	781,598	18,873,596	1,460,476	20,334,072
Interest income	20	-	166,771	-	5,070	171,861	7,635	179,496
Capital expenditure	8,170	249,245	597,734	205,144	-	1,060,293	153,535	1,213,828
Depreciation and amortisation	169,239	21,029	1,171,854	200,643	71,726	1,634,491	140,664	1,775,155



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position *(continued)*

Group 2011	Continuing Operations					Discontinued Operation		
	Direct selling/retail RM	Manufacturing sales (OEM) RM	Manufacturing sales (Own brand) RM	Car accessories manufacturer RM	Others RM	Total RM	Car accessories manufacturer RM	Total RM
Revenue								
Total revenue	4,253,540	52,870,163	1,793,436	-	1,125,009	60,042,148	606,642	60,648,790
Intersegment revenue	-	-	(1,793,436)	-	(1,125,009)	(2,918,445)	(78,470)	(2,996,915)
External revenue	4,253,540	52,870,163	-	-	-	57,123,703	528,172	57,651,875
Results								
Loss from operations	(5,470,604)	(3,480,008)	(48,465)	-	(386,816)	(9,385,893)	(1,433,474)	(10,819,367)
Finance cost	(279,910)	(296,117)	(93,432)	-	(39,366)	(708,825)	(86,297)	(795,122)
Loss before tax	(5,750,514)	(3,776,125)	(141,897)	-	(426,182)	(10,094,718)	(1,519,771)	(11,614,489)
Taxation						1,357,310	-	1,357,310
Net loss for the financial year						(8,737,408)	(1,519,771)	(10,257,179)
Segment assets	8,024,023	44,978,603	12,648,034	3,124,682	4,661,745	73,437,087	-	73,437,087
Segment liabilities	2,882,288	6,209,193	1,206,553	1,702,087	839,159	12,839,280	-	12,839,280
Interest income	86,165	139,446	-	-	640	226,251	-	226,251
Capital expenditure	162,165	364,606	-	-	-	526,771	9,559	536,330
Depreciation and amortisation	304,008	1,211,315	232,212	-	71,176	1,818,711	153,081	1,971,792



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6 SEGMENT REPORTING (CONTINUED)

(b) *Analysis of revenue by countries*

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

	Group	
	2012 RM	2011 RM
Revenue		
Canada	10,770,092	15,638,649
Denmark	1,413,050	3,968,890
Germany	11,645,474	10,465,550
France	311,864	279,860
Italy	-	1,414,769
United Kingdom	82,270	213,873
United States of America	19,233,556	18,540,971
Hong Kong	1,480,909	959,889
Japan	3,203,637	923,739
Netherlands	1,634,945	265,091
Mexico	557,571	-
Singapore	506,707	-
Malaysia	17,789,773	4,253,540
Other countries	63,471	198,882
	68,693,319	57,123,703

All non current assets of the Group are located in Malaysia.

The basis of measurement of reported segment profit or loss, segment assets and segment liabilities are consistent with the basis used for the statement of comprehensive income of the Group for the financial year ended 31 March 2012 and the statement of financial position for the financial year then ended. The components of the segment assets and liabilities include all classes of assets and liabilities disclosed in the statements of financial position.

7 REVENUE

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Direct sales and retail	4,581,302	4,253,540	-	-
Sales of finished goods	50,903,546	52,870,163	-	-
Contract revenue	13,208,471	-	-	-
Gross dividend income from an unquoted subsidiary	-	-	15,000,120	1,125,009
	68,693,319	57,123,703	15,000,120	1,125,009



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8 COST OF SALES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Contract costs recognised as an expense	8,478,610	-	-	-
Cost of inventories recognised as an expense	46,146,477	54,629,169	-	-
	54,625,087	54,629,169	-	-

9 PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(loss) from operations is stated after charging/(crediting):				
Auditors' remuneration paid/payable to PricewaterhouseCoopers Malaysia				
- statutory audit - current year (continuing operations)	141,790	128,790	49,550	43,050
- statutory audit - current year (discontinued operations)	17,000	17,000	-	-
- statutory audit - prior year underprovision	13,000	-	6,500	-
- other services	42,350	38,800	13,600	8,200
Allowance for doubtful trade debts	220,859	1,765,344	-	-
Allowance for amount prepaid not recoverable	28,284	158,541	-	-
Allowance for doubtful trade debts written back	(127,895)	(76,727)	-	-
Inventories				
- allowance for slow moving inventories	17,518	537,137	-	-
- write down	84,566	38,239	-	-
- write back	(1,228,991)	(78,493)	-	-
Amortisation of prepaid lease payments				
- continuing operations	4,730	4,730	4,730	4,730
- discontinued operations	9,885	-	-	-
Property, plant and equipment				
- depreciation (continuing operations)	1,629,761	1,813,981	66,996	66,445
- depreciation (discontinued operations)	130,779	129,753	-	-
- gains on disposal	(153,110)	(148,760)	-	-
- write off	263,062	69,206	-	-
- clawback of revaluation deficit charged to profit or loss previously	(75,912)	-	-	-
Rental expenses of premises	47,725	62,315	-	-
Staff costs	16,789,872	17,520,792	220,600	227,200
Gross dividend income from an unquoted subsidiary	-	-	(15,000,120)	(1,125,009)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Significant amounts included in other operating expenses are:				
- allowance for doubtful debts due from a subsidiary	-	-	149,297	2,242,002
- impairment loss on investment in a subsidiary	-	-	-	5,913,204
Profit/(loss) from operations is stated after charging/(crediting):				
Significant amounts included in other operating income are:				
- interest income	(171,861)	(226,251)	(132,466)	(10,171)
- net realised foreign exchange gains	(874,178)	(1,448,113)	(7,674)	(15,547)
- net unrealised foreign exchange gains	(15,276)	(5,293)	-	(22)
- rental income of premises	(62,260)	(45,760)	-	-
- (gains)/losses on disposal of marketable securities	(74,645)	3,126	(74,645)	3,126
- fair value losses/(gains) on marketable securities	178,886	(168,590)	178,886	(168,590)
- fair value losses on derivative financial instruments	5,805	20,610	-	-
- gross dividend income from marketable securities	(31,921)	(33,832)	(31,921)	(33,832)
Included in staff costs are:				
- directors' fees	235,000	240,000	209,000	214,000
- directors' emoluments other than fees	624,095	844,395	11,600	13,200
- defined contribution plan expenses	723,237	773,178	-	-
Monetary value of benefits given to certain directors	7,700	26,918	-	-

Defined contribution plan expenses of the Group include contributions in respect of directors amounting to RM98,432 (2011: RM133,337).



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10 FINANCE COST

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Bank commissions on trade finance facilities	4,438	27,888	-	-
Bank charges and commitment fees	145,335	188,427	-	-
Interest expense	426,334	492,510	818,189	116,043
	<u>576,107</u>	<u>708,825</u>	<u>818,189</u>	<u>116,043</u>

11 TAXATION

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Continuing operations:				
Malaysian taxation:				
Income tax charge/(credit)	167,858	(44,253)	3,723,252	237,000
Deferred tax charge/(credit)				
- origination and reversal of temporary differences (Note 18)	<u>79,841</u>	<u>(1,082,108)</u>	<u>(7,434)</u>	<u>-</u>
	247,699	(1,126,361)	3,715,818	237,000
In respect of previous financial years:				
- over accrual of income tax	<u>(15,457)</u>	<u>(230,949)</u>	<u>(15,849)</u>	<u>(18,517)</u>
Tax charge/(credit)	232,242	(1,357,310)	3,699,969	218,483

Discontinued operations:

There is no tax expense in respect of discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***11 TAXATION (CONTINUED)**

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

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(loss) before taxation	3,364,873	(10,094,718)	13,882,341	(7,343,760)
Tax calculated at the Malaysian income tax rate 25% (2011: 25%)	841,218	(2,523,680)	3,470,585	(1,835,940)
Tax effects of:				
- expenses not deductible for tax purposes	276,590	217,718	290,904	2,125,147
- expenses eligible for double deduction/tax incentives	(49,710)	(29,852)	-	-
- income not subject to tax	(52,222)	(63,786)	(45,671)	(52,207)
- current financial year's net deductible temporary differences not recognised	-	1,273,239	-	-
- effect of changes in tax rates on deferred tax	45,803	-	-	-
- utilisation of previously unrecognised tax losses	(207,324)	-	-	-
- utilisation of previously unrecognised temporary differences	(206,900)	-	-	-
- utilisation of current financial year's tax losses	(399,756)	-	-	-
- over accrual of income tax in respect of previous financial years	(15,457)	(230,949)	(15,849)	(18,517)
Tax charge/(credit)	232,242	(1,357,310)	3,699,969	218,483

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Unutilised capital allowances	2,713,000	3,192,000	-	-
Unused tax losses	21,015,000	23,204,000	-	-



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12 EARNINGS/(LOSS) PER SHARE

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

	GROUP	
	2012 RM	2011 RM
Net profit/(loss) for the financial year attributable to owners of the Company (RM)		
- from continuing operations	3,132,631	(8,737,408)
- from discontinued operations	(1,967,575)	(1,519,771)
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic/diluted earnings/(loss) per share (sen)		
- from continuing operations	3.92	(10.92)
- from discontinued operations	(2.46)	(1.90)

13 DIVIDENDS

No dividend was paid or declared by the Company since 31 March 2011.

The directors do not recommend the payment of a dividend for the financial year ended 31 March 2012.

14 NON CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	GROUP	
	2012 RM	2011 RM
Non-current assets		
- Property, plant and equipment	875,150	-
- Prepaid lease payments	466,227	-
	<u>1,341,377</u>	<u>-</u>
Current assets		
- Receivables, deposits and prepayments	14,081	-
- Tax recoverable	87,104	-
	<u>101,185</u>	<u>-</u>
Non current assets held for sale	<u>1,442,562</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)***14 NON CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (CONTINUED)**

	GROUP	
	2012 RM	2011 RM
Non-current liabilities		
- Term loan (i)	588,899	-
Current liabilities		
- Payables and accruals	82,823	-
- Bankers' acceptance (ii)	700,000	-
- Term loan (i)	88,754	-
	871,577	-
Liabilities associated with assets held for sale	1,460,476	-
Net liabilities held for sale	(17,914)	-

- (i) This term loan of a subsidiary obtained from a licensed bank is repayable by 120 instalments commencing November 2008 and carries an effective interest rate of 5.60% (2011: 6.30%) per annum. The interest on this term loan is calculated based on floating interest rates which may be varied any time at the bank's discretion. This term loan is secured by the leasehold land and building of the said subsidiary and covered by a personal guarantee from one of its directors.
- (ii) The bankers' acceptance is secured by fixed charge over the leasehold land and building of the subsidiary and covered by a personal guarantee by one of its directors of the subsidiary. It carries weighted average effective interest rates of 5.86% per annum and credit period ranged from 116 to 120 days.
- (iii) The comparatives for items (i) and (ii) stated above are included in the comparatives in Notes 29 and 30 to the financial statements respectively. These borrowings are denominated in Ringgit Malaysia.

The movements during the financial year relating to net liabilities held for sale are as follows:

	GROUP	
	2012 RM	2011 RM
At 1 April	-	-
Transfer from property, plant and equipment (Note 15)	875,150	-
Transfer from prepaid lease payments (Note 16)	466,227	-
Transfer from other assets	101,185	-
Transfer from other liabilities	(1,460,476)	-
At 31 March	(17,914)	-



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14 NON CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (CONTINUED)

(a) Disposal group comprises Avana Technologies (M) Sdn Bhd and its subsidiaries ("Avana Group"). The Group entered into a share sale agreement on 29 March 2012 to dispose Avana Group and the disposal is expected to complete within the next 12 months from the balance sheet date. The results of Avana Group are presented as discontinued operations in the statement of comprehensive income and the relevant comparatives have been re-presented. Details of the disclosures are presented in Note 14 (b).

(b) *Discontinued operations*

The income and expense and cash flows of Avana Group which has been classified as discontinued operations are as follows:

	GROUP	
	2012 RM	2011 RM
Result		
Revenue	53,141	528,172
Cost of sales	(1,711,780)	(1,194,710)
Gross loss	(1,658,639)	(666,538)
Other operating income	605,093	35,179
Selling and distribution costs	(42,989)	(127,409)
Administrative expenses	(788,915)	(674,706)
Loss before interest and tax	(1,885,450)	(1,433,474)
Finance costs	(82,125)	(86,297)
Loss before tax	(1,967,575)	(1,519,771)
Included in the results are:		
Auditors' remuneration - statutory audit	17,000	17,000
Depreciation on property, plant and equipment	130,779	129,753
Amortisation of prepaid lease payments	9,885	-
Amortisation on investment property	-	23,328
Gain on disposals of property, plant and equipment	(16,409)	-
Property, plant and equipment written off	89,228	431
Rental expense of premises	15,125	72,600
Rental expense of machinery	1,200	1,800
Staff costs	273,386	535,907
Staff loan written off	167,936	-
Allowance for doubtful debts	63,000	59,115
Realised foreign exchange (gains)/losses	(4,182)	3,649
Interest income	(7,635)	-
Rental income of premises	-	(96,000)
Inventories written off	469,588	-
(Write back)/allowance for slow moving inventories (net)	(96,500)	342,718

NOTES TO THE FINANCIAL STATEMENTS *(continued)***14 NON CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (CONTINUED)****(b) Discontinued operations (continued)**

	GROUP	
	2012 RM	2011 RM
Included in staff costs are:		
- Director's emoluments other than fees	110,400	165,600
- Defined contribution plan expenses	28,883	56,467

Defined contribution plan expenses of Avana Group include contributions in respect of a director amounting to RM13,248 (2011 : RM19,872).

	GROUP	
	2012 RM	2011 RM
Cash flows from operating activities		
Net loss for the financial year	(1,967,575)	(1,519,771)
Adjustments for:		
Property, plant and equipment		
- Depreciation	130,779	129,753
- Gain on disposals	(16,409)	-
- Write off	89,228	431
Allowance of doubtful debts (net)	-	59,115
Staff loan written off	167,936	-
Inventories written off	469,588	-
Amortisation of prepaid lease payments	9,885	-
Amortisation on investment property	-	23,328
Interest expense	82,125	86,297
Interest income	(7,635)	-
Changes in working capital:		
Inventories	14,839	204,544
Receivables	313,112	148,638
Payables	(39,664)	(32,386)
Cash flows used in operations	(753,791)	(900,051)
Interest paid	(83,535)	(84,795)
Net operating cash flow	(837,326)	(984,846)
Cash flows from investing activities		
Payments for property, plant and equipment	(153,535)	(9,559)
Net investing cash flow	(153,535)	(9,559)
Cash flows from financing activities		
Proceeds from bankers' acceptance	-	2,000
Repayments of hire-purchase creditors	(11,884)	(17,479)
Repayments of term loan	(85,304)	(73,171)
Net financing cash flow	(97,188)	(88,650)



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land at valuation RM	Buildings at valuation RM	Buildings at cost RM	Plant, furniture, equipment and vehicles at cost RM	Capital work in progress RM	Total RM
Cost/Valuation						
At 1 April 2011	4,135,000	17,306,500	1,163,980	19,611,249	-	42,216,729
Transfer from accumulated depreciation on revaluation	-	(1,904,048)	-	-	-	(1,904,048)
Revaluation surplus						
- credited to profit or loss	8,333	67,579	-	-	-	75,912
- credited to equity	1,406,667	803,501	-	-	-	2,210,168
Additions	-	-	-	1,008,684	205,144	1,213,828
Disposals	-	-	-	(982,338)	-	(982,338)
Write off	-	-	-	(2,998,698)	-	(2,998,698)
Transfer from building at cost	-	516,468	(516,468)	-	-	-
Transfer to assets held for sale (Note 14)	-	-	(647,512)	(482,861)	-	(1,130,373)
At 31 March 2012	5,550,000	16,790,000	-	16,156,036	205,144	38,701,180
Accumulated depreciation						
At 1 April 2011	-	1,567,355	33,889	14,600,392	-	16,201,636
Transfer to cost/ valuation on revaluation	-	(1,904,048)	-	-	-	(1,904,048)
Charge for the financial year	-	399,123	13,443	1,347,974	-	1,760,540
Disposals	-	-	-	(847,298)	-	(847,298)
Write off	-	-	-	(2,646,408)	-	(2,646,408)
Transfers from building at cost	-	33,889	(33,889)	-	-	-
Transfer to assets held for sale (Note 14)	-	-	(13,443)	(241,780)	-	(255,223)
At 31 March 2012	-	96,319	-	12,212,880	-	12,309,199
Net book value						
At 31 March 2012	5,550,000	16,693,681	-	3,943,156	205,144	26,391,981



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land at valuation RM	Buildings at valuation RM	Buildings at cost RM	Plant, furniture, equipment and vehicles at cost RM	Total RM
Cost/Valuation					
At 1 April 2010	4,135,000	17,306,500	516,468	20,143,881	42,101,849
Additions	-	-	-	536,330	536,330
Disposals	-	-	-	(979,875)	(979,875)
Write off	-	-	-	(89,087)	(89,087)
Transfer from investment property	-	-	647,512	-	647,512
At 31 March 2011	<u>4,135,000</u>	<u>17,306,500</u>	<u>1,163,980</u>	<u>19,611,249</u>	<u>42,216,729</u>
Accumulated depreciation					
At 1 April 2010	-	1,173,945	23,560	13,962,360	15,159,865
Charge for the financial year	-	393,410	10,329	1,539,995	1,943,734
Disposals	-	-	-	(882,513)	(882,513)
Write off	-	-	-	(19,450)	(19,450)
At 31 March 2011	<u>-</u>	<u>1,567,355</u>	<u>33,889</u>	<u>14,600,392</u>	<u>16,201,636</u>
Net book value					
At 31 March 2011	<u>4,135,000</u>	<u>15,739,145</u>	<u>1,130,091</u>	<u>5,010,857</u>	<u>26,015,093</u>



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Building at valuation RM	Furniture, equipment and vehicles at cost RM	Total RM
Cost/Valuation			
At 1 April 2011	1,300,000	575,847	1,875,847
Transfer from accumulated depreciation on revaluation	(130,000)	-	(130,000)
Revaluation surplus credited to equity	30,000	-	30,000
As 31 March 2012	1,200,000	575,847	1,775,847
Accumulated depreciation			
At 1 April 2011	110,500	272,323	382,823
Transfer to cost/valuation on revaluation	(130,000)	-	(130,000)
Charge for the financial year	26,550	40,446	66,996
At 31 March 2012	7,050	312,769	319,819
Net book value			
At 31 March 2012	1,192,950	263,078	1,456,028
Cost/Valuation			
At 1 April 2010 / 31 March 2011	1,300,000	575,847	1,875,847
Accumulated depreciation			
At 1 April 2010	84,500	231,878	316,378
Charge for the financial year	26,000	40,445	66,445
At 31 March 2011	110,500	272,323	382,823
Net book value			
At 31 March 2011	1,189,500	303,524	1,493,024

NOTES TO THE FINANCIAL STATEMENTS *(continued)***15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

- (i) Valuation of the building of the Company carried out by an independent valuer, Suleiman & Co Property Consultants Sdn. Bhd. on 25 October 2011.

Description	Valuation method	Valuation amount RM
Building	Comparison method	1,200,000

- (ii) Valuations of the freehold land and buildings of the subsidiaries carried out by an independent valuer, Suleiman & Co Property Consultants Sdn. Bhd. as follows:

Description	Valuation method	Valuation date	Valuation amount RM
Freehold land	Comparison method	17 November 2011	5,550,000
Buildings	Comparison method	9-17 November 2011	15,590,000
			21,140,000

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Freehold land	1,019,735	1,019,735	-	-
Buildings	13,864,279	13,749,106	1,054,051	1,078,852
	14,884,014	14,768,841	1,054,051	1,078,852

Net book value of property, plant and equipment pledged as securities for the borrowings of the Group and the Company as disclosed in Note 29 and Note 30 to the financial statements are RM22,243,681 (2011: RM21,004,236) and RM1,192,950 (2011: RM1,189,500) respectively.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Furniture, equipment and vehicles				
- additions during the financial year, at cost	653,319	206,370	-	-
- net book value at financial year end	874,433	546,862	-	-

16 PREPAID LEASE PAYMENTS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Net book value				
At 1 April	806,010	334,628	329,898	334,628
Amortisation	(14,615)	(4,730)	(4,730)	(4,730)
Transfer from investment property due to change in use to owner occupied	-	476,112	-	-
Transfer to assets held for sale (Note 14)	(466,227)	-	-	-
At 31 March	325,168	806,010	325,168	329,898

Certain prepaid lease payments 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 of certain leasehold land 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 of the Group and the Company with net book values of RM791,395 (2011: RM806,010) and RM325,168 (2011: RM329,898) is pledged as securities for the respective term loans of the Group and the Company as disclosed in Note 29 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17 SUBSIDIARIES

	COMPANY	
	2012 RM	2011 RM
Unquoted shares at cost	62,562,873	62,562,873
Accumulated impairment losses	(27,595,850)	(27,595,850)
	<u>34,967,023</u>	<u>34,967,023</u>

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

Name of company	Group's effective interest		Principal activities
	2012	2011	
	%	%	
Caely (M) Sdn. Bhd.	100	100	Direct sales of undergarments, garments, leather goods, sportswear and household products and retail sales of undergarments and garments. Commenced property development and construction activities during the year
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.	100	100	Dormant
Avana Technologies (M) Sdn. Bhd. ("ATMSB")	51	51	Manufacture and marketing of automobiles accessories and trading of goods. ATMSB ceased operations in December 2011
Subsidiaries of ATMSB			
Avana MSC Sdn. Bhd.	51	51	Dormant
Avana Industries Sdn. Bhd.	51	51	Dormant



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Deferred tax assets				
- subject to income tax	92,439	69,402	-	-
Deferred tax liabilities				
- subject to income tax	594,664	343,132	110,558	110,492
- subject to real property gains tax	216,641	146,308	-	-
	811,305	489,440	110,558	110,492
Deferred tax liabilities (net)	718,866	420,038	110,558	110,492

The movements in deferred tax (assets)/liabilities during the financial year comprise the following:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 April	420,038	1,502,146	110,492	110,492
(Credited)/charged to profit or loss :				
- property, plant and equipment	7,659	(322,371)	(7,434)	-
- unused tax losses	(37,969)	(806,811)	-	-
- other temporary differences	110,151	47,074	-	-
	79,841	(1,082,108)	(7,434)	-
Charged to equity:				
- property, plant and equipment	218,987	-	7,500	-
At 31 March	718,866	420,038	110,558	110,492



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18 DEFERRED TAX LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Subject to income tax:				
Deferred tax assets (before offsetting)				
- property, plant and equipment	(552,866)	(618,315)	-	-
- unused tax losses	(935,932)	(897,963)	-	-
- other temporary differences	(489,676)	(644,345)	-	-
Offsetting	1,886,035	2,091,221	-	-
Deferred tax assets (after offsetting)	(92,439)	(69,402)	-	-
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	2,462,027	2,434,353	110,558	110,492
- other temporary differences	18,672	-	-	-
Offsetting	(1,886,035)	(2,091,221)	-	-
Deferred tax liabilities (after offsetting)	594,664	343,132	110,558	110,492
Subject to real property gains tax:				
Deferred tax liabilities	216,641	146,308	-	-
Deferred tax liabilities (after offsetting)	811,305	489,440	110,558	110,492

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 RM4,318,000 (2011: RM5,337,000) and RM188,000 (2011: RM267,000) respectively.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Non current assets				
Trade receivables				
- instalment scheme B	60,070	119,666	-	-
Other receivables	-	168,838	-	-
	60,070	288,504	-	-
Current assets				
Trade receivables				
- normal trade terms	14,856,451	7,923,884	-	-
- instalment scheme B	40,744	44,328	-	-
	14,897,195	7,968,212	-	-
Other receivables	301,222	144,419	-	-
Deposits	59,159	172,834	10,000	10,000
Prepayments	2,416,750	1,238,691	3,909	121,790
Amounts owing by subsidiaries	-	-	5,190,267	2,503,362
	2,777,131	1,555,944	5,204,176	2,635,152
	17,674,326	9,524,156	5,204,176	2,635,152
Total receivables, deposits and prepayments	17,734,396	9,812,660	5,204,176	2,635,152
The currency profile of trade and other receivables is as follows:				
- Ringgit Malaysia	8,435,793	1,221,001	5,190,267	2,503,362
- US Dollar	6,208,734	5,183,184	-	-
- Euro	613,960	1,996,950	-	-
Total trade and other receivables	15,258,487	8,401,135	5,190,267	2,503,362

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

- (i) normal trade terms - cash on delivery to 90 days (2011: cash on delivery to 90 days);
- (ii) instalment scheme A - 4 months to 12 months (This instalment scheme was fully settled in year 2010); and
- (iii) instalment scheme B - 60 monthly instalments (2011: 60 monthly instalments).

Non trade balances with subsidiaries are unsecured, carry market floating interest rate of 4.75% (2011: 4.50%) per annum and are repayable on demand. The amount owing by a subsidiary, Avana Technologies (M) Sdn. Bhd. of RM3,505,299 (2011: RM3,342,002) carries interest rates ranging from 8.80% to 9.10% (2011: 8.30% to 8.80%) per annum. This outstanding balance has been impaired by the Company as at 31 March 2012 by RM3,491,299. The balance not impaired by the Company of RM14,000 is expected to be recovered from the new shareholder of Avana Technologies (M) Sdn. Bhd.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

20 PROPERTY DEVELOPMENT COSTS

	GROUP	
	2012 RM	2011 RM
At 1 April		
Leasehold land, at cost	-	-
Development costs	-	-
	-	-
Add: Costs incurred during the financial year:		
Leasehold land, at cost	3,695,300	-
Development costs	851,697	-
	4,546,997	-
At 31 March	4,546,997	-
Property development costs are analysed as follows:		
Leasehold land, at cost	3,695,300	-
Development costs	851,697	-
At 31 March	4,546,997	-

The titles to the property development leasehold land of a subsidiary has yet to be registered in the name of the subsidiary as the titles have yet to be issued by the relevant authority as at 31 March 2012.

21 INVENTORIES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Raw materials	9,965,433	10,322,424	-	-
Work in progress	3,752,780	4,022,558	-	-
Finished goods	11,868,895	11,550,396	-	-
	25,587,108	25,895,378	-	-



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

22 MARKETABLE SECURITIES

	GROUP AND COMPANY	
	2012 RM	2011 RM
Held for trading		
Shares in corporations and unit trusts		
- quoted in Malaysia	1,570,518	1,427,410
- quoted outside Malaysia	571,429	983,336
	<u>2,141,947</u>	<u>2,410,746</u>

The fair values of all quoted shares and unit trusts are based on quoted market prices at the financial year end in active markets.

23 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
	2012 RM	2011 RM
Derivative financial instruments		
Assets	8,916	95,593
Liabilities	35,331	116,203

The Group has entered into foreign currency forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

The notional principal amounts of the outstanding derivative financial instruments at 31 March 2012 are as follows:

	GROUP	
	2012 RM	2011 RM
- foreign currency forward exchange contracts	4,559,374	1,976,450
- forward options	4,956,000	5,952,000
	<u>9,515,374</u>	<u>7,928,450</u>
 Currency profile for derivative financial instruments is as follows:		
- US Dollar	9,515,374	5,464,400
- Euro	-	2,464,050
	<u>9,515,374</u>	<u>7,928,450</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

24 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed deposits with a licensed bank	4,270,120	5,696,898	-	-
Bank and cash balances	777,774	1,551,401	293,253	55,802
Deposits, bank and cash balances	5,047,894	7,248,299	293,253	55,802
Fixed deposits with a licensed bank pledged as security	(473,342)	(473,342)	-	-
Bank overdrafts (Note 30)	(4,186,675)	(1,694,160)	-	-
	387,877	5,080,797	293,253	55,802
The currency profile of deposits, bank and cash balances is as follows:				
- Ringgit Malaysia	4,761,806	5,959,681	276,566	45,820
- US Dollar	268,800	564,773	-	-
- Hong Kong Dollar	7,150	593	7,150	593
- Euro	601	713,863	-	-
- Singapore Dollar	9,537	9,389	9,537	9,389
Total deposits, bank and cash balances	5,047,894	7,248,299	293,253	55,802

	GROUP		COMPANY	
	2012 %	2011 %	2012 %	2011 %
Weighted average effective interest rates at the end of the reporting period are as follows:				
Fixed deposits with a licensed bank	3.05	2.75	-	-

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 of the Group have average maturity periods of 91 days (2011: 89 days).



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25 SHARE CAPITAL

	GROUP AND COMPANY			
	2012 No. of shares	2011 No. of shares	2012 RM	2011 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

26 OTHER RESERVES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Share premium	9,419,360	9,419,360	9,419,360	9,419,360
Reserve on consolidation	80,344	80,344	-	-
Currency translation reserve (i)	-	79,707	-	-
Revaluation reserve (ii)	6,681,853	4,690,672	148,353	125,853
	<u>16,181,557</u>	<u>14,270,083</u>	<u>9,567,713</u>	<u>9,545,213</u>

- (i) The currency translation reserve was in respect of exchange differences arising from the retranslation of the net investment in an investment in a jointly controlled entity in the previous financial years. With the approval obtained from the relevant authority in China to complete the voluntary liquidation of the said jointly controlled entity during the financial year, this currency translation reserve is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***26 OTHER RESERVES (CONTINUED)**

(ii) The details of revaluation reserve are as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 April				
- 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
Net surplus arising from current financial year's revaluation				
- land	1,406,667	-	-	-
- buildings	812,991	-	30,000	-
- clawback of surplus on buildings	(9,490)	-	-	-
	2,210,168	-	30,000	-
At 31 March				
- land	4,383,279	2,976,612	50,459	50,459
- buildings	3,309,224	2,505,723	151,943	121,943
	7,692,503	5,482,335	202,402	172,402
Deferred tax liabilities				
At 1 April	791,663	791,663	46,549	46,549
Additions	273,581	-	7,500	-
Clawback of surplus	(2,562)	-	-	-
Effect of change in tax rate	(52,032)	-	-	-
	218,987	-	7,500	-
At 31 March	1,010,650	791,663	54,049	46,549
Revaluation reserve, net of tax	6,681,853	4,690,672	148,353	125,853



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

27 PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Non current liabilities				
Other payables	53,990	74,889	-	-
Amounts owing to subsidiaries	-	-	6,347,653	14,139,174
	53,990	74,889	6,347,653	14,139,174
Current liabilities				
Trade payables	8,185,376	4,574,374	-	-
Other payables	507,922	396,940	55,000	-
Accruals	1,947,813	1,999,604	262,380	246,555
Amounts owing to subsidiaries	-	-	6,000,000	6,000,000
Amounts owing to a jointly controlled entity	-	33,129	-	-
	2,455,735	2,429,673	6,317,380	6,246,555
	10,641,111	7,004,047	6,317,380	6,246,555
Total payables and accruals	10,695,101	7,078,936	12,665,033	20,385,729
The currency profile of trade and other payables and accruals is as follows:				
- Ringgit Malaysia	8,681,350	4,523,908	12,665,033	20,385,729
- US Dollar	960,115	1,542,228	-	-
- Chinese Renminbi	982,661	923,633	-	-
- Others	70,975	89,167	-	-
Total payables and accruals	10,695,101	7,078,936	12,665,033	20,385,729

Credit terms of trade payables granted to the Group vary from cash on delivery to 90 days (2011: cash on delivery to 90 days).

Non trade amounts owing to subsidiaries of the Company are unsecured, carry market floating interest rate of 4.75% (2011: 4.50%) per annum and are repayable within a period of 7 years.

Included in other payables of the Group is sales tax payable of RM74,889 (2011: RM95,788) via instalments over a period of 5 years. The amount is unsecured and interest free.

The other payable of the Company of RM55,000 represents deposit received from the purchaser for the 51% of the entire issued and paid up shares of a subsidiary, Avana Technologies (M) Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

28 HIRE-PURCHASE CREDITORS

	GROUP	
	2012 RM	2011 RM
Future minimum hire-purchase payments:		
- Payable within one year	222,866	248,428
- Payable later than one year but not later than two years	219,976	131,798
- Payable later than two years but not later than five years	366,458	284,270
	809,300	664,496
Less: Finance charges	(81,701)	(76,985)
Present value of hire-purchase liabilities	727,599	587,511
Analysis of present value of hire-purchase liabilities:		
Current		
Payable within one year	186,416	210,590
Non current		
Payable later than one year but not later than two years	194,869	109,230
Payable later than two years but not later than five years	346,314	267,691
	541,183	376,921
	727,599	587,511

All hire-purchase creditors of the Group are denominated in Ringgit Malaysia. The effective interest rates of hire-purchase creditors of the Group ranged from 4.55% to 6.98% (2011: 5.35% to 6.98%) per annum.

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

29 TERM LOANS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Repayable within one year	153,544	228,615	153,544	143,304
Non current				
Repayable later than one year and not later than five years	192,641	727,993	192,641	334,924
Repayable later than five years	-	284,577	-	-
	192,641	1,012,570	192,641	334,924
	346,185	1,241,185	346,185	478,228

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 7.60% (2011: 7.30%) per annum. The interest on this loan is calculated based on floating interest rates which may be varied any time at the bank's discretion.

All term loans are denominated in Ringgit Malaysia.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

30 SHORT TERM BANK BORROWINGS

	Secured RM	GROUP Unsecured RM	Total RM
2012			
Bank overdrafts	1,550,290	2,636,385	4,186,675
Others:			
Trade finance facilities	-	110,000	110,000
Foreign currency revolving credit	1,955,500	-	1,955,500
	1,955,500	110,000	2,065,500
Total short term bank borrowings	3,505,790	2,746,385	6,252,175
2011			
Bank overdrafts	1,498,380	195,780	1,694,160
Others:			
Trade finance facilities	769,000	392,000	1,161,000
Foreign currency revolving credit	469,950	-	469,950
	1,238,950	392,000	1,630,950
Total short term bank borrowings	2,737,330	587,780	3,325,110

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.

Certain short term bank borrowings of the subsidiaries are also covered by negative pledge and/or guaranteed by the Company.

	2012 RM	GROUP 2011 RM
The currency profile of short term bank borrowings is as follows:		
- Ringgit Malaysia	4,296,675	2,855,160
- US Dollar	1,955,500	469,950
	6,252,175	3,325,110

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

30 SHORT TERM BANK BORROWINGS (CONTINUED)

	GROUP	
	2012 %	2011 %
Weighted average effective interest rates at the end of the reporting period are as follows:		
- bank overdrafts	7.95	7.90
- trade finance facilities	4.73	5.60
- revolving credit	3.61	3.40

The ranges of credit periods of the trade finance facilities and revolving credit are 90 to 147 days (2011: 90 to 183 days).

31 SIGNIFICANT RELATED PARTY DISCLOSURES

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

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Purchases of goods/services from a business entity owned by close family members of certain directors of the Company: - Perusahaan Tacly	-	(29,983)	-	-
Management fees charged to subsidiaries: - Caely (M) Sdn. Bhd.	-	-	108,000	108,000
- Classita (M) Sdn. Bhd.	-	-	60,000	60,000
Dividend received/receivable from a subsidiary - Classita (M) Sdn. Bhd.	-	-	15,000,120	1,125,009
Interest expense paid/payable to subsidiaries: - Caely (M) Sdn. Bhd.	-	-	(40,883)	(12,889)
- Classita (M) Sdn. Bhd.	-	-	(745,573)	(63,788)
Interest income received/ receivable from subsidiaries: - Caely (M) Sdn. Bhd.	-	-	34,299	-
- Marywah Industries (M) Sdn. Bhd.	-	-	88,073	9,138



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Key management compensation

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Salaries and other short term employee benefits	954,395	1,223,763	220,600	227,200
Post employment benefits	108,512	147,627	-	-
	<u>1,062,907</u>	<u>1,371,390</u>	<u>220,600</u>	<u>227,200</u>

Key management compensation includes directors' fees and directors' emoluments as disclosed in Note 9 to the financial statements.

32 NON CASH TRANSACTIONS

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

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Hire-purchase	509,000	167,000	-	-
Deposit for purchase of property, plant and equipment made in previous financial year	100,000	-	-	-
Proceeds from disposal of vehicle used for settlement of hire-purchase directly	104,759	-	-	-

33 CAPITAL COMMITMENT

	GROUP	
	2012 RM	2011 RM
Approved capital expenditure not provided for in the financial statements:		
Property, plant and equipment - contracted	294,856	300,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Financial assets				
Fair value through profit or loss:				
- marketable securities	2,141,947	2,410,746	2,141,947	2,410,746
- derivative financial assets	8,916	95,593	-	-
	2,150,863	2,506,339	2,141,947	2,410,746
Loans and receivables:				
- Trade and other receivables excluding prepayments	15,317,646	8,573,969	10,000	10,000
- Amounts owing by subsidiaries	-	-	5,190,267	2,503,362
- Deposits, bank and cash balances	5,047,894	7,248,299	293,253	55,802
	20,365,540	15,822,268	5,493,520	2,569,164
Total	22,516,403	18,328,607	7,635,467	4,979,910
Financial liabilities				
Fair value through profit or loss:				
- derivative financial liabilities	35,331	116,203	-	-
Other financial liabilities as amortised cost:				
Hire-purchase creditors	727,599	587,511	-	-
Term loans	346,185	1,241,185	346,185	478,228
Short term bank borrowings	6,252,175	3,325,110	-	-
Payables and accruals excluding statutory liabilities	10,620,212	6,983,148	317,380	246,555
Amounts owing to subsidiaries	-	-	12,347,653	20,139,174
	17,946,171	12,136,954	13,011,218	20,863,957
Total	17,981,502	12,253,157	13,011,218	20,863,957

The Group and the Company have no financial assets classified as "available-for-sale" nor "held to maturity".



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

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:

(i) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in foreign exchange rates. The Group is exposed to foreign currency exchange risk as a result of its normal trade activities that are denominated in currencies other than Ringgit Malaysia.

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

The Group mitigates its foreign currency exchange risk through the natural hedge of operating foreign currency accounts using the deposits from its export proceeds to pay imported purchases where both are denominated in the same foreign currency. The Group also enters into foreign currency forward contracts for both export proceeds and import purchases.

Sensitivity analysis for foreign currency exchange risk

Based on the currency profile of receivables and payables as disclosed in Notes 19 and 27 to the financial statements respectively, the sensitivity analysis of foreign currency exchange risk (excluding those hedged via forward contracts) is calculated based on fluctuations in historical exchange rates for the past three years for the major currencies transacted by the Group against Ringgit Malaysia at the end of the financial year. This analysis assumes that all other variables are held constant.

	Estimated % increase		Impact on profit or loss	
	2012 %	2011 %	2012 RM	2011 RM
Group				
Foreign currency strengthens against RM				
- US Dollar	6	5	+45,000	+130,000
- Euro	5	5	+31,000	+57,000
- Chinese Renminbi	3	5	-29,000	-46,000

Conversely, weakening of major currencies against Ringgit Malaysia by the above percentages would have equal but opposite effects on the results of the Group shown above on the basis that all other variables remain constant.

The Company is not exposed to significant foreign currency exchange risk.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management *(continued)*

(ii) Interest rate risk

The Group's exposure to changes in interest rates relates mainly to debt obligations and deposits placed with financial institutions in Malaysia. Majority of the borrowings are contracted on variable terms.

Sensitivity analysis for interest rate risk

Assuming all variables remain constant, an increase in interest rate by 0.5% (2011: 0.5%) on financial assets and liabilities of the Group which have variable interest rates would have an impact on the Group's profit or loss as shown below:

	Impact on profit or loss	
	2012	2011
	RM	RM
Group		
Increase in interest rate:		
- bank borrowings	-31,000	-38,000
- fixed deposit	+152,000	+185,000

Conversely, a decrease in interest rate by 0.5% on financial assets and liabilities of the Group would have had the equal but opposite effect on the amounts shown above on the basis that all other variables remain constant.

The impact of fluctuation in interest rate risk on the results of the Company is not significant.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company is exposed to price risk arising from its investments in quoted shares and unit trusts. These quoted shares and unit trusts are listed on Bursa Malaysia or overseas' exchanges and are classified as fair value through profit or loss.

At the end of the reporting period, if both the FTSE Bursa Malaysia KLCI and other overseas markets had been 5% (2011: 5%) higher/lower, with all other variables held constant, the Group's and the Company's net profit would have been RM107,000 (2011: RM120,000) higher/lower, as a result of an increase/decrease in the fair value of these quoted shares and unit trusts.

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and deposits and bank balances.

The Group operates locally in Malaysia for its direct selling, retail activities and construction. The Group also exports its ladies undergarment 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 and instalment schemes, 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.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

Credit risk concentration profile

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group considers the work risk of default by the trade receivables relating to its construction activity to be negligible as the contract is under Kementerian Kemajuan Luar Bandar Dan Wilayah.

The Group has minimal concentration of credit risk relating to bank deposits as bank deposits are spread and placed with a number of licensed banks in Malaysia.

Exposure to credit risk

At the financial year, the Group's maximum exposure to credit risk arising from receivables and deposits, bank and cash balances is represented by the respective carrying amounts in the statements of financial position.

Ageing analysis

The ageing analysis of the loans and receivables of the Group and the Company is as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Neither past due nor impaired				
- derivative financial assets	8,916	-	-	-
- trade receivables	7,764,369	6,097,781	-	-
- other receivables and deposits	360,381	486,091	10,000	10,000
- amounts owing by subsidiaries	-	-	5,190,267	2,503,362
- deposits, bank and cash balances	5,047,894	7,248,299	293,253	55,802
	13,181,560	13,832,171	5,493,520	2,569,164
Trade receivables: Past due but not impaired				
1 to 60 days past due	6,483,904	1,562,424	-	-
61 to 120 days past due	173,526	126,692	-	-
More than 121 days past due	535,466	300,981	-	-
	7,192,896	1,990,097	-	-
	20,374,456	15,822,268	5,493,520	2,569,164
Trade receivables: Impaired	2,916,781	3,020,237	3,491,299	3,342,002
	23,291,237	18,842,505	8,984,819	5,911,166

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

Receivables that are neither past due nor impaired

Deposits and bank balances are mainly deposits placed with reputable licensed banks in Malaysia. Amounts owing by subsidiaries are repayable on demand and are within the treasury arrangements controlled within the Group. Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good historical payment records with the Group. Majority of the Group's trade receivables arise from customers with more than 5 years of experience with the Group and with insignificant losses noted.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As of 31 March 2012, trade receivables of RM7,192,896 were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default. A portion of these debts is outstanding from the construction contract. Certain portions of these debts have been repaid subsequent to the financial year end.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movements of the allowance accounts used to record the impairment are as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Receivables				
Nominal amount of individually impaired debt	2,916,781	3,020,237	3,491,299	3,342,002
Allowance for doubtful debts	(2,916,781)	(3,020,237)	(3,491,299)	(3,342,002)
	-	-	-	-
Movements in allowance accounts:				
At 1 April	3,020,237	1,272,505	3,342,002	1,100,000
Charge for the financial year				
- continuing operation	220,859	1,765,344	149,297	2,242,002
- discontinued operation	63,000	59,115	-	-
Allowance written back	(127,895)	(76,727)	-	-
Write off against allowance for discontinued operation	(259,420)	-	-	-
At 31 March	2,916,781	3,020,237	3,491,299	3,342,002



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

Receivables that are impaired (continued)

Trade receivables of the Group that are individually impaired at the end of the reporting period relates mainly to specific doubtful debtors in financial difficulties who have defaulted on payments. The impairment in respect of previous financial year was in respect of a specific direct sales scheme which was aborted during the previous financial year. There is no similar scheme outstanding as at the current financial year end. These receivables are not secured by any collateral or credit enhancements.

The allowance made at the Company level relates to debts due from a subsidiary which is currently classified as asset held for sale.

(v) 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.

The table below summaries the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2012			
	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
Financial liabilities:				
Trade and other payables	10,620,212	-	-	10,620,212
Hire-purchase creditors	222,866	586,434	-	809,300
Term loans	153,544	192,641	-	346,185
Short term bank borrowings	6,252,175	-	-	6,252,175
Total undiscounted financial obligations	17,248,797	779,075	-	18,027,872
	2011			
	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
Financial liabilities:				
Trade and other payables	6,950,019	-	-	6,950,019
Amounts owing to related parties	33,129	-	-	33,129
Hire-purchase creditors	248,428	416,068	-	664,496
Term loans	288,924	876,251	297,507	1,462,682
Short term bank borrowings	3,325,110	-	-	3,325,110
Total undiscounted financial obligations	10,845,610	1,292,319	297,507	12,435,436

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(v) Liquidity risk (continued)

	2012			
	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Company				
Financial liabilities:				
Trade and other payables	317,380	-	-	317,380
Amounts owing to related parties	6,000,000	6,347,653	-	12,347,653
Term loans	153,544	192,641	-	346,185
Total undiscounted financial obligations	6,470,924	6,540,294	-	13,011,218
Group				
Derivative financial liabilities:				
Gross-settled currency forwards				
- receipts	7,864,400	-	-	7,864,400
- payments	(7,899,731)	-	-	(7,899,731)
	(35,331)	-	-	(35,331)
	2011			
	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Company				
Financial liabilities:				
Trade and other payables	246,555	-	-	246,555
Amounts owing to related parties	6,000,000	12,000,000	2,139,174	20,139,174
Term loans	163,776	375,659	-	539,435
Total undiscounted financial obligations	6,410,331	12,375,659	2,139,174	20,925,164
Group				
Derivative financial liabilities:				
Gross-settled currency forwards				
- receipts	2,032,500	-	-	2,032,500
- payments	(2,148,703)	-	-	(2,148,703)
	(116,203)	-	-	(116,203)

Financial guarantees

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain wholly-owned subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. These bank borrowings amounted to RM7,290,425 (2011: RM3,634,947) at financial year end.

The financial guarantees have not been recognised as the amounts are not material.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(vi) Capital risk

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

Management monitors capital based on shareholders' equity attributable to owners of the Company.

35 CONSTRUCTION CONTRACTS

	GROUP	
	2012 RM	2011 RM
At cost,		
Aggregate costs incurred to date	6,487,923	-
Attributable profit less recognised losses	2,770,756	-
	9,258,679	-
Progress billings	(9,258,679)	-
	-	-
Retention on contracts included in:		
- Trade receivables	1,044,028	-

36 CHANGES IN ACCOUNTING POLICIES

The following describes the impact of revised FRS 3 "Business combinations", revised FRS 127 "Consolidated and separate financial statements" and Amendments to FRS 7 "Financial Instruments: Disclosures - improving disclosures about financial instruments" on the accounting policies and the financial statements of the Group.

(a) Revised FRS 3 "Business combination"

The Group has changed its accounting policy on business combinations when it adopted the revised FRS 3 "Business combinations".

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. With the adoption of the revised FRS 3 "Business combinations", the cost of acquisition includes the fair values of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs were previously included as part of the cost of business combination. With the adoption of the revised FRS 3 "Business combinations", the costs directly attributable to the acquisition are expensed as incurred.

The Group has applied the new policy prospectively to transactions occurring on or after 1 April 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

36 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 127 "Consolidated and separate financial statements"

The Group has changed its accounting policy on non-controlling interests when it adopted the revised FRS 127 "Consolidated and separate financial statements".

Previously, the Group had ceased attributing losses to the non-controlling interests where the losses exceeded the carrying amount of the non-controlling interests. With the adoption of the revised FRS 127 "Consolidated and separate financial statements", all earnings and losses of the subsidiary are attributed to the owners of the Company and non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in its equity.

The Group has applied this policy prospectively. On the date of adoption of the new policy, no adjustments have been made to the non-controlling interests previously recognised in the financial statements.

(c) Amendment to FRS 7 "Financial Instruments Disclosures - Improving disclosures about financial instruments"

The amendment to FRS 7 requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

Except for additional disclosures in the notes to the financial statements, the adoption of the amendments to FRS 7 has no significant impact on the financial statements of the Group and the Company in the current financial year.

37 SIGNIFICANT EVENT OCCURRING AFTER BALANCE SHEET DATE

On 29 March 2012, the Company entered into a share sale agreement to dispose off its entire shareholding of 306,000 ordinary shares of RM1.00 each, representing 51% of the total issued and paid up share capital of Avana Technologies (M) Sdn. Bhd., for a total consideration of RM450,000.

The disposal has yet to be completed as at the date of these financial statements and is expected to complete within the next 12 months from the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

38 REALISED AND UNREALISED PROFITS/LOSSES

The following analysis of realised and unrealised profits/losses at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Retained profits/(accumulated losses):				
- realised	33,700,293	32,265,035	(17,919,806)	(28,449,743)
- unrealised	(888,282)	(246,155)	(289,445)	58,120
	32,812,011	32,018,880	(18,209,251)	(28,391,623)
Add: Consolidation adjustments	(25,319,231)	(25,691,156)	-	-
Total retained profits/(accumulated losses) as at 31 March	7,492,780	6,327,724	(18,209,251)	(28,391,623)

The disclosure of realised and unrealised profits/losses above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.



LANDED PROPERTIES

AS AT 31 MARCH 2012

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	25.10.2011	325,168
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Building (4-storey shophouse)	Leasehold 8 years	05.04.2078	9,060	25.10.2011	1,192,950
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	45,466	17.11.2011	800,000
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	2-storey hostel	Freehold 17 years	-	15,250	17.11.2011	450,735
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey hostel	Freehold 15 years	-	11,100	17.11.2011	408,945
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 13 years	-	28,140	17.11.2011	1,639,687
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	274,972	17.11.2011	4,700,000
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	2-storey factory building	Freehold 16 years	-	69,928	17.11.2011	5,253,299



LANDED PROPERTIES *(continued)*

AS AT 31 MARCH 2012

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	3-storey factory building	Freehold 9 years	-	76,800	17.11.2011	6,395,860
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1 1/2-storey factory building	Freehold 6 years	-	8,400	17.11.2011	519,390
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 6 years	-	7,200	17.11.2011	276,610
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey surau	Freehold 6 years	-	625	17.11.2011	22,885
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey factory building	Freehold 6 years	-	1,980	17.11.2011	72,635
Lot No. 25287, Geran 69663, Mukim of Durian Sebatang, District of Hilir Perak	Land and Building (2-storey residential property for staff)	Freehold 11 years	-	1,200 1,693	09.11.2011	50,000 89,550
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 5 years	-	7,200	17.11.2011	371,135
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	466,227 634,069
Tapah Road, Plot 31, 32 and 39, Mukim of Batang Padang, District of Batang Padang	Land	Leasehold	99 years	52.79 acres	27.06.2011	3,695,300



ANALYSIS OF SHAREHOLDINGS

AS AT 31 JULY 2012

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	:	2,441

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 JULY 2012

Size of Shareholding	No. of Shareholders	%	No of Shares	% of Issued Capital
1 - 99	38	1.56	592	Negligible
100 - 1,000	483	19.79	412,539	0.52
1001- 10,000	1,356	55.55	6,626,500	8.28
10,001 - 100,000	486	19.91	15,454,469	19.32
100,001 - 4,000,000	74	3.03	27,115,500	33.89
4,000,001 and above	4	0.16	30,390,400	37.99

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY 2012

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Datin Fong Nyok Yoon	13,130,000	16.41	12,652,000 ^(a)	15.82
Dato' Chuah Chin Lai	12,652,000	15.82	13,130,000 ^(b)	16.41

Notes:-

- (a) Deemed interested by virtue of the shareholdings of her spouse, Dato' Chuah Chin Lai.
- (b) Deemed interested by virtue of the shareholdings of his spouse, Datin Fong Nyok Yoon.

DIRECTORS' SHAREHOLDINGS AS AT 31 JULY 2012

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Datin Fong Nyok Yoon	13,130,000	16.41	12,652,000 ^(a)	15.82
Dato' Chuah Chin Lai	12,652,000	15.82 ^(b)	13,130,000 ^(c)	16.41
Siow Hock Lee	-	-	135,500 ^(d)	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.
- (b) 5,768,000 shares are held through nominee companies.
- (c) Deemed interested by virtue of the shareholdings of his spouse, Datin Fong Nyok Yoon.
- (d) Deemed interested by virtue of the shareholdings of his spouse, Chen Bee Yoke.



ANALYSIS OF SHAREHOLDINGS *(continued)*

THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AS AT 31 JULY 2012

	Name of Shareholder	No. Shares Held	%
1.	Datin Fong Nyok Yoon	13,130,000	16.41
2.	Chuah Chin Lai	6,884,000	8.61
3.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Chuah Chin Lai (474038)	5,768,000	7.21
4.	DB (Malaysia) Nominees (Asing) Sdn Bhd Deutsche Bank Ag Singapore for Horizon Growth Fund N.V.	4,608,400	5.76
5.	Jelapang Jasa Sdn Bhd	2,880,000	3.60
6.	Chong Jong Siew	2,246,200	2.81
7.	Mah Wee Hian @ Mah Siew Kung	2,141,800	2.68
8.	Tan Yeng Fatt	1,276,400	1.60
9.	Devarajan A/L V Ponnusamy	1,249,900	1.56
10.	Fong Chong Seng	1,099,200	1.37
11.	MAYBAN Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Hock Leong	1,014,300	1.27
12.	Hooi Mun Shing	906,200	1.13
13.	Teo Boon Huang Andy	672,400	0.84
14.	Lee Yu Yong @ Lee Yuen Ying	671,200	0.84
15.	Tan Ooi Thiam	593,100	0.74
16.	MAYBAN Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Weng Keong	510,000	0.64
17.	Mah Wee Hian @ Mah Siew Kung	415,700	0.52
18.	Liew Chee How	398,400	0.50
19.	Ravichan Thiran A/L Appudurai	388,400	0.49
20.	Lean Ah Too	361,000	0.45
21.	Wong Lay Kuen	328,000	0.41
22.	Tan Kian Hong	305,500	0.38
23.	Tan Ooi Thiam	305,000	0.38
24.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koid Hun Kian (MR0665)	300,000	0.38
25.	Ngoi Sook Lai	300,000	0.38
26.	Ow Tiew See	293,600	0.37
27.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account For Francis Chun Kwong IP	250,000	0.31
28.	Fong Yoke Mooi	230,700	0.29
29.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Peng Nguang	230,000	0.29
30.	Tan Ooi Thiam	221,000	0.28
	Total	49,978,400	62.47

PROXY FORM



No. of ordinary shares held

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 Sixteenth 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 26 September 2012 at 9.30 a.m and, at every adjournment thereof to vote as indicated below :

		FOR	AGAINST
Resolution 1	ORDINARY BUSINESS To receive the Statutory Financial Statements for the year ended 31 March 2012 and the Reports of the Directors and Auditors' thereon	☐	☐
Resolution 2	To approve the payment of directors' fee of RM209,000.00 in respect of the year ended 31 March 2012	☐	☐
Resolution 3	Re-election of Dato' Chuah Chin Lai as Director	☐	☐
Resolution 4	Re-appoint of Mr. Hem Kan @ Chan Hong Kee as Director	☐	☐
Resolution 5	Re-appointment Messrs PricewaterhouseCoopers as Auditors, and to authorise the Directors to determine their remuneration	☐	☐
	SPECIAL BUSINESS		
Resolution 6	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	☐	☐
Resolution 7	Proposed amendment to Articles of Association to comply with the Listing Requirements	☐	☐

(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 _____ %
_____ 100 %

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 _____ 2012.

* _____ 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.

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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.
(Company No. 408376-U)