



1HFY2018 Results Update

19 December 2017



Contents Financial Highlights 1HFY2018

Review by Segment

1HFY2018 vs. 1HFY2017

For the 1HFY2018, the Group recorded a higher revenue of RM248.1 million as compared to the previous year 1HFY2017 of RM178.4 million, an increase of 39%. The increase was mainly due to the increase in revenue from all the three main divisions.

The Group's pre-tax profit increased by 54.8% to approx. RM51.0 million after recognizing ESOS expense of RM2.6 million as compared to previous year corresponding period. The increase in pre-tax profit was mainly contributed by the MLM and Wholesale divisions.

The Group's net margin improved by 1.4% to 15.8% as a result of the higher sales of its premium products.

1HFY2018 vs. 1HFY2017

	1HFY2018 31 Oct 2017	1HFY2017 31 Oct 2016	Variance +/-
	(RM'mil)	(RM'mil)	
Revenue	248.07	178.44	+39.0%
Pre-tax profit	50.96	32.92	+54.8%
Profit after tax	39.30	25.65	+53.2%
Net margin (%)	15.84%	14.37%	+1.47%
EPS (sen)	13.58	8.84*	+4.74 sen

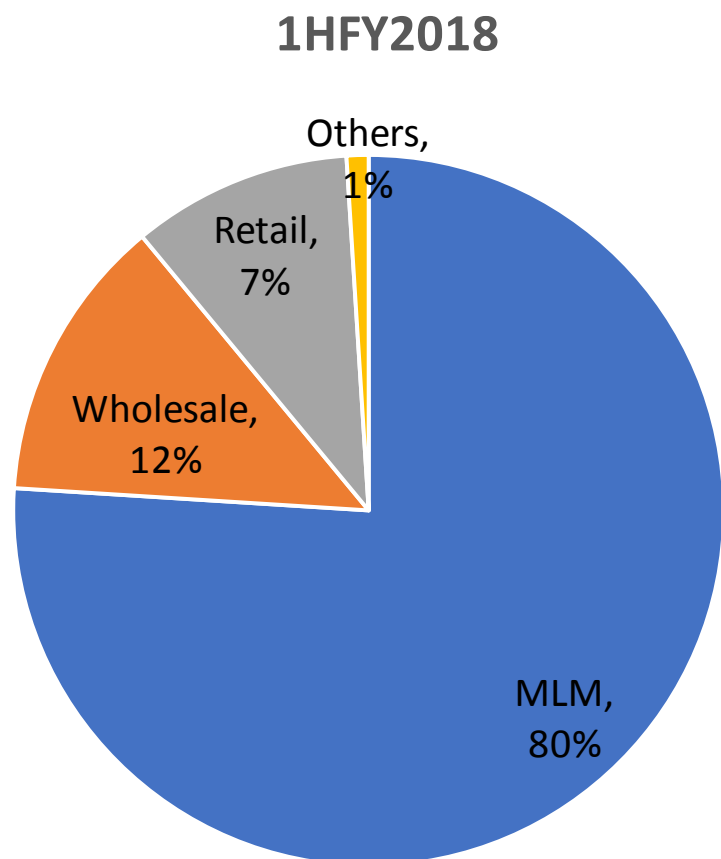
**restated after taking into Bonus issue of shares in March 2017*

Strong and Healthy Balance Sheet

	1HFY2018 31 Oct 2017	FYE 30 Apr 2017 (audited)
	(RM'mil)	(RM'mil)
Net cash + Short term investment	174.65	135.04
Total Assets	418.13	364.30
Total Liabilities	107.45	68.13
Shareholders' Equity	299.94	284.81
Net Assets per share (sen)	103 sen	98 sen*

**restated after taking into Bonus issue of shares in March 2017*

Segment Revenue



Segment	1HFY2018 31 Oct 2017		1HFY2017 31 Oct 2016	
	(RM'mil)	(%)	(RM'mil)	(%)
MLM	197.90	80%	133.93	75%
Wholesale	29.51	12%	25.95	15%
Retail	18.49	7%	16.41	9%
Others	2.16	1%	2.15	1%
Total	248.06	100%	178.44	100%



Review by
Segment

Multi Level Marketing (“MLM”)

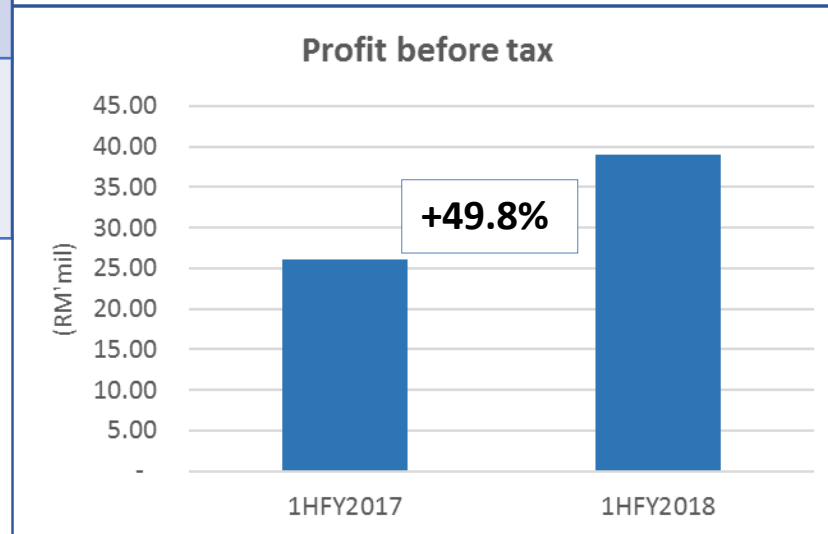
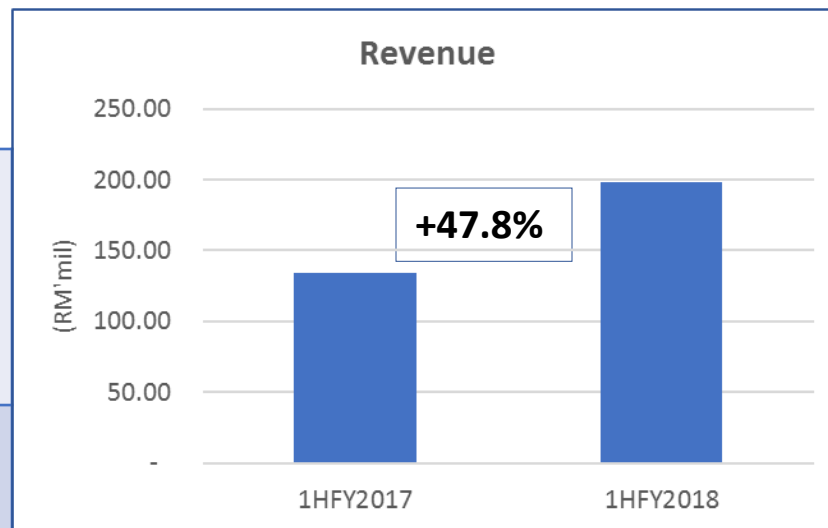
Wholesale

Retail

Others

MLM

MLM Segment	1HFY2018 31 Oct 2017 (RM'mil)	1HFY2017 31 Oct 2016 (RM'mil)	Changes (%)
Revenue	197.90	133.93	+47.8%
Profit before tax	38.95	26.01	+49.8%



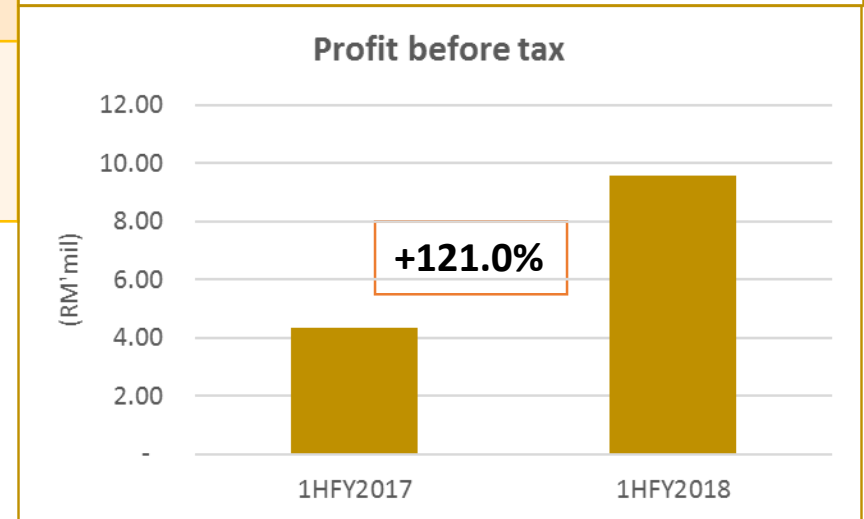
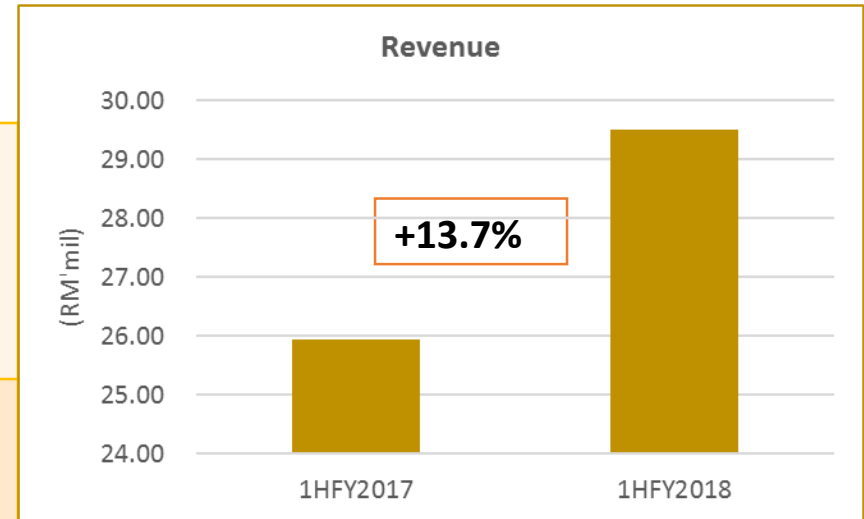
MLM

For the 1HFY2018, MLM segment recorded a higher revenue and pre-tax profit of RM 197.9 million and RM 38.9 million as compared to previous year 1HFY2017 of RM 133.9 million and RM 26.0 million, increased by 47.8% and 49.8% respectively.

- ✓ mainly attributable to higher sales volume from most of the products sold.
- ✓ the new series of fashion wear - designer Hijabs, skin care and other new consumer products which launched during the period were well received by its members.
- ✓ the ongoing member recruitment and retention program had also contributed to the increase in revenue.
- ✓ the 25th year anniversary grand sales promotion which was carried out during the period had further boost up sales to the division as compared to the preceding year's corresponding period.

Wholesale

Wholesale Segment	1HFY2018 31 Oct 2017 (RM'mil)	1HFY2017 31 Oct 2016 (RM'mil)	Changes (%)
Revenue	29.51	25.95	+13.7%
Profit before tax	9.59	4.34	+121.0%



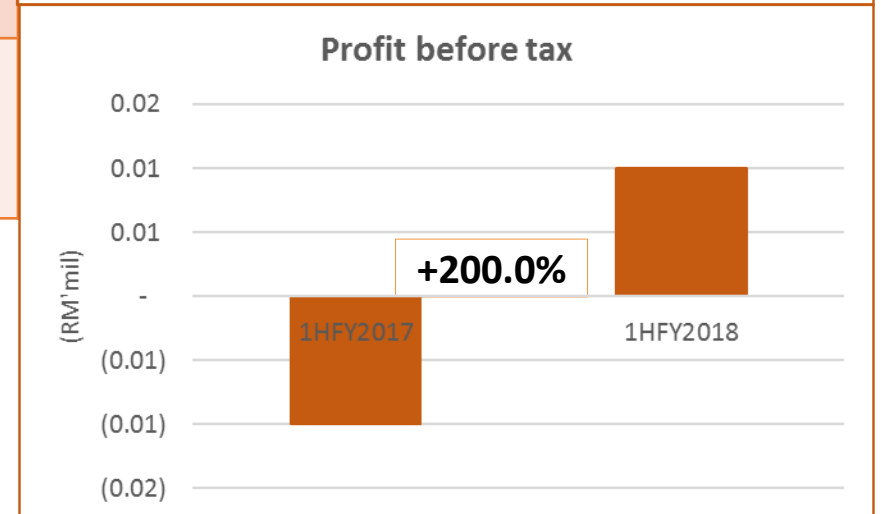
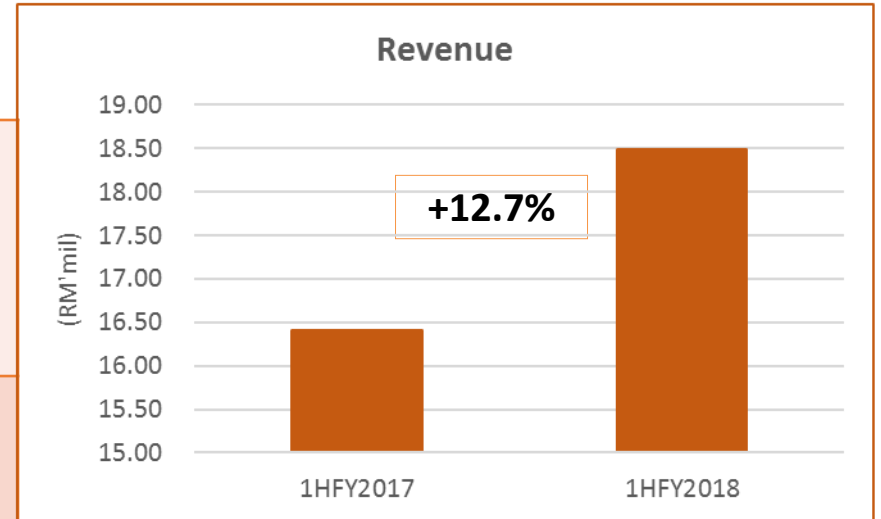
Wholesale

For the 1HFY2018, Wholesale segment external sales increased by about 13.7% to RM 29.5 million as compared to the preceding year's corresponding period 1HFY2017, which was mainly contributed by:

- ✓ higher sales from Chinese medicated tonic and patented medicine.
- ✓ carried out sales promotion campaign on one of its premium Chinese medicated tonic during the period which had further boost up the sales.
- ✓ Despite ESOS expenses of RM 1.4 million being recognised in the current financial period, the pre-tax profit increased by more than double from RM 4.3 million to about RM 9.6 million mainly attributed to higher contribution from sales of high margin Chinese medicated tonic and patented medicine coupled with additional contribution from inter-segment sales.

Retail

Retail Segment	1HFY2018 31 Oct 2017 (RM'mil)	1HFY2017 31 Oct 2016 (RM'mil)	Changes (%)
Revenue	18.49	16.41	+12.7%
Profit before tax	0.01	(0.01)	+200.0%



Retail

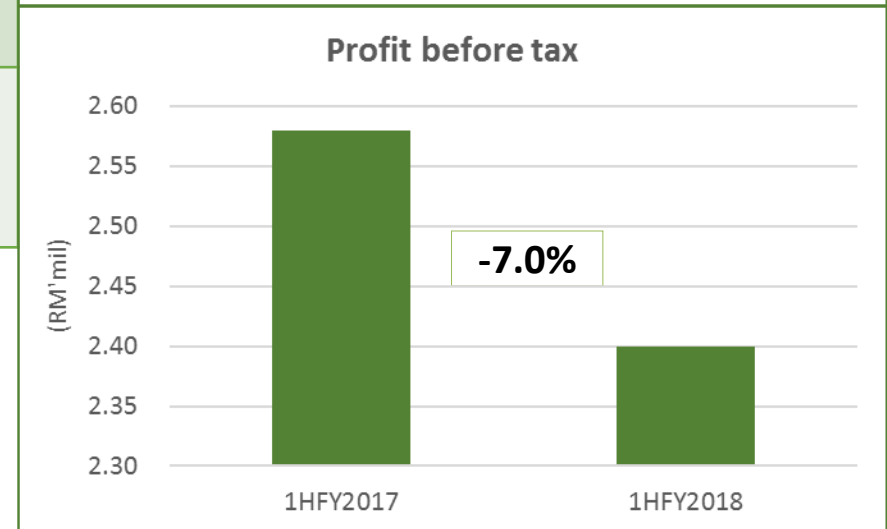
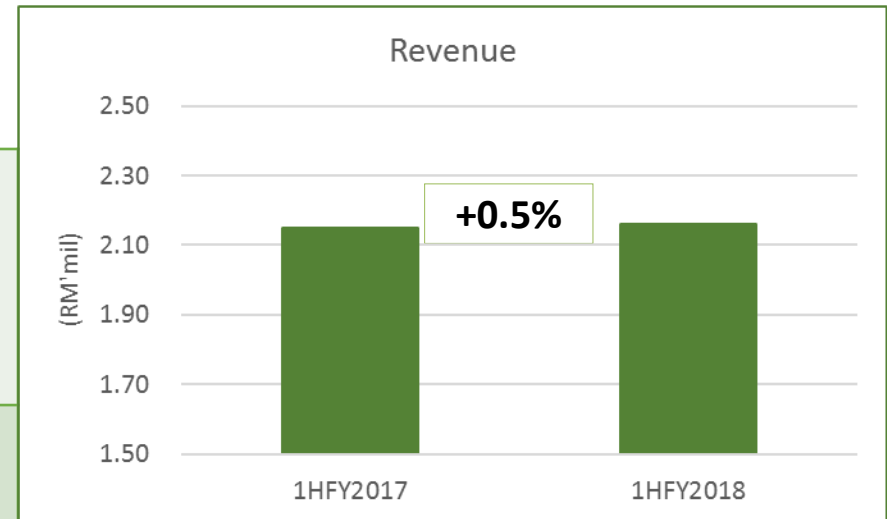
For the 1HFY2018, Retail segment revenue increased by 12.7% to RM 18.5 million as compared to the preceding year's corresponding period 1HFY2017 of RM 16.4 million.

- ✓ The division had carried out sales promotion of its house brand products which had received an overwhelming response from its Loyalty Friendship members.

On the back of a higher revenue achieved, it registered a pre-tax profit of RM 0.46 million against the breakeven level in previous year's corresponding period. However, after recognising the one off ESOS expenses of RM 0.45 million, the division maintained its bottom line at breakeven for the current period under review.

"Others" segment

Others Segment	1HFY2018 31 Oct 2017 (RM'mil)	1HFY2017 31 Oct 2016 (RM'mil)	Changes (%)
Revenue	2.16	2.15	+0.5%
Profit before tax	2.40	2.58	-7.0%



“Others” segment

Others segment revenue are mainly comprised of rental income from investment properties, manufacturing activities, advertising and credit & leasing business.

- ✓ The main contributors are from the manufacturing and properties segments. The manufacturing segment is currently focus on the inter-segment's OEM sales for MLM and Retail divisions.
- ✓ For the 1HFY2018, revenue registered in others division remained at RM 2.2 million as compared to the preceding year's corresponding quarter 1HFY2017. The pre-tax profit was lowered by about 7.0%, from RM 2.6 million to RM 2.4 million after recognition of the one off ESOS expenses of RM 0.1 million.



Thank You

Wisma Hai-O, Lot 11995

Batu 2, Jalan Kapar

41400 Klang, Selangor D.E.

T : 03-33423322 F : 03-33434257

www.hai-o.com.my