



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

Unaudited Interim Financial Report
30 April 2014



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2014**

	AS AT END OF CURRENT QUARTER 30/4/2014 (RM'000)	(Audited) AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2013 (RM'000)
ASSETS		(Restated)
Non-current assets		
<i>Property, Plant and Equipment</i>	65,197	62,167
<i>Investment properties</i>	41,316	42,425
<i>Investment in jointly control entity</i>	2,267	2,340
<i>Investment in an associates</i>	-	6
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	209	1,478
<i>Available-for-sale investment</i>	186	186
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	585	515
<i>Deferred tax assets</i>	2,941	2,348
	112,786	111,550
Current Assets		
<i>Inventories</i>	58,561	49,541
<i>Assets classified as held for sale</i>	-	5,695
<i>Trade and other receivables</i>	18,505	20,137
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	58,173	53,792
<i>Cash and Cash Equivalents</i>	59,766	64,252
	195,005	193,417
TOTAL ASSETS	307,791	304,967
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
<i>Share capital</i>	101,095	101,095
<i>Treasury Shares</i>	(11,882)	(9,748)
<i>Other reserve</i>	421	586
<i>Retained earnings</i>	164,440	147,633
	254,074	239,566
Non-controlling interest	11,626	11,090
Total Equity	265,700	250,656
Non-current Liabilities		
<i>Borrowings</i>	2,892	5,316
<i>Deferred tax</i>	12	78
	2,904	5,394
Current Liabilities		
<i>Trade & other payables</i>	32,747	34,865
<i>Short term borrowings</i>	2,730	6,927
<i>Short-term provision</i>	2,067	3,399
<i>Current tax payable</i>	1,643	3,726
	39,187	48,917
Total Liabilities	42,091	54,311
TOTAL EQUITY AND LIABILITIES	307,791	304,967
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.30	1.22

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2013 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 2014
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 APRIL 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/4/2014	(restated) 30/4/2013	30/4/2014	(restated) 30/4/2013 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	61,471	72,273	253,392	266,529
Cost of sales	(39,944)	(44,480)	(159,681)	(162,205)
Gross Profit	21,527	27,793	93,711	104,324
Other income	3,123	1,505	9,533	12,055
Depreciation	(768)	(553)	(3,014)	(2,694)
Administrative expenses	(5,433)	(7,065)	(21,525)	(21,073)
Selling & distribution expenses	(6,316)	(7,384)	(25,745)	(28,746)
Other expenses	(38)	(42)	(928)	(751)
Operating Profit	12,095	14,254	52,032	63,115
Interest income	530	436	1,562	1,195
Finance costs	(95)	(122)	(405)	(621)
Share of profit of equity-accounted investee, net of tax	(4)	(1)	(79)	241
Profit before taxation	12,526	14,567	53,110	63,930
Income tax expenses	(1,716)	(4,383)	(12,050)	(15,919)
Profit for the year	10,810	10,184	41,060	48,011
Profit attributable to:				
Owner of the parent	10,711	9,807	40,458	47,153
Non-controlling interest	97	377	602	858
	10,808	10,184	41,060	48,011
Earnings Per Share attributable to equity holders of the parent				
- Basic	5.44	4.96	20.55	23.86
- 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 2013 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 2014
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 APRIL 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/4/2014	(Restated) 30/4/2013	30/4/2014	(Restated) 30/4/2013 (Audited)
	RM'000	RM'000	RM'000	RM'000
Profit for the year	10,810	10,184	41,060	48,011
Other comprehensive income				
- Foreign currency translation differences for foreign operations	44	(24)	(165)	104
Total comprehensive Income for the year	10,854	10,160	40,895	48,115
Total comprehensive income attributable to:				
Owner of the parent	10,757	9,783	40,293	47,257
Non-controlling Interest	97	377	602	858
	10,854	10,160	40,895	48,115

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2013 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 APRIL 2014**

	Attributable to Equity Holders of the Parent					Non-controlling interest	Total Equity	
	Share Capital	Treasury shares	Exchange fluctuation reserve	Capital reserve	Retained Earnings			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
12 month ended 30 April 2014								
Balance as at 30 April 2013	101,095	(9,748)	(71)	657	147,633	239,566	11,090	250,656
Profit for the year	-	-	-	-	40,458	40,458	604	41,062
Other comprehensive income for the period	-	-	(165)	-	-	(165)	-	(165)
Total comprehensive income for the period	-	-	(165)	-	40,458	40,293	604	40,897
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	(33)	(33)	(19)	(52)
Dividend	-	-	-	-	(23,618)	(23,618)	(49)	(23,667)
Purchase of Company's own shares	-	(2,134)	-	-	-	(2,134)	-	(2,134)
Balance at end of financial year	101,095	(11,882)	(236)	657	164,440	254,074	11,626	265,700
12 month ended 30 April 2013 (Audited)								
Balance as at 30 April 2012	101,095	(5,939)	(174)	657	126,040	221,679	9,727	231,406
Profit for the year	-	-	-	-	47,153	47,153	858	48,011
Other comprehensive income for the year	-	-	103	-	-	103	-	103
Total comprehensive income for the year	-	-	103	-	47,153	47,256	858	48,114
Additional investment by non-controlling interests in subsidiaries	-	-	-	-	-	-	725	725
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	91	91	(144)	(53)
Dividend	-	-	-	-	(25,651)	(25,651)	(76)	(25,727)
Purchase of Company's own shares	-	(3,809)	-	-	-	(3,809)	-	(3,809)
Balance at end of financial year	101,095	(9,748)	(71)	657	147,633	239,566	11,090	250,656

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2013 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 2014**

	2014 12 month ended 30/4/2014 (RM '000)	(Audited) 2013 12 month ended 30/4/2013 (RM '000)
Profit before tax	53,112	63,930
Adjustment for :-		(Restated)
Depreciation	3,014	2,694
Dividend income	(1,877)	(1,561)
Fair value (gain)/loss on other investments	(704)	(559)
Finance costs	405	621
Finance income	(1,562)	(1,215)
Gain on disposal of other investment	(123)	(26)
Gain on disposal of investment properties	-	(4,767)
Gain on disposal of property, plant and equipment	(751)	(671)
Loss on disposal of property, plant and equipment	-	-
Property, plant and equipment written off	-	348
Share of profit of equity-accounted investee, net of tax	79	(242)
Provision for sales campaign	(1,332)	1,892
Unrealised foreign exchange differences	76	(308)
Operating profit before changes in working capital	50,337	60,136
Changes in working capital		
<i>Inventories</i>	(8,952)	(12,045)
<i>Net Change in trade and other receivables</i>	1,454	1,897
<i>Net Change in trade and other payables</i>	(2,114)	201
<i>Tax paid</i>	(14,764)	(13,842)
	(24,376)	(23,789)
Net cash flows from operating activities	25,961	36,347
Investing Activities		
<i>Accretion of equity interests in subsidiaries</i>	(52)	(53)
<i>Proceeds from disposal of other investment</i>	7,384	12,597
<i>Proceeds from disposal of investment properties</i>	-	6,356
<i>Proceeds from quoted shares</i>	1,426	-
<i>Purchase of other investment</i>	(11,095)	(8,453)
<i>Purchase of investment properties</i>	-	(1,367)
<i>Purchase of property, plant and equipment</i>	(5,097)	(7,091)
<i>Proceeds from disposal of assets classified as held for sales</i>	6,300	-
<i>Proceeds from disposal of property, plant and equipment</i>	197	870
<i>Dividend received</i>	1,877	1,618
<i>Interest received</i>	1,562	1,215
Net cash used in investing activities	2,502	5,692
Financing Activities		
<i>Purchase of Company's own share</i>	(2,134)	(3,810)
<i>Interest paid</i>	(405)	(621)
<i>Dividend paid</i>	(23,667)	(25,727)
<i>Borrowing</i>	(6,621)	(315)
Net cash used in financing activities	(32,827)	(30,473)
Net Changes in Cash & Cash Equivalents	(4,364)	11,566
Effect of exchange rate & fluctuations on cash held	(122)	92
Cash & Cash Equivalents at beginning of financial year	64,252	52,594
Cash & Cash Equivalents at end of the financial year	59,766	64,252

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2013 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 2013.

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 2013.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 April 2013 except for the adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the Group effective for annual periods beginning on or after 1 January 2013.

The MFRSs which are effective commencing 1 January 2013 and have significant impact on the financial statements of the Group are:

MFRS 11, Joint Arrangements

The Group adopted MFRS 11, *Joint Arrangements* in the current quarter. As a result, joint arrangements are classified and accounted for as follows:

A joint arrangement is classified as “joint operation” when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group or the Company accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

A joint arrangement is classified as “joint venture” when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

In the previous financial years, for jointly controlled entity, the Group accounted for its interest using the proportional consolidation method.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 11. The adoption of MFRS 11 has no significant impact to the financial statements of the Group and does not affect the basic and diluted earnings per ordinary share for the current and prior periods.



The effects from the adoption of MFRS 11 are disclosed below:

Impact on opening balance

Statement of Financial Position

	As previously reported (Audited) 30.4.2013 RM '000	Effects of adoption of MFRS11 RM '000	As restated (Audited) 30.4.2013 RM '000
<u>Assets</u>			
Property, plant and equipment	64,908	(2,741)	62,167
Investment in Joint Venture	0	2,340	2,340
Inventories	49,939	(398)	49,541
Trade and other receivables	20,199	(62)	20,137
Cash and cash equivalent	64,931	(679)	64,252
<u>Non-Liabilities</u>			
Borrowings	6,429	(1,113)	5,316
Deferred tax	129	(51)	78
<u>Current Liabilities</u>			
Short term borrowings	6,990	(63)	6,927
Trade and other payables	35,178	(313)	34,865



Impact on Income Statement dated 30.4.2013

Statement of Comprehensive Income

	As previously reported	Effects of adoption of MFRS11	As restated
	(Audited) 30.4.2013 RM '000	RM '000	(Audited) 30.4.2013 RM '000
Revenue	267,933	(1,404)	266,529
Costs of sales	(162,458)	253	(162,205)
	-----		-----
Gross Profit	105,475		104,324
Other income	12,057	(2)	12,055
Depreciation	(2,750)	56	(2,694)
Administrative expenses	(21,501)	428	(21,073)
Selling & distribution expenses	(29,107)	361	(28,746)
Other expenses	(751)	-	(751)
	-----		-----
Operating Profit	63,423		63,115
Interest Income	1,224	(29)	1,195
Finance Costs	(645)	24	(621)
Share of profit of equity-accounted Investee, net of tax	6	235	241
	-----		-----
Profit before taxation	64,008		63,930
Income tax expenses	(15,997)	78	(15,919)
	-----		-----
Profit for the period	48,011		48,011
	=====		=====

The adoption of other standards, amendments and interpretation has no effect to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

A3 Audit report of preceding annual financial statement

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

A4 Seasonal or cyclical factors

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.



A5 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.

A6 Material changes in estimates

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

A7 Debt 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 2014 are as follows:

	Number of Treasury shares	Total Considerations RM
Balance as at 1 Feb 2014	5,452,688	10,362,572
Repurchased during the quarter	615,300	1,519,862
Balance as at 30 Apr 2014	6,067,988	11,882,434

The repurchase transactions were financed by internally generated funds.

As at 18 June 2014, the treasury shares held were 6,367,288 ordinary shares with total purchase consideration of RM 12,632,188.

A8 Dividend paid

An interim single tier dividend of 4 sen, amounting to RM 7,869,504 in respect of the current financial year ended 30 April 2014 was paid on 27 February 2014.



A9 Segment information

Details of segmental analysis for the year ended 30 April 2014 are as follows:

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE						
Revenue from external customers	149,272	56,293	40,063	7,764	-	253,392
Inter-segment revenue	45	82,387	5	8,602	(91,039)	-
Total revenue	149,317	138,680	40,068	16,366	(91,039)	253,392
RESULT						
Segment result	30,097	12,882	2,308	6,370	375	52,032
Finance costs						(405)
Interest income						1,562
Share of profit of equity-accounted investee, net of tax						(79)
Profit before taxation						53,110
Income tax expenses						(12,050)
Net profit for the year						41,060
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Segment assets	99,463	161,133	28,960	18,235	-	307,791
Segment liabilities	16,366	22,148	1,348	2,229	-	42,091

A10 Property, plant and equipment

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

A11 Material events subsequent to the end of the interim period

There was no material events subsequent to the current financial quarter ended 30 April 2014 except for the following:

On 3 June 2014, the Company's wholly owned subsidiary, Hai-O Properties Sdn Bhd entered into a sale and purchase agreement with two (2) third party entities to purchase of four (4) pieces of freehold land for a total cash consideration of RM 8.80 million.



A12 Changes in the composition of the Group

There was no change in the composition of the Group during the interim period except for the following:

The Company had acquired additional 1,000 ordinary shares of RM 1.00 each in the share capital of Hai-O Raya Bhd, for a total cash consideration of RM 2,500 during the quarter.

A13 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 18 Jun 2014	As at 30 Apr 2014	As at 30 Apr 2013
	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 18 Jun 2014	As at 30 Apr 2014	As at 30 Apr 2013
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	1,153	1,153	1,179
	<hr/>	<hr/>	<hr/>
	1,153	1,153	1,179

A14 Capital commitment

The capital commitment of the Group for the year ended 30 April 2014 is as follows:

	RM'000
Approved and contracted for in respect of capital expenditure.	1,190



Additional Information Required By The BMSB - Listing Requirements

B1 A detailed analysis of 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 fourth quarter ended 30 April 2014, the Group recorded lower revenue and pre-tax profit of RM 61.5 million and RM 12.5 million as compared to the preceding year's corresponding quarter of RM 72.3 million and RM 14.6 million, respectively :

(i) Multi-level marketing ("MLM") division

Revenue was lower by 17% as compared to previous year's corresponding quarter, mainly due to lower sales in "big ticket" items. However, pre-tax profit increased marginally from RM 8.3 million to RM 8.7 million, an increase of 5% in the quarter under review mainly attributed to lower operating costs incurred.

(ii) Wholesale division

External revenue for the wholesale division has increased by about 5% due to intensive sales and marketing activities being carried out by a group of sales personnel who had brought in additional sales from some new key accounts customers to the division. However, pre-tax profit decreased by about 39% as compared to previous year's corresponding quarter due to lower profit generated from inter-segments sales.

(iii) Retail division

Revenue was lower by about 25% as compared to previous year's corresponding quarter, as the Chinese New Year ("CNY") festive season fell in the 4th quarter of last financial year as opposed to 3rd quarter of this financial year, hence the post CNY's sales was recorded lower.

In view of lower revenue achieved and higher operating costs incurred, pre-tax profit decreased by approximately RM 0.9 million accordingly.



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

For the financial year under review, the Group registered lower revenue of RM 253.4 million as compared to RM 266.5 million for the same corresponding period of the preceding year, a decrease by about 5%. The pre-tax profit of RM 53.1 million achieved from core business activities was lower by approximately RM 5 million as compared to previous financial year (excluding the gain on disposal of property amounting to RM 4.8 million and the one-off compensation of RM 0.57 million received by the manufacturing division in previous year):

(i) Multi-level marketing ("MLM") division

The division recorded lower revenue of RM 150.0 million as compared to the preceding year's corresponding period of RM 167.0 million, decreased by about 10%. This was the first year result where the division revised its strategy to reduce the over dependency on "big ticket" items and thus revenue contributed by the "big ticket" items had reduced from 72% to 52% of the total revenue in this current financial year. However, the "small ticket" items had contributed almost half of the total revenue and profit to the division. Moreover, core members have increased by about 23% as lower initial capital costs are required for Hai-O's MLM entrepreneurs to start up the business.

This may have unfavourable impact to the bottom line in this current financial year as the profit contribution from "small ticket" items are lower as compared to "big ticket" items. However, the Management is optimistic that the change in marketing strategy will bring benefits to the Group and its distributors in the long term.

Despite the above, the pre-tax profit maintained at about RM 30.0 million due to lower operating costs incurred during the year.

(ii) Wholesale division

External revenue increased by about 11% to RM 56.3 million which was mainly contributed by higher sales in Chinese medicated tonic, Chinese tea and value herbs in the consumer market. However, pre-tax profit reduced by about 33% due to lower inter-segment sales to MLM division and weakening of Ringgit Malaysia against USD currency which had eroded the profit margin.

(iii) Retail division

Revenue was maintained at about RM 40 million however pre-tax profit had reduced to RM 2.3 million as compared to the previous year of RM 3.2 million. Currently, health food industries are operating in a high cost environment with shortage of labour in the market. Moreover, rationalisation on fuel and other subsidy coupled with high inflation rate had resulted in consumers being more cautious in spending.



(iv) Other division

Despite maintaining the revenue at about RM 7.8 million, pre-tax profit recorded at RM 6.4 million as compared to previous year of RM 10.7 million. Higher income of RM 10.7 million in last financial year included the gain on disposal of a property amounting to RM 4.8 million and the one-off compensation of RM 0.57 million. Hence, the pre-tax operating profit increased by approximately RM 1.1 million as compared to the preceding year, an increase by about 19%.

The manufacturing division is targeting full commission of its GMP factory in the next financial year and has incurred high set-up costs for its new GMP factory. Therefore it had not contributed significantly to the Group's profit.

B2 Material changes for the current quarter as compared with the immediate preceding quarter

For the 4th quarter under review, the Group registered lower revenue of RM 61.5 million as compared to RM 71.6 million of the immediate preceding quarter, representing a decrease of approximately 14% :

(i) MLM division

The revenue and pre-tax profit maintained at about RM 38 million and RM 8.7 million respectively as compared with the immediate preceding quarter. The recent launch of its sales campaign in the 4th quarter had successfully push up the sales of its "small ticket" items. Higher revenue and profit contributed by the "small tickets" items had neutralised the drop in revenue of the "big ticket" items.

(ii) Wholesale division

External revenue decreased by about 26% mainly attributed to post CNY festive season which fell in the 3rd quarter as consumers had cut down orders in the 4th quarter. In addition, sales of duty free products has reduced due to lower arrival rate of Chinese foreign tourists to Malaysia. Thus, pre-tax profit reduced from RM 3 million to RM 2.3 million was attributable to lower revenue recorded in the 4th quarter.

(iii) Retail division

Revenue recorded lower by RM 4.1 million, from RM 13.3 million to RM 9.2 million as compared with the immediate preceding quarter, post CNY festive season which fell in the 3rd quarter. Despite the year end members' sales promotion carried out in the 4th quarter, response was not encouraging and it could be due to consumers being more cautious in spending in view of the rising cost of living.



B3 Commentary on prospects for the next financial year

The Group expects the next financial year to be challenging due to rising costs of doing business. With that the Group has planned out various new business strategies to mitigate the impact and to weather through the difficult period.

Currently, the MLM division has successfully launched several “small ticket “ items and recruited more young entrepreneurs who are looking for low entry costs in MLM business. Concurrently, the company will continue to promote its “big ticket” items which carry higher sales value and profit margin by implementing effective sales campaign and product training for distributors. Besides, the division will continue to introduce new products and recruit more new members to strengthen its financial performance. As for the wholesale division, it is expecting business operating costs will continue to rise in the near future and hence will re-look into its pricing strategies in order to stay competitive in the market, therefore the introduction of new business strategies will be a challenging task ahead for the division. The retail division will continue to extend its product portfolios and introduce more new house brand to widen the product selection for its customers. Besides, it will continue to enhance the outlet personnel’s efficiency by organising more sales and product training to increase their market knowledge and productivity, indirectly to improve on customer services and to attract more customers. As for the manufacturing division, the new GMP plant will be in full commission and is expected to secure more orders from new customers.

With the various strategies to be implemented by the Group, the Board of Directors is of the opinion that the prospects of the Group will continue to be profitable in the next financial year.

B4 Profit Forecast

There is no profit forecast.

B5 Taxation

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

For the current quarter and year to date, the effective tax rate of the Group is lower than the statutory tax rate due mainly to certain income which are not subject to tax and the utilisation of capital allowance.

	Current Quarter Ended 30 April 2014 (RM ‘000)	Current year to date 30 April 2014 (RM ‘000)
Profit before taxation	12,526	53,110
Taxation at applicable tax rate – 25%	3,132	13,278
Adjustment mainly due to certain non-taxable expenses and utilisation of capital allowance	(1,416)	(1,228)
Total Income Tax Expenses	1,716	12,050



B6 Corporate Proposals

There were no corporate proposals for the period under review.

B7 Group Borrowings and Debts Securities

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

Group Borrowings	Currency	Secured/ Unsecured	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	316
Short Term Borrowings	Ringgit Malaysia	Secured	2,414
Long Term Borrowings	Ringgit Malaysia	Secured	2,892
Total			5,622

B8 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.

B9 Dividends

The Board of Directors is pleased to propose a final single tier dividend of 10 sen per ordinary share, in respect of the financial year ended 30 April 2014 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting (30/4/2013: a single tier dividend of 8 sen per ordinary share).

The dates of entitlement and payment will be advised later.



B10 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 year 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 30.4.2014 RM'000	As at 30.04.2013 RM'000 (Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	167,482	151,168
- Unrealised	2,333	2,685
	169,815	153,853
Total share of retained profits of an associate		
- Realised	(6)	6
Total share of retained profits of jointly controlled entities:		
- Realised	1,506	1,579
	171,315	155,438
Less: Consolidation adjustments	(6,875)	(7,805)
Total Group retained profits as per consolidated accounts	164,440	147,633



B11 Earnings per share (EPS)

Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Apr-14	PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-13	CURRENT YEAR TO DATE 30-Apr-14	PRECEDING YEAR CORRESPONDING YEAR 30-Apr-13 (Audited)
<i>Earnings</i>				
Net profit for the year attributable to equity holders of the parent (RM'000)	10,711	9,807	40,458	47,153
Weighted average number of shares ('000)	196,887	197,658	196,887	197,658
Basic earnings per share (sen)	5.44	4.96	20.55	23.86

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