



**HAI-O ENTERPRISE BHD**  
**Company No: 22544-D**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**30 April 2017**


**HAI-O ENTERPRISE BHD ( Co.No. 22544-D)**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2017**

	AS AT CURRENT FINANCIAL YEAR ENDED 30/4/2017 (RM'000)	(Audited) AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2016 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, Plant and Equipment</i>	73,671	66,324
<i>Investment properties</i>	48,306	49,256
<i>Investment in jointly control entity</i>	2,150	2,160
<i>Investment in an associates</i>	-	399
<i>Other Investments</i>		
<i>Financial assets at fair value through     profit or loss</i>	224	240
<i>Available-for-sale investment</i>	12	12
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	330	465
<i>Deferred tax assets</i>	1,350	1,761
	<b>126,128</b>	<b>120,702</b>
<b>Current Assets</b>		
<i>Inventories</i>	72,217	67,966
<i>Trade and other receivables</i>	32,627	25,193
<i>Other Investments</i>		
<i>Financial assets at fair value through     profit or loss</i>	58,194	53,809
<i>Cash and Cash Equivalents</i>	76,587	53,712
	<b>239,625</b>	<b>200,680</b>
<b>TOTAL ASSETS</b>	<b>365,753</b>	<b>321,382</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
<i>Share capital</i>	149,327	101,095
<i>Treasury Shares</i>	(19,687)	(18,641)
<i>Other reserve</i>	446	474
<i>Retained earnings</i>	154,648	174,445
	<b>284,734</b>	<b>257,373</b>
<b>Non-controlling interest</b>	<b>11,351</b>	<b>11,607</b>
<b>Total Equity</b>	<b>296,085</b>	<b>268,980</b>
<b>Non-current Liabilities</b>		
<i>Borrowings</i>	-	-
<i>Deferred tax</i>	208	64
	<b>208</b>	<b>64</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	59,594	45,098
<i>Short term borrowings</i>	3,046	1,114
<i>Short-term provision</i>	1,040	2,077
<i>Current tax payable</i>	5,780	4,049
	<b>69,460</b>	<b>52,338</b>
<b>Total Liabilities</b>	<b>69,668</b>	<b>52,402</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>365,753</b>	<b>321,382</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>0.98</b>	1.33

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.



## HAI-O ENTERPRISE BHD ( Co.No. 22544-D)

Quarterly report on consolidated results for the financial year ended 30 April 2017  
The figures have not been audited.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 APRIL 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/4/2017	30/4/2016	30/4/2017	30/4/2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	118,369	88,149	403,987	297,629
Cost of sales	(78,030)	(56,874)	(271,130)	(196,193)
Gross Profit	40,339	31,275	132,857	101,436
Other income	3,945	1,511	13,201	8,606
Depreciation	(957)	(866)	(3,642)	(3,355)
Administrative expenses	(6,515)	(5,458)	(25,331)	(22,704)
Selling & distribution expenses	(13,473)	(11,447)	(39,176)	(35,318)
Other expenses	(189)	(2)	(594)	(345)
<b>Operating Profit</b>	<b>23,150</b>	<b>15,013</b>	<b>77,315</b>	<b>48,320</b>
Interest income	396	619	1,356	1,473
Finance costs	(22)	(41)	(135)	(220)
Share of profit/(loss) of equity-accounted investee, net of tax	(8)	121	(10)	1
Share of loss of associate company	-	(502)	(399)	(502)
Profit before taxation	23,516	15,210	78,127	49,072
Income tax expenses	(5,338)	(4,077)	(18,927)	(12,507)
<b>Profit for the year</b>	<b>18,178</b>	<b>11,133</b>	<b>59,200</b>	<b>36,565</b>
<b>Profit attributable to:</b>				
Owner of the parent	18,252	11,183	59,264	36,343
Non-controlling interest	(74)	(50)	(64)	222
	18,178	11,133	59,200	36,565
<b>Earnings Per Share attributable to equity holders of the parent</b>				
- Basic	6.30	3.84	20.47	12.47
- Diluted	N.A.	N.A.	N.A.	N.A.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.



HAI-O ENTERPRISE BHD ( Co.No. 22544-D)

Quarterly report on consolidated results for the financial year ended 30 April 2017  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 APRIL 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/4/2017	30/4/2016	30/4/2017	30/4/2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
Profit for the year	18,178	11,133	59,200	36,565
Other comprehensive income				
- Foreign currency translation differences for foreign operations	6	7	(28)	22
Total comprehensive Income for the year	18,184	11,140	59,172	36,587
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	18,258	11,190	59,236	36,365
Non-controlling Interest	(74)	(50)	(64)	222
	18,184	11,140	59,172	36,587

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.*



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 APRIL 2017**

	Attributable to Equity Holders of the Parent					Non-controlling interest	Total Equity	
	Share Capital	Non distributable	Distributable	Capital reserve	Retained Earnings			
	Treasury shares	Exchange fluctuation reserve	Total					
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
<b>12 month ended 30 April 2017</b>								
Balance as at 30 April 2016	101,095	(18,641)	(183)	657	174,445	257,373	11,607	268,980
Profit for the year	-	-	-	-	59,264	59,264	(64)	59,200
Other comprehensive income for the year	-	-	(28)	-	-	(28)	-	(28)
Total comprehensive income for the year	-	-	(28)	-	59,264	59,236	(64)	59,172
Investment by non-controlling interests in subsidiary	-	-	-	-	-	-	100	100
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	43	43	(64)	(21)
Bonus Issues	48,232	-	-	-	(48,232)	-	-	-
Dividend	-	-	-	-	(30,872)	(30,872)	(228)	(31,100)
Purchase of Company's own shares	-	(1,046)	-	-	-	(1,046)	-	(1,046)
<b>Balance at end of financial year</b>	<b>149,327</b>	<b>(19,687)</b>	<b>(211)</b>	<b>657</b>	<b>154,648</b>	<b>284,734</b>	<b>11,351</b>	<b>296,085</b>
<b>12 month ended 30 April 2016</b>								
Balance as at 30 April 2015	101,095	(14,712)	(205)	657	167,030	253,865	11,966	265,831
Profit for the year	-	-	-	-	36,343	36,343	222	36,565
Other comprehensive income for the year	-	-	22	-	-	22	-	22
Total comprehensive income for the year	-	-	22	-	36,343	36,365	222	36,587
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	206	206	(288)	(82)
Dividend	-	-	-	-	(29,134)	(29,134)	(293)	(29,427)
Purchase of Company's own shares	-	(3,929)	-	-	-	(3,929)	-	(3,929)
<b>Balance at end of financial year</b>	<b>101,095</b>	<b>(18,641)</b>	<b>(183)</b>	<b>657</b>	<b>174,445</b>	<b>257,373</b>	<b>11,607</b>	<b>268,980</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.



HAI-O ENTERPRISE BHD ( Co.No. 22544-D)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE QUARTER ENDED 30 APRIL 2017**

	<b>2017 12 month ended 30/4/2017 (RM '000)</b>	<b>(Audited) 2016 12 month ended 30/4/2016 (RM '000)</b>
Profit before tax	78,127	49,072
Adjustment for :-		
Depreciation	3,642	3,355
Dividend income	(1,450)	(1,392)
Fair value (gain)/loss on other investments	(198)	(7)
Finance costs	135	220
Finance income	(1,356)	(1,473)
Gain on disposal of other investments	(375)	(308)
Gain on disposal of property, plant and equipment	(124)	(2)
Loss on disposal of property, plant and equipment	-	-
Loss on disposal of subsidiary	1	-
Property, plant and equipment written off	71	61
Share of profit of equity-accounted investee, net of tax	10	(1)
Share of losses of Associated company	399	502
Provision for sales campaign	(1,038)	(418)
Unrealised foreign exchange differences	(566)	(187)
<b>Operating profit before changes in working capital</b>	<b>77,278</b>	<b>49,422</b>
Changes in working capital		
<i>Inventories</i>	(4,251)	(9,723)
<i>Receipts from customers</i>	(2,591)	(497)
<i>Net Change in other receivables</i>	(4,655)	(165)
<i>Payment to suppliers, contractors and employees</i>	7,965	6,635
<i>Net Change in other payables</i>	6,607	7,693
<i>Payment of income taxes</i>	(16,694)	(11,592)
	(13,619)	(7,649)
<b>Net cash flows from operating activities</b>	<b>63,659</b>	<b>41,773</b>
Investing Activities		
<i>Accretion of equity interests in subsidiaries</i>	(21)	(83)
<i>Acquisition of other investments</i>	(81,698)	(42,782)
<i>Acquisition of investments properties</i>	-	(1,650)
<i>Investment in associated company</i>	-	(901)
<i>Investment in subsidiary by non-controlling interest</i>	100	-
<i>Purchase of property, plant and equipment</i>	(10,141)	(2,117)
<i>Proceeds from disposal of other investment</i>	77,902	45,437
<i>Proceeds from disposal of property, plant and equipment</i>	143	4
<i>Dividend received</i>	1,450	1,468
<i>Interest received</i>	1,356	1,473
<b>Net cash used in investing activities</b>	<b>(10,909)</b>	<b>849</b>
Financing Activities		
<i>Purchase of Company's own share</i>	(1,046)	(3,928)
<i>Amount due from an associate</i>	-	(950)
<i>Interest paid</i>	(135)	(220)
<i>Dividend paid</i>	(31,100)	(29,427)
<i>Repayment of Borrowing</i>	1,932	(2,798)
<b>Net cash used in financing activities</b>	<b>(30,349)</b>	<b>(37,323)</b>
Net Changes in Cash & Cash Equivalents	22,401	5,299
Effect of exchange rate & fluctuations on cash held	474	120
Cash & Cash Equivalents at beginning of financial year	53,712	48,293
<b>Cash &amp; Cash Equivalents at end of the financial year</b>	<b>76,587</b>	<b>53,712</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.



**A. Notes To The Interim Financial Report**

**A1 Basis of preparation**

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). This interim financial statement also complies with IAS 34, Interim Financial Reporting issued by the International Accounting Statements Board (“IASB”).

The interim financial report should be read in conjunction with the most recent annual financial statements of the Group for the year ended 30 April 2016.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2016.

The Group has not early adopted new or revised standards, amendments and interpretation that have been issued but not yet effective for the Group’s accounting period beginning 1 May 2016.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group upon their first adoption.

**A2 Seasonal or cyclical factors of interim operations**

The Group’s interim business operations are not significantly affected by seasonal or cyclical factors for the quarter under review except for some consumer products, which are affected by major festive seasons.

**A3 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows because of their nature, size or incidence.

**A4 Changes in estimates of amounts reported previously**

There was no material changes in estimates of amounts reported in prior interim period of the current or previous financial years.



**A5 Issues, repurchase and repayments of debts and equity securities**

There have been no other issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the quarter under review except for the following:-

The details of shares held as treasury shares for the year ended 30 April 2017 are as follows:

	Number of Treasury shares	Total Consideration RM
Balance as at 1 Feb 2017	9,262,888	19,686,506
Repurchased during the quarter	-	-
Balance as at 30 Apr 2017	9,262,888	19,686,506

The repurchase transactions were financed by internally generated funds.

As at 21 June 2017, there were no changes on the number of treasury shares held since 30 April 2017.

**A6 Dividend paid**

An interim single tier dividend of 5 sen per ordinary share, amounting to RM 9,646,370 in respect of the current financial year ended 30 April 2017 was paid on 9 March 2017.

**A7 Segment information**

Details of segmental analysis for the year ended 30 April 2017 are as follows:

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>						
Revenue from external customers	308,727	52,646	38,147	4,467	-	<b>403,987</b>
Inter-segment revenue	471	127,765	23	19,546	(147,805)	-
Total revenue	309,198	180,411	38,170	24,013	(147,805)	403,987
<b>RESULT</b>						
Segment profit/(loss)	61,500	9,122	1,290	5,553	(150)	<b>77,315</b>
Finance costs						(135)
Interest income						1,356
Share of loss of equity-accounted investee, net of tax						(10)
Share of loss of associate company						(399)
Profit before taxation						78,127
Income tax expenses						(18,927)
Net profit for the year						<b>59,200</b>





**A7 Segmental information (continued)**

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	149,846	153,632	33,043	29,232	-	<b>365,753</b>
Segment liabilities	38,336	25,002	1,809	4,521	-	<b>69,668</b>

**A8 Property, plant and equipment**

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

**A9 Events after the interim period that have not been reflected in the financial statements for the interim period**

There was no material events subsequent to the financial ended 30 April 2017.

**A10 Changes in the composition of the Group**

There was no change in the composition of the Group during the interim period.

**A11 Contingent liabilities**

The changes in contingent liabilities of the Company and the Group since the last annual Statement of Financial Position date are as follows :-

<u>Company</u>	As at 21 Jun 2017	As at 30 Apr 2017	As at 30 Apr 2016
	RM'000	RM'000	RM'000
Corporate guarantee in respect of credit facilities granted to subsidiary companies	Nil	Nil	Nil

<u>Group</u>	As at 21 Jun 2017	As at 30 Apr 2017	As at 30 Apr 2016
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	813	1,013	1,488



## A12 Capital commitment

The capital commitment of the Group for the year ended 30 April 2017 is as follows:

	RM'000
Approved and contracted for in respect of capital expenditure.	9,560

## Additional Information Required By The BMSB - Listing Requirements

### B1 A detailed analysis of the performance of operating segments of the Group, setting out material factors affecting the earnings and/or revenue of each segment for the current quarter and financial year-to-date:

#### Current quarter compared to the preceding year's corresponding quarter

For the 4<sup>th</sup> quarter under review, the Group registered higher revenue and pre-tax profit of RM 118.4 million and RM 23.5 million as compared to RM 88.1 million and RM 15.2 million, increased by 34.3% and 54.6% respectively. The increase in pre-tax profit was mainly contributed by the Multi-level Marketing ("MLM") and Wholesale divisions:

#### (i) MLM division

Revenue and pre-tax profit increased by 48.4% and 57.5% to RM 95.4 million and RM 19.5 million respectively as compared to the preceding year's corresponding quarter due to higher sales volume from most of the products and additional sales from newly launched products. The recurring sales from consumer products especially the food & beverage, fashion & garment and personal care had contributed to the increase in total sales volume and margin. The current 4<sup>th</sup> quarter has shown substantial increase in new members recruitment by more than 50% as compared to preceding year's corresponding quarter. The successful strategy transformation which focused on smaller consumer products and targeted recruitment strategy have continued attract more young entrepreneurs to join in as distributors.

#### (ii) Wholesale division

The external revenue maintained at about RM 12.7 million as compared to the preceding year's corresponding period. Despite higher sales generated from patented medicine, it was offset by the drop in sales of duty-free goods. The drop in duty-free products' sales was mainly due to the imposition of more stringent rules by authority on duty-free trade in border town in the second half of the financial year. However, pre-tax profit increased more than double from about RM 1.0 million to RM 2.3 million due to higher inter-segment sales to the MLM division.

#### (iii) Retail division

Despite higher sales generated from year end members sales promotion campaign, the revenue decreased by 8.6% to RM 9.4 million as there was crossover of pre-Chinese New Year ("CNY") to 4<sup>th</sup> quarter in the preceding year's corresponding quarter. Gross profit margin in the current 4<sup>th</sup> quarter was reduced by about 2% as compared to previous year's corresponding quarter mainly due to lower sales generated from house brand products which carry higher profit margin.



Current financial period compared to the preceding year's corresponding period

For the financial under review, the Group recorded higher revenue of RM 404.0 million and pre-tax profit of RM 78.1 million as compared to previous financial year of RM 297.6 million and RM 49.1 million, representing an increase of 35.7% and 59.2% respectively. The increase in pre-tax profit was mainly attributable to higher revenue generated by the MLM, Wholesale and Manufacturing divisions:

(i) MLM division

The division recorded higher revenue and pre-tax profit of RM 308.7 million and RM 62.6 million as compared to the previous year of RM 198.8 million and RM 36.5 million, representing an increase of 55.3% and 71.3% respectively. During the financial year, the division had kick start several marketing strategies and finally bore fruits which contributed to higher sales and pre-tax profit. The success in re-branding of its key beverage product "Min kaffe" during the year had attracted many consumers and boost up the sales of this product. The intensive member retention program and member recruitment campaign carried out during the year had resulted monthly average new members increased by about 5,000 and this further contributed to the increase in revenue. Besides, the implementation of Customer Relationship Management ("CRM") system which provided E-commerce platform had helped to increase distributors' productivity and efficiency. Furthermore, the two new beverage and skincare series products launched during the year were well received by its members and end consumers which had also contributed additional sales and profit to the division.

Wholesale division

In view of weak domestic consumers sentiment, the external revenue decreased marginally by about 3% to RM 52.6 million as compared to the preceding year's corresponding period. The domestic medical halls are more cautious in keeping higher stock level due to weaker consumers' sentiment, thus has cut down their re-ordering level. Furthermore, the duty-free business is not performing well during this financial year since the imposition of more stringent rules by authority on duty-free trade. Nevertheless, the sales of selective premium patented medicine has increased by more than 15% to RM 10.8 million mainly attributable to the aggressive marketing strategy carried out by its salesforce.

Despite the above, the pre-tax profit increased by more than 50% to RM 9.1 million mainly due to higher contribution from inter-segment sales and higher profit margin from external sales of premium products.

(ii) Retail division

Sentiment in the retail industry remains subdued and customers are more cautious in spending on health supplement goods which have affected its sales. The revenue maintained at about RM 38 million as compared to previous year's corresponding period. Besides, the division has carried out rationalization measure to scale down the non-performing outlets. The pre-tax profit decreased by about 22% from RM 1.8 million to RM 1.4 million mainly attributable to lower sales from its house-brand products coupled with lower A&P subsidy from suppliers and higher personnel costs.



(iii) Other division

The inter-segment's OEM sales of the Manufacturing division had contributed to the increase in its pre-tax profit significantly to RM 2.1 million. The increase in pre-tax profit was mainly attributable to higher demand for Halal health food supplements from the MLM division. However, the higher pre-tax profit from Manufacturing division was offset by the lower rental income amounting to RM 1.9 million from investment properties as a result of the non-renewal of a tenancy agreement by one of its key tenants.

**B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter**

For the fourth quarter under review, the Group registered higher revenue and pre-tax profit of RM 118.4 million and RM 23.5 million as compared with the immediate preceding quarter of RM 107.2 million and RM 21.7 million, increased by 10.4% and 8.3% respectively, which was mainly due to higher revenue generated from the MLM division:

(i) MLM division

The revenue increased by 20% to RM 95.4 million as compared with the immediate preceding quarter mainly due to the successful year end overseas incentive trip sales campaign carried out in the 4<sup>th</sup> quarter with higher sales volume generated from most of the products. The overwhelming response from Top Leaders Recognition Nite and several mega events/activities helped to keep its business momentum going. The pre-tax profit was posted at RM 19.5 million, increased by 13.9% mainly due to higher sales generated and A&P subsidy from suppliers.

(ii) Wholesale division

Sales has been slower in the 4<sup>th</sup> quarter, post CNY festive in the 3<sup>rd</sup> quarter as medical halls will usually cut down orders after festive season. The post GST effect coupled with high cost of living had deterred their spending especially after the festive season. Thus, revenue was lowered by 11.2% however pre-tax profit was maintained at RM 2.3 million to higher inter-segment sales to MLM division.

(iii) Retail division

As the pre -CNY sales fell in the immediate preceding quarter, revenue reduced substantially in the beginning of 4<sup>th</sup> quarter as consumers usually cut down spending immediately after the festive season. The revenue was lowered by about 24.5% despite a year end members' sale promotion been carried out in the 4<sup>th</sup> quarter.



**B3 Commentary on prospects for the next financial year**

Despite the mild recovering of Ringgit Malaysia against USD currency, weak consumers' sentiment continue persist and the escalating costs of living causing the business operating environment more difficult. The Group is of the view that next financial year will be another challenging year.

The MLM division will continue to enhance and promote the use of digital marketing platform which enable the division to solicit additional new members locally and regionally and penetrate into other potential market. Besides, the division is currently looking into new range of fashion & lifestyle products to widen its product base while planning to roll out more new consumer products inclusive of personal care products, wider range of skin care products and leather goods in the next financial year. Whereas for the Wholesale division, it is looking to have joined A&P promotion programmes with its overseas principals to organize products events & incentive promotion campaigns and will continue to secure more new overseas agencies. As for the Retail division, it will carry out more new products development with its local manufacturers, enhance its packaging outlook to tap younger consumers' market. Furthermore, the Retail division will continue to recruit more Chinese physician for its outlets across Malaysia to complement its retail business. In addition, the division has just completed upgrading its CRM system to improve its operational efficiency. For the Manufacturing division, it has planned to develop more quality Halal products to target on Halal market via MLM channel.

In view of the above, the Board of Directors remains optimistic that the Group will continue to be profitable in the next financial year.

**B4 Statement of the Board of Directors' opinion on achievability of the financial estimate, forecast, projection or internal targets previously announced**

There were no financial estimate, forecast, projection or internal targets previously announced by the Board of Directors.

**B5 Profit Forecast / profit guarantee previously announced**

There were no profit forecast or profit guarantee previously announced.



## B6 Taxation

The provision for income tax is based on the business income earned for the year under review.

For the current quarter, the effective tax rate of the Group is lower than the statutory tax rate due mainly due to reduction of income tax rate based on the percentage of increase in chargeable income under Income Tax (Exemption) (No 2) Order 2017 (“the Order”), certain income which are not subject to tax, utilisation of capital allowance and reinvestment allowance

For the current year to date, the effective tax rate is higher than the statutory tax rate due mainly to certain expenses which are not deductible for tax purpose and losses of certain subsidiary companies which cannot be set off against profit of certain subsidiaries as no Group relief is available for tax purposes :

	Current quarter ended 30 April 2017 (RM '000)	Current year to date 30 April 2017 (RM '000)
Profit before taxation	23,516	78,127
Taxation at applicable tax rate – 24%	5,644	18,750
Adjustment mainly due to effect of “the Order”, certain non-taxable income, utilisation of capital and reinvestment allowance / certain non-allowable expenses and deferred tax recognized in profit or loss	(306)	177
Total Income Tax Expenses	5,338	18,927



## B7 Status of Corporate Proposals

There were corporate proposals for the period under review:

On 21 December 2016, the Company announced the following corporate proposals:

- (a) Proposed Bonus Issue of up to 101,095,141 new ordinary shares in the Company (“Hai-O Shares”), on the basis of one bonus shares for every two existing Hai-O Shares held on an entitlement date to be determined later (“Proposed Bonus issue”);
- (b) Proposed establishment of an employees’ share option scheme (“ESOS”) of up to 15% of the total number of issued shares in the Company (excluding treasury shares) at any one time during the duration of the ESOS for eligible employees and directors of Hai-O and its subsidiaries (excluding subsidiaries which are dormant) (“Proposed ESOS”); and
- (c) Proposed specific allocation of ESOS Options to Directors and Persons Connected with them (“Proposed Allocations”).

Further to the announcement made on 21 December 2017, 25 January 2017, 17 February 2017, 23 February 2017, 15 March 2017, 16 March 2017, 17 March 2017, 30 March 2017 and 31 March 2017 in respect of the Bonus Issues, 96,463,608 Bonus Shares have been issued and allotted to the shareholders of Hai-O whose names appeared in the Record of Depositors as at 28 March 2017. The Bonus Shares were listed and quoted on the Main Market of Bursa Securities on 31 March 2017.

Further to the announcement made on 3 May 2017, the effective date for the ESOS is 3 May 2017.

## B8 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at the end of the reporting financial year :

Group Borrowings	Currency	Secured/ Unsecured	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	3,046
Short Term Borrowings	Ringgit Malaysia	Secured	-
Total			3,046

## B9 Changes in Material Litigation

The Group is not engaged in any material litigation, claims or arbitration, including those pending or threatened against our Group, either as plaintiff or defendant, which has a material effect on the financial position of the Group.

## B10 Dividend payable

The Board of Directors is pleased to propose a final single tier dividend of 11 sen per ordinary share, in respect of the financial year ended 30 April 2017 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting (30/4/2016: a single tier dividend of 11 sen per ordinary share).

The dates of entitlement and payment will be advised later.



## **B11 Realised and Unrealised Profits/Losses Disclosure**

In accordance with the directive of BMSB and Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to BMSB Listing Requirements, as issued by Malaysian Institute of Accountants, the Company is required to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period and the previous financial year, on a group basis, into realised and unrealised profits or losses in the notes to its quarterly report.

The disclosure is based on the prescribed format by the BMSB.

	As at 30.04.2017 RM'000	As at 30.04.2016 RM'000 (Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	156,433	174,369
- Unrealised	1,507	1,514
	157,940	175,883
Total share of retained profits of an associate		
- Realised	(908)	(509)
Total share of retained profits of jointly controlled entities:		
- Realised	1,434	1,448
- Unrealised	(48)	(48)
	158,418	176,774
Less: Consolidation adjustments	(3,770)	(2,328)
Total Group retained profits as per consolidated accounts	154,648	174,445





## B12 Earnings per share (EPS)

### Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR
	30-Apr-17	30-Apr-16 (restated)	30-Apr-17	30-Apr-16 (restated)
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	18,252	11,183	59,264	36,343
Weighted average number of shares ('000)	289,513	291,504	289,513	291,504
Basic earnings per share (sen)	6.30	3.84	20.47	12.47

Diluted earnings per share is not applicable as there were no dilutive potential ordinary shares during the reporting period.

## B13 Audit report of the preceding annual financial statement

The preceding year annual financial statements were not subject to any qualification.



**B14 Items included in the Statement of Profit and Loss and Other Comprehensive Income**

	<i>CURRENT YEAR QUARTER</i>	<i>PRECEDING YEAR CORRESPONDING QUARTER</i>	<i>CURRENT YEAR TO DATE</i>	<i>PRECEDING YEAR CORRESPONDING YEAR</i>
	<b>30-Apr-17 RM' 000</b>	30-Apr -16 RM' 000	<b>30-Apr -17 RM' 000</b>	30-Apr -16 RM' 000 (Audited)
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	396	619	1,356	1,473
Other income including investment Income	3,945	1,511	13,201	8,606
Interest expense	(22)	(41)	(135)	(220)
Depreciation and amortization	(957)	(866)	(3,642)	(3,355)
Provision for and write off of receivables	(103)	-	(103)	-
Provision for and write off of inventories	(46)	(33)	(231)	(117)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	375	308	499	310
Impairment of assets	-	-	-	-
Foreign exchange gain /(loss):				
- Realised	195	516	607	734
- Unrealised	(3)	(594)	567	187
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-