



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

Unaudited Interim Financial Report
30 April 2018



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

Quarterly report on consolidated results for the financial year ended 30 April 2018
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 APRIL 2018

	INDIVIDUAL PERIOD (4th quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/4/2018	PRECEDING YEAR CORRESPONDING QUARTER 30/4/2017	CURRENT YEAR TO DATE 30/4/2018	PRECEDING YEAR CORRESPONDING PERIOD 30/4/2017 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	110,649	118,622	461,781	404,240
Cost of sales	(71,689)	(78,612)	(299,602)	(271,712)
Gross Profit	38,960	40,010	162,179	132,528
Other income	4,714	3,918	15,663	13,174
Depreciation	(1,031)	(957)	(3,987)	(3,642)
Administrative expenses	(5,014)	(6,461)	(26,877)	(25,276)
Selling & distribution expenses	(14,807)	(13,108)	(48,319)	(38,812)
Other expenses	(20)	(126)	(1,019)	(531)
Operating Profit	22,802	23,276	97,640	77,441
Interest income	283	402	1,504	1,362
Finance costs	(21)	(22)	(131)	(135)
Share of profit/(loss) of equity-accounted investee, net of tax	(14)	3	13	1
Share of loss of associate company	-	-	-	(399)
Profit before tax	23,050	23,659	99,026	78,270
Tax expenses	(6,376)	(5,266)	(23,911)	(18,855)
Profit after tax	16,674	18,393	75,115	59,415
Profit attributable to:				
Owners of the parent	16,274	18,463	74,828	59,475
Non-controlling interest	400	(70)	287	(60)
	16,674	18,393	75,115	59,415
Earnings Per Share attributable to equity holders of the parent				
- Basic	5.60	6.36	25.76	20.48
- Diluted	5.59	-	25.72	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.



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

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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 APRIL 2018**

	INDIVIDUAL QUARTER (4th quarter)		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/4/2018	PRECEDING YEAR CORRESPONDING QUARTER 30/4/2017	CURRENT YEAR TO DATE 30/4/2018	PRECEDING YEAR CORRESPONDING PERIOD 30/4/2017 (Audited)
	RM'000	RM'000	RM'000	RM'000
Profit for the year	16,674	18,393	75,115	59,415
Other comprehensive income				
- Foreign currency translation differences for foreign operations	28	(126)	140	(160)
Total comprehensive Income for the year	16,702	18,267	75,255	59,255
Total comprehensive income attributable to:				
Owners of the parent	16,302	18,337	74,968	59,315
Non-controlling Interest	400	(70)	287	(60)
	16,702	18,267	75,255	59,255

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018**

	AS AT CURRENT FINANCIAL YEAR ENDED 30/4/2018 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2017 (RM'000) (Audited)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	83,018	73,672
<i>Investment properties</i>	55,996	48,306
<i>Investment in jointly control entity</i>	2,174	2,160
<i>Investment in an associates</i>	-	-
<i>Other Investments</i>	12	236
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,623	295
<i>Deferred tax assets</i>	1,751	1,212
	144,659	125,966
Current Assets		
<i>Inventories</i>	91,487	71,707
<i>Trade and other receivables</i>	33,765	31,586
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	57,921	58,194
<i>Cash and Cash Equivalents</i>	69,011	76,848
	252,184	238,335
TOTAL ASSETS	396,843	364,301
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
<i>Share capital</i>	157,092	149,327
<i>Treasury Shares</i>	(21,581)	(19,687)
<i>Other reserves</i>	1,129	314
<i>Retained earnings</i>	171,705	154,860
	308,345	284,814
Non-controlling interest	11,040	11,355
Total Equity	319,385	296,169
Non-current Liabilities		
<i>Borrowings</i>	-	-
<i>Deferred tax</i>	297	208
	297	208
Current Liabilities		
<i>Trade & other payables</i>	67,648	57,536
<i>Short term borrowings</i>	1,405	3,046
<i>Short-term provisions</i>	3,148	1,649
<i>Current tax payables</i>	4,960	5,693
	77,161	67,924
Total Liabilities	77,458	68,132
TOTAL EQUITY AND LIABILITIES	396,843	364,301
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.06	0.98

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 APRIL 2018**

	2018 12-month ended 30/4/2018 (RM '000)	2017 12-month ended 30/4/2017 (RM '000) (Audited)
Profit before tax	99,026	78,270
Adjustment for :-		
Depreciation	3,987	3,642
Dividend income	(2,143)	(1,785)
Employees' share option expenses	2,596	-
Fair value (gain)/loss on other investments	(100)	(199)
Finance costs	131	135
Finance income	(1,504)	(1,362)
Gain on disposal of property, plant and equipment	(1,293)	(118)
Gain on disposal of other investment	(146)	(80)
Resale of treasury shares	(1,985)	-
Loss on disposal of subsidiary	-	1
Loss on disposal of PPE	1	-
Property, plant and equipment written off	36	71
Share of profit of equity-accounted investee, net of tax	(14)	1
Share of losses of Associated company	-	399
Provision for sales campaign	1,499	3,900
Reversal of impairment of assets	(225)	-
Unrealised foreign exchange differences	45	(150)
Operating profit before changes in working capital	99,911	82,725
Changes in working capital		
<i>Inventories</i>	(19,780)	(3,741)
<i>Receipts from customers</i>	(1,609)	(2,338)
<i>Net Change in other receivables</i>	(2,081)	(3,879)
<i>Payment to suppliers, contractors and employees</i>	(7,795)	6,719
<i>Net Change in other payables</i>	9,028	1,301
<i>Payment of income taxes</i>	(24,911)	(16,625)
	(47,148)	(18,563)
Net cash flows from operating activities	52,763	64,162
Investing Activities		
<i>Accretion of equity interests in subsidiaries</i>	(166)	(21)
<i>Acquisition of other investments</i>	(83,781)	(79,562)
<i>Investment in subsidiary by non-controlling interest</i>	-	100
<i>Purchase of property, plant and equipment & IP</i>	(21,470)	(10,110)
<i>Proceeds from disposal of other investment</i>	84,298	77,242
<i>Proceeds from disposal of quoted investment</i>	226	-
<i>Proceeds from disposal of property, plant and equipment</i>	2,120	147
<i>Proceeds from disposal of subsidiaries</i>	-	80
<i>Dividend received</i>	2,143	13
<i>Interest received</i>	1,504	1,361
Net cash used in investing activities	(15,126)	(10,750)
Financing Activities		
<i>Amount due from an associate</i>	-	(105)
<i>Proceeds from issue of shares</i>	5,844	-
<i>Proceeds from resale of treasury shares</i>	3,340	-
<i>Purchase of Company's own share</i>	(3,249)	(1,046)
<i>Interest paid</i>	(131)	(135)
<i>Dividend paid</i>	(49,468)	(31,100)
<i>Repayment / drawdown of trade facilities</i>	(1,641)	1,933
Net cash used in financing activities	(45,305)	(30,453)
Net Changes in Cash & Cash Equivalents	(7,668)	22,959
Effect of exchange rate & fluctuations on cash held	(169)	177
Cash & Cash Equivalents at beginning of financial year	76,848	53,712
Cash & Cash Equivalents at end of the financial year	69,011	76,848

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 APRIL 2018**

	Attributable to Equity Holders of the Parent						Non-controlling interest	Total Equity
	Share Capital	Treasury shares	Exchange fluctuation reserve	Capital reserve	Retained Earnings	Total		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
12-month ended 30 April 2018								
Balance as at 1 May 2017	149,327	(19,687)	(343)	657	154,860	284,814	11,355	296,169
Profit for the year	-	-	-	-	74,828	74,828	287	75,115
Other comprehensive income for the year	-	-	140	-	-	140	-	140
Total comprehensive income for the year	-	-	140	-	74,828	74,968	287	75,255
Employees ' share option reserve	1,921	-	-	675	-	2,596	-	2,596
Share issued pursuant to ESOS	5,844	-	-	-	-	5,844	-	5,844
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	213	213	(379)	(166)
Dividend	-	-	-	-	(58,196)	(58,196)	(223)	(58,419)
Re-sale of Company's treasury shares	-	1,355	-	-	-	1,355	-	1,355
Purchase of Company's own shares	-	(3,249)	-	-	-	(3,249)	-	(3,249)
Balance at end of financial year	157,092	(21,581)	(203)	1,332	171,705	308,345	11,040	319,385
12-month ended 30 April 2017 (Audited)								
Balance as at 1 May 2017	101,095	(18,641)	(183)	657	174,445	257,373	11,607	268,980
Profit for the year	-	-	-	-	59,475	59,475	(60)	59,415
Other comprehensive income for the year	-	-	(160)	-	-	(160)	-	(160)
Total comprehensive income for the year	-	-	(160)	-	59,475	59,315	(60)	59,255
Bonus issue	48,232	-	-	-	(48,232)	-	-	-
Investment by non-controlling interests in subsidiary	-	-	-	-	-	-	100	100
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	43	43	(64)	(21)
Dividend	-	-	-	-	(30,872)	(30,872)	(228)	(31,100)
Purchase of Company's own shares	-	(1,046)	-	-	-	(1,046)	-	(1,046)
Balance at end of financial year	149,327	(19,687)	(343)	657	154,859	284,813	11,355	296,168

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.



PART 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 2017.

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 2017.

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 2017.

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 seasonal 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 followings:-

- i) The details of shares held as treasury shares for the year ended 30 April 2018 are as follows:

	Number of Treasury shares	Total Cost Consideration RM
Balance as at 1 Feb 2018	8,823,988	19,287,993
Repurchased during the quarter	471,000	2,292,618
Balance as at 30 Apr 2018	9,294,988	21,580,611

The repurchase transactions were financed by internally generated funds.

The Company resale 634,000 ordinary shares for a total consideration of RM 3,339,373 during the financial year under review. As at 20 June 2018, the treasury shares held were 9,342,388 shares with total purchase consideration of RM 21,813,177.

- ii) The details of shares issued pursuant to ESOS for the year ended 30 April 2018 are as follows:

During the year under review, a total of 1,610,000 ESOS options were exercised at subscription price of RM 3.63 per share and granted with listing and quotation on the Main Market of Bursa Securities. As at 30 April 2018, the issued share capital of the Company increased to RM 157,092,458 included the capitalisation of ESOS reserve to share capital of RM 1,921,213.

Subsequent to the fourth quarter ended 30 April 2018, an additional 10,000 and 8,000 ESOS options were exercised at subscription price of RM 3.63 per share which had been granted with listing and quotation on the Main Market of Bursa Securities on 18 May 2018 and 13 Jun 2018 respectively. With effect thereof, the total number of shares issued of the Company increased to 300,281,890.

A6 Dividend paid

The first single tier interim dividend of 6 sen per ordinary share amounting to RM 17,484,894 in respect of the current financial year ended 30 April 2018 was paid on 8 March 2018.

The second single tier interim dividend of 3 sen per ordinary share amounting to RM 8,727,945 in respect of the current financial year ended 30 April 2018 was paid on 13 June 2018.



A7 Segment information

Details of segmental analysis for the year ended 30 April 2018 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	352,545	63,655	41,479	4,102	-	461,781
Inter-segment revenue	259	175,081	12	15,505	(190,857)	-
Total revenue	352,804	238,736	41,491	19,607	(190,857)	461,781
RESULT						
Segment profit/(loss)	69,072	22,167	1,472	5,084	(155)	97,640
Finance costs						(131)
Interest income						1,504
Share of loss of equity-accounted investee, net of tax						13
Profit before taxation						99,026
Income tax expenses						(23,911)
Net profit for the year						75,115

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	154,767	171,706	34,823	35,547	-	396,843
Segment liabilities	36,228	37,616	2,225	1,389	-	77,458

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 year ended 30 April 2018.



A10 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 20,000 ordinary shares and 8,000 ordinary shares of Hai-O Raya Bhd and Samariatan Sdn Bhd for a total cash consideration of RM 56,000 and RM 48,000 respectively during the quarter under review.

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 20/6/2018	As at 30/4/2018	As at 30/4/2017
	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 20/6/2018	As at 30/4/2018	As at 30/4/2017
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	828	819	1,013

A12 Capital commitment

The capital commitment of the Group for the year ended 30 April 2018 is as follows:

	Approved and contracted for	Approved but not contracted for
	RM'000	RM'000
Property, plant and equipment	4,056	1,925
Investment properties	1,679	-
Total	<u>5,735</u>	<u>1,925</u>



PART B -- Explanatory Notes Pursuant To Appendix 9B of The Bursa Securities Listing Requirement

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:

Financial review for current quarter and financial year to date

	Individual Period (4th quarter)		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	(Audited) Preceding Year Corresponding Period	
	30/4/2018 (RM '000)	30/4/2017 (RM '000)		30/4/2018 (RM '000)	30/4/2017 (RM '000)	
Revenue	110,649	118,622	(6.7%)	461,781	404,240	14.2%
Gross Profit	38,960	40,010	(2.6) %	162,179	132,528	22.4%
Operating Profit	22,802	23,276	(0.2)%	97,640	77,441	26.1%
Profit Before Tax	23,050	23,659	(2.6)%	99,026	78,270	26.5%
Profit After Tax	16,674	18,393	(9.3)%	75,115	59,415	26.4%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	16,274	18,463	(11.9)%	74,828	59,475	25.8%

Statement of profit & loss and other comprehensive income

For the year ended 30 April 2018, the Group recorded a higher revenue of RM 461.8 million as compared to the previous financial year of RM 404.2 million, an increase of 14.2%. The increase was mainly attributed to the increase in revenue across all main divisions namely the Wholesale, Multi-level marketing (“MLM”) and Retail divisions. The Wholesale division outperformed other divisions with revenue increased by 20.9% to RM 63.7 million as compared to previous year of RM 52.6 million mainly attributable to higher sales generated from medicated tonic. The MLM division’s revenue increased by 14.1% to RM 352.5 million which was driven by higher sales for most of its products. Revenue from Retail division increased by 8.7% to RM 41.5 million.

The Group’s pre-tax profit recorded at RM 101.6 million, however after recognizing employees’ share option (“ESOS”) expenses of RM 2.6 million, the profit before tax adjusted accordingly to RM 99.0 million as compared to previous year corresponding period of RM 78.3 million, increased by 26.5%. The increase in pre-tax profit was mainly contributed by the MLM and Wholesale divisions. The gain from resale of treasury shares amounting to approximately RM 2.0 million also contributed higher profit in the financial year under review. The Group’s net margin improved by 1.6% to 16.3% mainly due from the higher sales of its premium products and improvement in product margin.



Statement of financial position

The equity attributable to equity holders of the parent stood at RM 308.3 million, an increase of 8.3% as compared to previous financial year ended 30 April 2017 of RM 284.8 million, after taking into account the profit attributable to owners of the company of RM 74.8 million and acquisition of additional interest in a subsidiary. Dividend paid during the year reduced the shareholders' funds by RM 49.5 million. The proposed 2nd single tier interim dividend of RM 8.7 million in respect of current financial year ended 30 April 2018 was accounted for as an appropriation of retained earnings in the quarter under review. A total of 1,610,000 ESOS options ("Hai-O shares") were exercised and listed on the Main Market of Bursa Securities. An amount of RM 1.9 million of ESOS reserve was capitalised to Share Capital. With effect thereof, the issued share capital increased to RM 157.1 million accordingly.

The Group's total assets as at 30 April 2018 stood at RM 396.8 million (FYE 30.4.2017: RM 364.3 million). The increase in total assets by RM 32.5 million included additional property, plant and equipment and investment properties amounting to RM 17.0 million in respect of upgrading and re-location of two existing outlets for Retail division and refurbishing of a new warehouse in Klang coupled with façade enhancement of one of the property in Kuala Lumpur. The increase in inventories from RM 71.7 million to RM 91.5 million was in tandem with the increase in sales as the Group required to have sufficient stocks to meet its higher sales requirement.

The Group's total liabilities was RM 77.5 million (FYE 30.4.2017: RM 68.1 million). This was mainly due to the increase in trade and other related payables and tax payables.

The net assets per share increased to RM 1.06 against previous financial year ended 30 April 2017 of RM 0.98.

Statement of Cash Flow

The Group's cash and cash equivalents and short term investment was RM 126.9 million.

The net cash flow from operating activities was RM 52.9 million primarily generated from the operating profit of the three main divisions with MLM and Retail divisions' sales mainly transacted in cash despite an outflow for higher inventories, payment to suppliers, contractors and employees and income tax payment. The net cash used in investing activities included the placement of excess fund in money market to earn higher return and purchase of property, plant and equipment and investment properties with a total outflow of RM 15.1 million. Whereas net cash used in financing activities was an outflow of RM 45.3 million after dividend payment of RM 49.5 million and after taking in the proceeds from issuance of shares and resale of treasury shares totalling to RM 9.2 million. As a result, the Group recorded a net decrease in cash and cash equivalent by RM 7.6 million to RM 69.0 million at end of the financial year.



Segmental Analysis

Current quarter compared to the preceding year's corresponding quarter

For the fourth quarter under review, the Group recorded lower revenue of RM 110.6 million as compared to RM 118.6 million of the preceding year's corresponding quarter, decreased marginally by 6.7%:

(i) MLM division

The revenue decreased by about 17.3% to RM 79.1 million as compared to the preceding year's corresponding quarter. The slow-down of business activities prior to general election had negative impact to the performance of MLM division as members turned more cautious ahead of uncertainties of the GE14. As a result, the pre-tax profit was lowered by 13.8% to RM 16.8 million mainly due to lower revenue achieved.

(ii) Wholesale division

The external revenue and pre-tax profit increased by 34.6% and 61.3% to RM 17.0 million and RM 3.6 million respectively as compared to the preceding year's corresponding quarter. The increase in pre-tax profit were mainly contributed by higher sales generated from Chinese medicated tonic. Higher contribution from inter-segment sales had also further contributed to the increased in the pre-tax profit.

(iii) Retail division

The revenue increased by 46.2% to RM 13.7 million as compared to the preceding year's corresponding quarter of RM 9.4 million. The Chinese New Year ("CNY") sales fell in the 4th quarter of current financial year as opposed to 3rd quarter of the previous financial year has contributed higher sales for current quarter. As a result, the division recorded higher pre-tax profit of RM 1.4 million as compared to the preceding year's corresponding quarter.



Current financial year compared to the preceding financial year

For the financial year under review, the Group recorded higher revenue and pre-tax profit of RM 461.8 million and RM 99.0 million as compared to RM 404.2 million and RM 78.3 million, representing an increase of 14.2% and 26.5% respectively for the preceding year's corresponding period. The increase in the Group's revenue was mainly contributed by all the three main divisions namely the Wholesale, MLM and Retail divisions :

(i) MLM division

The division recorded higher revenue and pre-tax profit of RM 352.5 million and RM 70.3 million as compared to previous year of RM 308.9 million and RM 62.6 million, increased by 14.1% and 12.3% respectively. The increase in revenue was mainly derived from higher sales for most of the products. During the financial year, the division had introduced several new products under food & beverage, cosmetic & skincare, personal care and lifestyle related range of products. These new products had further contributed to the increase in revenue and profit. The 25th year anniversary grand sales promotion during the financial year had further boost up sales as compared to the preceding year.

Despite the ESOS expenses of RM 0.6 million being recognised in the current financial year and increased in marketing development costs by about RM 4.5 million, the pre-tax profit increased by 12.3% from RM 62.6 million to RM 70.3 million which was driven by higher revenue and wider product range introduced during the financial year.

(ii) Wholesale division

The division registered higher revenue of RM 63.7 million as compared to previous year of RM 52.6 million, representing an increase of 20.9%. The mega event held together with the grand promotion of its key products received an over-whelming response which contributed higher revenue and profit to the division.

Despite the ESOS expenses of RM 1.4 million being recognised in the current financial year, the pre-tax profit increased by RM 13.5 million to RM 22.2 million mainly attributed to higher contribution from sales of premium Chinese medicated tonic, patented medicine and vintage Puer tea. Furthermore, higher profit generated from inter-segment sales to MLM and Retail divisions also helped to contribute to its bottom line. Besides, gain from the resale of treasury shares amounting to approximately RM 2.0 million was added on to the profit.

(iii) Retail division

The aggressive promotion campaigns carried out during the financial year coupled with the implementation of effective sales incentive scheme across all outlets had helped to boost up the sales for the division. The revenue and pre-tax profit registered an increase of 8.7% and 12.1% to RM 41.5 million and RM 1.6 million respectively as compared to previous year.



(iv) Other division

Revenue are mainly comprised of rental income from investment properties, manufacturing activities and credit & leasing business. The main contributors are from the manufacturing and properties segments.

The manufacturing segment is mainly focus on the inter-segment's OEM sales for MLM and Retail divisions. Revenue registered in Other division remained at about RM 4 million as compared to the preceding year's corresponding quarter. The pre-tax profit was lowered by about 10.1%, from RM 5.6 million to RM 5.1 million due to lower inter-segment sales in the manufacturing division and after the recognition of the one off ESOS expenses of RM 0.1 million.

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

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes
	30/4/2018 (RM '000)	31/1/2018 (RM '000)	
Revenue	110,649	103,067	7.4%
Gross Profit	38,960	39,415	(1.2%)
Operating Profit	22,802	24,571	(7.2%)
Profit Before Tax	23,050	25,021	(7.9%)
Profit After Tax	16,674	19,221	(13.3%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	16,274	19,250	(15.5%)

For the fourth quarter under review, the Group recorded higher revenue of RM 110.6 million, increased by 7.4% as compared with the immediate preceding quarter of RM 103.1 million, mainly attributable to higher revenue generated from the MLM and Retail divisions. Despite higher revenue generated in the fourth quarter, the pre-tax profit was marginally lowered by 7.9% to RM 23.1 million due to reasons as mentioned below :



(i) MLM division

The revenue increased by 4.7% to RM 79.1 million as compared with the immediate preceding quarter of RM 75.5 million mainly attributable to the year-end overseas incentive trip sales campaign carried out in the 4th quarter against lower based in the immediate preceding quarter post 25th anniversary grand sales promotion.

The pre-tax profit was posted at RM 16.8 million, increased by 15.9% mainly due to higher sales generated during the quarter .

(ii) Wholesale division

The external revenue maintained at about RM 17.0 million as compared with the immediate preceding quarter. However, the pre-tax profit decreased by about 59.3% from RM 8.9 million to RM 3.6 million mainly attributable to lower contribution from inter-segment sales. There were one off gain from resale of treasury shares amounting to approximately RM 2.0 million and higher profit from the sales of vintage Puer tea which was captured in the immediate preceding quarter.

(iii) Retail division

The revenue and pre-tax profit increased by RM 4.4 million and RM 1.3 million to RM 13.7 million and RM 1.4 million respectively as compared with the immediate preceding quarter. The higher revenue and pre-tax profit in the current quarter were mainly derived from year end members' sales promotion coupled with additional contribution from CNY sales in the fourth quarter .

B3 Commentary on prospects for the next financial year

The uncertainties over global economy and the new government's policies coupled with the U.S-China Trade War may affect the local business sentiment. Besides, the concern over the interest rate hike in the U.S. resulting the depreciation of Ringgit Malaysia against USD will have negative impact to the Group, going forward. Despite the announcement made by the Ministry of Finance on zero-rating the GST effective 1 June 2018 and the 3-months tax free holiday, the Group remains cautious and will take proactive measures to mitigate the business risks surrounding the operating environment.

The MLM division will continue to carry out more new product development and plan to roll out wider range of skin care and food supplements, in addition to the Group's effort to penetrate into fashion & lifestyle related range of products. Besides, the division will continue to widen its distributors' base through digital marketing platform. For Wholesale division, it will continue to carry out A&P program on its key products - Chinese medicate tonic and is targeting on the younger generation to widen its customer based. Besides, it will continue to secure more new overseas agencies to widen its product base. For the Retail division, the collaboration with one of the well-known hypermarkets to open concession counter is in the pipeline. In addition, the division is working to develop more new house-brand products to widen its product portfolio and enhance the margin.

In view of the above, the Board of Directors remains cautiously 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 Trade Receivables

Ageing analysis of trade receivables of the Group as at 30 April 2018 are as follow:

	RM '000
Not past due	20,095
Past due 1-30 days	1,983
Past due 31-60 days	559
Past due more than 60 days & not impaired	1,107
Past due more than 60 days & impaired	0
	<u>23,744</u>

The trade receivables were mainly for non-related parties with credit term of 60-90 days days.

B7 Taxation

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

For the financial year to date, the effective tax rate of the Group 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 profits of certain subsidiaries as no Group relief is available for tax purposes.

	Current quarter ended	Current year to date
	30/4/2018 (RM '000)	30/4/2018 (RM '000)
Profit before taxation	23,050	99,026
Taxation at applicable tax rate – 24%	5,532	23,766
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	844	145
Total Income Tax Expenses	6,376	23,911



B8 Status of Corporate Proposals

There were no outstanding corporate proposals for the year under review.

B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities are as follows :

Current year ended 30/4/2018				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowing	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	1,405
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				1,405

Preceding year ended 30/4/2017				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	3,046
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				3,046

The short-term borrowings are solely comprised of trade facilities for working capital purpose which are denominated in RM currency. Apart from the working capital banking facilities, the Group does not have other drawn down banking facilities and the gearing level is negligible.

B10 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.

B11 Dividend

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 2018 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting (30/4/2017: a final single tier dividend of 11 sen per ordinary share).

The dates of entitlement and payment will be advised later.



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 PERIOD
	30/4/2018	30/4/2017 (restated)	30/4/2018	30/4/2017 (restated)
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	16,274	18,463	74,828	59,475
Weighted average number of shares ('000)	290,495	290,406	290,495	290,406
Weighted average number of shares for diluted EPS ('000)	290,902	-	290,902	-
Basic earnings per share (sen)	5.60	6.36	25.76	20.48
Dilutive earnings per share (sen)	5.59	n.a.	25.72	n.a.

B13 Auditors' report of the preceding annual financial statement

The auditors' report of the preceding annual financial statement does not contain any modified opinion or material uncertainty related to going concern nor qualification.



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

	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/4/2018 RM' 000	30/4/2017 RM' 000	30/4/2018 RM' 000	30/4/2017 RM' 000
				(Audited)
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	283	402	1,504	1,362
Other income including investment Income	4,903	3,769	13,685	12,251
Interest expense	(21)	(22)	(131)	(135)
Depreciation and amortization	(1,031)	(957)	(3,987)	(3,642)
Provision for and write off of receivables	-	(174)	(176)	(174)
Provision for and write off of inventories	(178)	(54)	(468)	(239)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	158	74	1,439	198
Reversal of impairment of assets	-	-	225	-
Foreign exchange gain/(loss):				
- Realised	172	163	584	575
- Unrealised	(112)	154	(45)	150
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-