



HAI-O ENTERPRISE BHD
Registration No: 197501000919 (22544-D)
(Incorporated in Malaysia)

Unaudited Interim Financial Report
31 July 2021



HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))

Quarterly report on consolidated results for the financial period ended 31 July 2021
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 31 JULY 2021

	INDIVIDUAL PERIOD (1st Quarter)		CUMULATIVE PERIOD (1st Quarter)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	49,136	71,246	49,136	71,246
Cost of sales	(28,359)	(45,122)	(28,359)	(45,122)
Gross Profit	20,777	26,124	20,777	26,124
Other income	946	936	946	936
Depreciation	(1,548)	(1,597)	(1,548)	(1,597)
Administrative expenses	(4,817)	(4,468)	(4,817)	(4,468)
Selling & distribution expenses	(5,836)	(6,773)	(5,836)	(6,773)
Other expenses	(227)	(677)	(227)	(677)
Operating Profit	9,295	13,545	9,295	13,545
Finance income	168	185	168	185
Finance costs	(59)	(69)	(59)	(69)
Share of profit/(loss) of equity-accounted investee, net of tax	(10)	(8)	(10)	(8)
Profit before tax	9,394	13,653	9,394	13,653
Tax expenses	(2,348)	(3,424)	(2,348)	(3,424)
Profit after tax	7,046	10,229	7,046	10,229
Profit attributable to:				
Owners of the parent	7,000	10,263	7,000	10,263
Non-controlling interest	46	(34)	46	(34)
	7,046	10,229	7,046	10,229
Earnings Per Share attributable to equity holders of the parent				
- Basic	2.42	3.53	2.42	3.53
- Diluted	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the interim financial statements.

**HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))**

Quarterly report on consolidated results for the financial period ended 31 July 2021
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JULY 2021**

	INDIVIDUAL PERIOD (1st Quarter)		CUMULATIVE PERIOD (1st Quarter)	
	CURRENT YEAR QUARTER 31/07/2021	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2020	CURRENT YEAR TO DATE 31/07/2021	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	7,046	10,229	7,046	10,229
Other comprehensive income				
- Foreign currency translation differences for foreign operations	(63)	497	(63)	497
Total comprehensive Income for the period	6,983	10,726	6,983	10,726
Total comprehensive income attributable to:				
Owners of the parent	6,937	10,760	6,937	10,760
Non-controlling Interest	46	(34)	46	(34)
	6,983	10,726	6,983	10,726

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the interim financial statements.


HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021**

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/7/2021 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2021 (RM'000) (Audited)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	83,793	84,591
<i>Investment properties</i>	44,002	44,175
<i>Right-of-use assets</i>	11,321	11,328
<i>Investment in jointly control entity</i>	2,110	2,120
<i>Investment in an associates</i>	-	-
<i>Other Investments</i>	112	12
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	796	852
<i>Deferred tax assets</i>	3,211	3,158
	145,430	146,321
Current Assets		
<i>Inventories</i>	89,983	89,311
<i>Trade and other receivables</i>	18,100	22,415
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	52,202	58,904
<i>Cash and Cash Equivalents</i>	52,053	54,549
	212,338	225,179
TOTAL ASSETS	357,768	371,500
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
<i>Share capital</i>	157,257	157,257
<i>Treasury Shares</i>	(433)	(26,684)
<i>Other reserves</i>	880	943
<i>Retained earnings</i>	146,799	181,244
	304,503	312,760
Non-controlling interest	10,386	10,340
Total Equity	314,889	323,100
Non-current Liabilities		
<i>Borrowings</i>	-	-
<i>Lease Liabilities</i>	2,780	2,778
<i>Deferred tax</i>	576	484
	3,356	3,262
Current Liabilities		
<i>Trade & other payables</i>	30,921	36,597
<i>Short term borrowings</i>	-	-
<i>Short-term provisions</i>	1,269	987
<i>Lease Liabilities</i>	1,648	1,628
<i>Contract Liabilities</i>	2,525	2,518
<i>Current tax payables</i>	3,160	3,408
	39,523	45,138
Total Liabilities	42,879	48,400
TOTAL EQUITY AND LIABILITIES	357,768	371,500
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.01	1.08

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the interim financial statements.



HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JULY 2021**

	Attributable to Equity Holders of the Parent					Distributable Retained Earnings	Total	Non-controlling interest	Total Equity
	Non distributable								
	Share Capital	Treasury shares	Exchange fluctuation reserve	Capital reserve	Share option reserve				
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
3-month ended 31 July 2021									
Balance as at 1 May 2021	157,257	(26,684)	(218)	657	504	181,244	312,760	10,340	323,100
Profit for the period	-	-	-	-	-	7,000	7,000	46	7,046
Other comprehensive income for the period	-	-	(63)	-	-	-	(63)	-	(63)
Total comprehensive income for the period	-	-	(63)	-	-	7,000	6,937	46	6,983
Purchase of Company's own shares	-	(189)	-	-	-	-	(189)	-	(189)
Dividend	-	26,440	-	-	-	(41,445)	(15,005)	-	(15,005)
Balance at end of financial period	157,257	(433)	(281)	657	504	146,799	304,503	10,386	314,889
3-month ended 31 July 2020									
Balance as at 1 May 2020	157,257	(24,158)	(90)	657	526	165,394	299,586	10,603	310,189
Profit for the period	-	-	-	-	-	10,263	10,263	(34)	10,229
Other comprehensive income for the period	-	-	497	-	-	-	497	-	497
Total comprehensive income for the period	-	-	497	-	-	10,263	10,760	(34)	10,726
Purchase of Company's own shares	-	(228)	-	-	-	-	(228)	-	(228)
Balance at end of financial period	157,257	(24,386)	407	657	526	175,657	310,118	10,569	320,687

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the interim financial statements.


HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))
**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 31 JULY 2021**

	2022 3-month ended 31/07/2021 (RM '000)	2021 3-month ended 31/07/2020 (RM '000)
Profit before tax	9,394	13,653
Adjustment for :-		
Depreciation on property, plant and equipment & IP	1,116	1,081
Depreciation on right-of-use assets	432	516
Dividend income	(256)	(281)
Fair value (gain)/loss on other investments	(50)	(39)
Finance costs	59	69
Finance income	(168)	(185)
Gain/(loss) on disposal of property, plant and equipment	-	(24)
Property, plant and equipment written off	-	1
Share of losses of equity-accounted investee, net of tax	10	8
Provision for sales campaign	475	831
Unrealised foreign exchange differences	(239)	111
Operating profit before changes in working capital	10,773	15,741
Changes in working capital		
Inventories	(671)	4,038
Receipts from customers	4,732	838
Net Change in other receivables	(292)	(370)
Payment to suppliers, contractors and employees	(3,326)	416
Net Change in other payables	(2,345)	(355)
	(1,902)	4,567
Cash generated from operations		
Payment of income taxes	(2,712)	(1,734)
Finance cost	(59)	(69)
Net cash flows from operating activities	6,100	18,505
Investing Activities		
Acquisition of other investments	(100)	(6,000)
Purchase of property, plant and equipment & IP	(145)	(143)
Proceeds from disposal of other investment	7,008	-
Proceeds from disposal of property, plant and Equipment	-	25
Interest received	168	185
Net cash from/(used in) investing activities	6,931	(5,933)
Financing Activities		
Purchase of Company's own share	(189)	(228)
Dividend paid	(15,005)	(8,709)
Payment of lease liabilities	(433)	(465)
Net cash from/(used in) financing activities	(15,627)	(9,402)
Net Changes in Cash & Cash Equivalents	(2,596)	3,170
Effect of exchange rate & fluctuations on cash held	100	374
Cash & Cash Equivalents at beginning of financial period	54,549	57,964
Cash & Cash Equivalents at end of the financial period	52,053	61,508

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2021 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 2021.

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 2021.

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 2021 except for the adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board (“MASB”) which are effective for annual periods beginning on or after 1 January 2021 as stated below:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above accounting standards, amendments and interpretation are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

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 were 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.

- i) The details of shares held as treasury shares for the period ended 31 July 2021 are as follows:

	Number of Treasury shares	Total Cost Consideration RM
Balance as at 1 May 2021	11,215,588	26,684,256
Repurchased during the quarter	88,400	189,388
Share dividend	(11,109,328)	(26,440,201)
Balance as at 31 July 2021	194,660	433,443

The repurchase transactions were financed by internally generated funds.

Subsequent to the first quarter ended 31 July 2021, there was no repurchase of treasury shares.

On 4 June 2021, the Company declared a distribution of one (1) treasury share for every twenty six (26) existing ordinary shares held (“Share Dividend”) in respect of the financial year ending 30 April 2022. The Share Dividend was credited into the entitled Depositors’ Securities Account respectively on 6 July 2021.

- ii) During the period under review and subsequent to the first quarter ended 31 July 2021, there was no ESOS option exercised.

A6 Dividend paid

Dividend paid during the quarter under review :

- i) The second single tier interim dividend of 5 sen per ordinary share amounting to RM 15,005,162 in respect of the previous financial year ended 30 April 2021 was paid on 29 July 2021.



A7 Segment information

Details of segmental analysis for the period ended 31 July 2021 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	30,080	10,805	7,254	997	-	49,136
Inter-segment revenue	30	14,208	-	1,860	(16,098)	-
Total revenue	30,110	25,013	7,254	2,857	(16,098)	49,136
RESULT						
Segment profit/(loss)	6,192	1,394	388	1,114	207	9,295
Finance costs						(59)
Interest income						168
Share of loss of equity-accounted investee, net of tax						(10)
Profit before taxation						9,394
Income tax expenses						(2,348)
Net profit for the period						7,046

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	105,498	171,862	35,362	45,046	-	357,768
Segment liabilities	20,245	13,596	6,245	2,793	-	42,879

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 were no material events subsequent to the period ended 31 July 2021.



A10 Changes in the composition of the Group

There was no change in the composition of the Group during the interim period ended 31 July 2021 except for the following:

- (i) On 8 June 2021, Yan Ou Holdings (M) Sdn Bhd (“Yan Ou”) increased its share capital by RM 3,150,000 which was subscribed by the Company and the non-controlling owner in accordance with their equity interest of 60% and 40%, respectively. With effect thereof, the total share capital of Yan Ou increased to RM 5,650,000.
- (ii) On 13 July 2021, Yan Ou Marketing (Intl) Sdn Bhd (“YOM”) increased its share capital by RM 640,000 which was subscribed by Yan Ou by way of loan capitalisation. With effect thereof, the total share capital of YOM increased to RM 1,640,000.

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 21/09/2021	As at 31/07/2021	As at 30/4/2021
	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 21/09/2021	As at 31/07/2021	As at 30/4/2021
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	1,384	1,884	1,584



A12 Capital commitment

The capital commitment of the Group for the period ended 31 July 2021 is as follows:

	Approved, contracted but not provided for
	RM'000
Capital Investment	7,450
Property, plant and equipment	642
Total	8,092

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

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

Financial review for current quarter and financial year to date

	Quarter and Year-to-date ended		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/07/2021 (RM '000)	31/07/2020 (RM '000)	
Revenue	49,136	71,246	(31.0%)
Gross Profit	20,777	26,124	(20.5%)
Operating Profit	9,295	13,545	(31.4%)
Profit Before Tax	9,394	13,653	(31.2%)
Profit After Tax	7,046	10,229	(31.1%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	7,000	10,263	(31.8%)

Statement of Profit & Loss and Other Comprehensive Income

The imposition of various phases of Movement Order Control (MCOs) has hurt overall business sentiments. According to the Malaysia Institute Economic Research (MIER), the consumer Sentiment Index in the 2nd quarter of 2021 stayed below the 100 points threshold level and dived to a low of 64.3 points, indicating a lack of confidence among consumers amid the prolonged health crisis. For the first quarter ended 31 July 2021, the Group recorded lower revenue of RM 49.14 million, a decrease of 31.0% as compared to the previous corresponding period of RM 71.25 million. The decrease in revenue was mainly attributed to lower sales contribution from all three main divisions. However, gross profit margin improved to 42.3% from 36.6% in the previous corresponding period, thanks to a favourable change of sales mix and price adjustments on selected products for the Wholesale division during the quarter under review.



Statement of Financial Position

The equity attributable to equity holders of the parent stood at RM 304.5 million, a decrease of 2.6% as compared to previous financial year ended 30 April 2021 of RM 312.8 million, after taking into account the second interim dividend of RM 15.0 million, share dividend at cost value of RM 26.4 million and net profit attributable to owners of the Company amounting to RM 7.0 million for the period to date.

The Group's total assets as at 31 July 2021 stood at RM 357.8 million (FYE 30.4.2021: RM 371.5 million). The decrease in total assets by RM 13.7 million was mainly due to the decrease in trade and other receivables, cash and cash equivalents and other investments after netting off dividend paid amounting to RM 15.0 million during the period under review.

Total liabilities of the Group decreased by RM 5.5 million to RM 42.9 million (FYE 30.4.2021: RM 48.4 million) mainly due to the decrease in trade and other payables.

Net asset per share was recorded at RM 1.01 as at 31 July 2021 against previous financial year ended 30 April 2021 of RM 1.08.

Statement of Cash Flow

The Group's cash and cash equivalents and short-term investments totalled RM 104.3 million as at 31 July 2021.

Net cash flow from operating activities amounted to RM 6.1 million, primarily generated from operating profits of the three main divisions, with the MLM and Retail divisions' sales mainly transacted in cash. Net cash from investing activities including the proceeds from disposal of other investment contributed to a total inflow of RM 6.9 million. Net cash used in financing activities of RM 15.6 million was mainly utilised for dividend payment of RM 15.0 million. As a result, the Group's cash and cash equivalents decreased by RM 2.6 million to RM 52.1 million as at current financial period ended 31 July 2021.

Segmental Analysis

Current quarter compared to the preceding year's corresponding quarter

(i) MLM division

MLM revenue and pre-tax profit decreased by 39.0% and 38.3% to RM 30.1 million and RM 6.2 million, as compared to the preceding year's corresponding quarter of RM 49.3 million and RM 10.1 million respectively. A higher base was recorded in the previous year's corresponding quarter due to the overwhelming response of the Duit Raya and other sales campaigns, further boosted by a higher distributor base due to the successful free membership campaign. The division has faced extended challenges since the imposition of various phases of the MCOs in the 1st quarter of FY2022. Members have continued to cut down spending in view of weak market sentiment and purchasing power. Besides, the slowdown in members' recruitment and renewal has further affected business activities during the quarter under review.



Segmental Analysis (continued)

(ii) Wholesale division

Divisional revenue and pre-tax profit decreased by 17.9% and 30.5% to RM 10.81 million and RM 1.7 million respectively, partly due to the higher base in preceding year's corresponding quarter which benefited from the partial deferment of orders post MCO 1.0. The demand for premium medicated tonic and patented medicine was affected by weakened spending power due to prolonged lockdown and the various phases of MCOs imposed by the Government. In particular, the delivery of non-essential goods was disallowed since May 2021 has further dampened sales in the quarter ended July 2021. Besides, higher sales were recorded in Q4 FY2021 when the division carried out "last-buy" sales campaign prior to price revisions for its Chinese medicated tonic range of products resulting lower orders in the subsequent quarter.

(iii) Retail division

The retail industry was the most direct victim of the pandemic, and those with physical outlets like Hai-O are hit particularly hard by various MCOs imposed since May 2021. Besides movement restrictions, consumers have also turned even more cautious and cut down their spending on high value products due to weak purchasing power and elevated unemployment. Divisional revenue dropped by 7.9% to RM 7.3 million as compared to preceding year's corresponding quarter of RM 7.9 million. In order to sustain business momentum, the division has carried out various sales campaigns and aggressive promotions on various online platforms.

Pre-tax profit improved from breakeven to RM 0.4 million, thanks to various cost optimization measures during the quarter under review.

(iv) Other division

Revenue comprises mainly rental income from investment properties, health food supplement manufacturing activities and credit & leasing business. During the period under review, pre-tax profit improved marginally by 2.9% to RM 1.1 million due mainly to higher contribution from the manufacturing division.



B2 Material changes in the profit before taxation for the quarter under review as compared with the immediate preceding quarter

Financial review for current quarter compared with the immediate preceding quarter

	Current Year Quarter	Immediate Preceding Quarter	Changes
	31/07/2021 (RM '000)	30/04/2021 (RM '000)	
Revenue	49,136	66,777	(26.4%)
Gross Profit	20,777	26,830	(22.6%)
Operating Profit	9,295	11,346	(18.1%)
Profit Before Tax	9,394	11,434	(17.8%)
Profit After Tax	7,046	8,364	(15.8%)
Profit Attributable to Ordinary Equity Holders of the Parent	7,000	8,227	(14.9%)

For the 1st quarter under review, Group revenue and pre-tax profit decreased by 26.4% and 17.8% to RM 49.1 million and RM 9.4 million respectively.

(i) MLM division

Divisional revenue decreased by 23.8% to RM 30.1 million as compared with the immediate preceding quarter of RM 39.5 million. The decline in sales was mainly due to stringent SOPs imposed by the Government which disallowed physical marketing activities. Traditionally, the Ramadan fasting month and Hari Raya festive season is normally quiet, which further dampened revenue in the quarter under review.

Pre-tax profit dropped marginally by 3.1% to RM 6.2 million as lower operating costs due to cost optimisation measures have helped to cushion the bottom-line.

(ii) Wholesale division

During the quarter under review, the Wholesale division posted revenue and pre-tax profit of RM 10.8 million and RM 1.7 million respectively, compared to RM 16.1 million and RM 3.4 million respectively in the immediate preceding quarter. The decline was against the higher base in Q4 FY2021, which was driven by the “last-buy” sales campaign prior to price revision for its Chinese medicated tonic range of products. Besides, the delivery of non-essential goods was disallowed during the lockdown period, which further affected the performance of the division.



B2 Material changes in the profit before taxation for the quarter under review as compared with the immediate preceding quarter (continued)

(iii) Retail division

Divisional revenue fell 28.6% from RM 10.2 million in the immediate preceding quarter to RM 7.3 million in the quarter under review, partly due to the higher base effect in the immediate preceding quarter which was driven by its members' sales promotion campaign and Chinese New Year sales promotion. Furthermore, the division was badly hit by low customer traffic and shorter business hours since the re-imposition of movement restrictions in the quarter under review, the negative impact of which cannot be totally offset by its online presence.

B3 Commentary on prospects for the next quarter

In view of the weak domestic economy and continued uncertainties around the region amidst the prolonged COVID-19 pandemic, consumers are expected to stay cautious in their spending. Indeed, Bank Negara has recently revised downward Malaysia's gross domestic product growth to between 3% and 4% in 2021. Despite the accelerated rollout of the National COVID-19 Immunisation Programme, consumer sentiments remain weak and the general public is cautious even after the reopening of various economic sectors through the National Recovery Plan.

In light of the challenging economic environment, the Group will continue to deploy appropriate business strategies to control and manage risks. The health crisis has accelerated the migration of consumers and businesses to online platforms and reinforced the importance of digital adoption in various business processes including the marketing and selling of products. All three main divisions remain committed to entrenching their businesses and operations digitally by strengthening and enhancing the existing digital infrastructure to support business sustainability. In addition, the Group will focus on a more affordable range of health products and refine strategies to penetrate the younger consumer market.

In view of the above, the Board of Directors expects the Group to remain profitable amidst the challenging business environment in the next quarter.

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 31 July 2021 is as follow:

	RM '000
Not past due	8,653
Past due 1-30 days	1,431
Past due 31-60 days	441
Past due more than 60 days & not impaired	613
	<u>11,138</u>

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

B7 Taxation

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

For the financial period to date, the effective tax rate of the Group was higher than the statutory tax rate due mainly to certain expenses which were not deductible for tax purpose and losses of certain subsidiary companies which could not be set off against profits of certain subsidiaries as no Group relief was available for tax purposes.

	Quarter and Year-to-date ended 31/07/2021 (RM '000)
Profit before taxation	9,394
Taxation at applicable tax rate – 24%	2,254
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	94
Total Income Tax Expenses	2,348



B8 Status of Corporate Proposals

There were no outstanding corporate proposals for the period under review except for the following corporate proposal:

- (i) Proposed Internal Reorganisation;
- (ii) Proposed Termination of Existing ESOS; and
- (iii) Proposed New ESOS.

(Collectively referred to as the “Proposals”)

Further to the announcements dated 19 January 2021, 4 February 2021, 8 March 2021, 9 March 2021, 5 April 2021, 9 April 2021, 27 April 2021, 19 May 2021, 31 May 2021, 24 June 2021, 16 July 2021, 23 July 2021 and 26 July 2021, the Company has on 3 August 2021 extended the conditional period as stated in the Scheme Agreement for another 6 months from 18 August 2021 to 18 February 2022.

B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at 31 July 2021 were as follows :

Current Quarter ended 31/07/2021				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowing	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				-

Preceding Quarter ended 31/07/2020				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				-

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

No interim dividend has been declared for the quarter under review (31/7/2020: Nil).



B12 Earnings per share (EPS)

Earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	7,000	10,263	7,000	10,263
Weighted average number of shares ('000)	289,567	290,330	289,567	290,330
Weighted average number of shares for diluted EPS ('000)	- *	- *	- *	- *
Basic earnings per share (sen)	2.42	3.53	2.42	3.53
Dilutive earnings per share (sen)	-	-	-	-

*The diluted earnings per share is not presented as the exercising of the balance of ESOS granted under the Employee's Share Option Scheme ("ESOS") would result in an anti dilution situation.

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
	31/07/2021 RM' 000	31/07/2020 RM' 000	31/07/2021 RM' 000	31/07/2020 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	168	185	168	185
Other income including investment Income	946	936	946	936
Interest expense	(59)	(69)	(59)	(69)
Depreciation and amortization on PPE & IP	(1,116)	(1,081)	(1,116)	(1,081)
Depreciation and amortization on Right-use-of-assets	(432)	(516)	(432)	(516)
Provision for and write off of receivables	(103)	(403)	(103)	(403)
Provision for and write off of inventories	(50)	(74)	(50)	(74)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	-	-	-	-
Foreign exchange gain/(loss):				
- Realised	26	206	26	206
- Unrealised	239	(111)	239	(111)
Gain or loss on derivatives	-	-	-	-
Impairment loss	-	-	-	-
Reversal of impairment loss of inventories	32	383	32	383
Exceptional items	-	-	-	-