



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

Quarterly report on consolidated results for the financial year ended 30 April 2007  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE QUARTER ENDED 30 APRIL 2007**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30/04/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2006 (restated) RM'000	CURRENT TO DATE 30/04/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD (Audited) 30/04/2006 (restated) RM'000
Revenue	56,719	34,891	189,346	146,798
Operating expenses	(48,417)	(32,828)	(162,352)	(134,590)
Other operating income	1,749	619	3,533	2,866
<b>Operating Profit</b>	<b>10,051</b>	<b>2,682</b>	<b>30,527</b>	<b>15,074</b>
Interest income	171	194	409	438
Finance costs	(35)	(20)	(328)	(334)
Share of profit of associates	-	-	-	(52)
<b>Profit before taxation</b>	<b>10,187</b>	<b>2,856</b>	<b>30,608</b>	<b>15,126</b>
Income tax expenses	(2,416)	(85)	(8,494)	(4,349)
<b>Profit for the period/year</b>	<b>7,771</b>	<b>2,771</b>	<b>22,114</b>	<b>10,777</b>
<b>Attributable to:</b>				
Equity holders of the parent	7,771	2,616	21,384	10,183
Minority interest	0	155	730	594
	<b>7,771</b>	<b>2,771</b>	<b>22,114</b>	<b>10,777</b>
<b>Earnings Per Share attributable to equity holders of the parent</b>				
- Basic	11.85	4.21	32.61	16.39
- Diluted	11.78	4.20	32.41	16.36

*The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2006 and the accompanying explanatory notes attached to the interim financial statements.*



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

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 30 APRIL 2007**

	AS AT END OF CURRENT QUARTER 30/04/2007 (RM'000)	(Audited) AS AT PRECEDING FINANCIAL YEAR ENDED 30/04/2006 (RM'000) (restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, Plant and Equipment</i>	22,005	22,164
<i>Investment properties</i>	21,580	22,021
<i>Prepaid lease payments</i>	1,785	1,818
<i>Investment in Jointly Control Entities</i>	-	-
<i>Investments</i>	5,534	5,985
<i>Goodwill arising from consol</i>	274	306
<i>Trade receivables - non current</i>	1,497	1,511
<i>Deferred tax assets</i>	1,080	518
	<b>53,755</b>	<b>54,323</b>
<b>Current Assets</b>		
<i>Inventories</i>	33,927	28,508
<i>Trade and other receivables</i>	14,988	22,513
<i>Short term investment</i>	18,622	6,926
<i>Cash and Cash Equivalents</i>	27,672	13,640
	<b>95,209</b>	<b>71,587</b>
<b>TOTAL ASSETS</b>	<b>148,964</b>	<b>125,910</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
<i>Share capital</i>	68,814	66,329
<i>Treasury Shares</i>	(2,243)	(1,165)
<i>Other reserve</i>	1,899	1,787
<i>Retained earnings</i>	37,196	22,443
	<b>105,666</b>	<b>89,394</b>
<b>Minority Interests</b>	<b>5,214</b>	<b>4,619</b>
<b>Total Equity</b>	<b>110,880</b>	<b>94,013</b>
<b>Non-current Liabilities</b>		
<i>Borrowings</i>		125
<i>Deferred tax</i>	58	217
	<b>58</b>	<b>342</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	21,603	23,072
<i>Short term borrowings</i>	7,396	4,449
<i>Current tax payable</i>	3,206	808
<i>Short-term provision</i>	5,821	3,226
	<b>38,026</b>	<b>31,555</b>
<b>Total Liabilities</b>	<b>38,084</b>	<b>31,897</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>148,964</b>	<b>125,910</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>1.57</b>	1.37

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 30 April 2006 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 2007**

	<b>2007</b> <b>12 month</b> <b>ended</b> <b>30/Apr/07</b> <b>(RM '000)</b>	(Audited) <b>2006</b> <b>12 month</b> <b>ended</b> <b>30/Apr/06</b> <b>(RM '000)</b>
Net Profit before tax	30,608	15,127
Adjustment for non-cash flow :-		
Non-cash items	8,034	9,235
Non-operating items	(2,367)	(1,171)
Operating profit before changes in working capital	<u>36,275</u>	<u>23,191</u>
Changes in working capital		
<i>Net Change in current assets</i>	(146)	(9,427)
<i>Net Change in current liabilities</i>	(1,347)	2,241
<i>Tax paid</i>	(6,829)	(4,855)
	(8,322)	(12,041)
<b>Net cash flows from operating activities</b>	<b>27,953</b>	<b>11,150</b>
Investing Activities		
<i>Other investment</i>	(9,860)	(10,986)
<i>Quoted investment</i>	(1,661)	(715)
<b>Net cash used in investing activities</b>	<b>(11,521)</b>	<b>(11,701)</b>
Financing Activities		
<i>Purchase of Company's own share</i>	(1,078)	(2,511)
<i>Resold of treasury shares</i>	-	1,993
<i>Proceeds from issue of shares</i>	3,085	556
<i>Dividend paid</i>	(7,223)	(2,791)
<i>Bill payable</i>	2,988	(1,018)
<i>Others</i>	(172)	-
<b>Net cash used in financing activities</b>	<b>(2,400)</b>	<b>(3,771)</b>
Net Changes in Cash & Cash Equivalents	14,032	(4,322)
Cash & Cash Equivalents at beginning of financial period	13,640	17,437
<b>Cash &amp; Cash Equivalents at end of the financial year</b>	<b><u>27,672</u></b>	<b><u>13,115</u></b>

*The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2006 and the accompanying explanatory notes attached to the interim financial statements.*



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 APRIL 2007**

	Attributable to Equity Holders of the Parent							Total	Minority Interest	Total Equity
	Share Capital	Treasury shares	Share premium	Reserve on consol	Exchange fluctuation reserve	Capital reserve	Retained Earnings			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>12 month year ended 30 April 2007</b>										
Balance as at 1 May 2006 as previously stated	66,329	(1,165)	-	489	629	670	22,443	89,395	4,618	94,013
Changes in accounting policies: -- effects of adopting FRS 3	-	-	-	(489)	-	-	489	-	-	-
Restated balance at 1 May 2006	66,329	(1,165)	-	-	629	670	22,932	89,395	4,618	94,013
<b>Net profit for the financial year</b>	-	-	-	-	-	-	21,383	21,383	730	22,113
Total recognised income and expenses for the year	-	-	-	-	-	-	21,383	21,383	730	22,113
Exercise of ESOS	2,485	-	600	-	-	-	-	3,085	-	3,085
Purchase of Company's own shares	-	(1,078)	-	-	-	-	-	(1,078)	-	(1,078)
Realisation of exchange reserve on disposal of subsidiary company	-	-	-	-	1	-	-	1	-	1
Dividend paid to minority shareholder of subsidiary company	-	-	-	-	-	-	-	-	(103)	(103)
Minority shareholders of a disposed subsidiary company	-	-	-	-	-	-	-	-	(31)	(31)
Final dividend of 8%, less tax in respect of last financial year	-	-	-	-	-	-	(3,788)	(3,788)	-	(3,788)
Interim dividend of 5%, tax exempt	-	-	-	-	-	-	(3,332)	(3,332)	-	(3,332)
<b>Balance at end of financial year</b>	<b>68,814</b>	<b>(2,243)</b>	<b>600</b>	<b>-</b>	<b>630</b>	<b>670</b>	<b>37,195</b>	<b>105,666</b>	<b>5,214</b>	<b>110,880</b>

(Audited)  
**12 month year ended 30 April 2006**

Balance as at 1 May 2005	65,773	(3,875)	1,384	521	629	670	16,792	81,894	4,619	86,513
<b>Net profit for the financial year</b>	-	-	-	-	-	-	10,182	10,182	595	10,777
Total recognised income and expenses for the year	-	-	-	-	-	-	10,182	10,182	595	10,777
Amortisation during the year	-	-	-	(32)	-	-	-	(32)	-	(32)
Exercise of ESOS	556	-	-	-	-	-	-	556	-	556
Purchase of Company's own shares	-	(2,511)	-	-	-	-	-	(2,511)	-	(2,511)
Resold of Company's treasury shares	-	1,976	17	-	-	-	-	1,993	-	1,993
Dividend paid to minority shareholder of subsidiary company	-	-	-	-	-	-	-	-	(103)	(103)
Minority shareholders of a wound up subsidiary company	-	-	-	-	-	-	-	-	(492)	(492)
Share dividend by way of treasury share	-	3,245	(1,401)	-	-	-	(1,844)	-	-	-
Dividend of 6%, less tax	-	-	-	-	-	-	(2,688)	(2,688)	-	(2,688)
<b>Balance at end of financial year</b>	<b>66,329</b>	<b>(1,165)</b>	<b>-</b>	<b>489</b>	<b>629</b>	<b>670</b>	<b>22,442</b>	<b>89,394</b>	<b>4,619</b>	<b>94,013</b>



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

**A1 Basis of preparation**

The interim financial statements have been prepared in accordance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

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 2006.

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 2006.

**A2 Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 April 2006 except for the adoption of the new/revised FRSs issued by MASB effective for financial period beginning 1 January 2006.

The adoption of the new/revised FRSs does not have significant financial impact on the Group for the current quarter and current year to date under review except for the following:

**(a) FRS 2: Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or other equity instruments of the equity.

The Company operates an equity-settled, share-based compensation plan for the employees i.e the Employees’ Share Option Scheme (“ESOS”). Prior to the adoption of FRS 2, no compensation expense was recognised in income statements for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in income statements over the vesting periods of the grants with a corresponding increase in equity. The total amount to be expensed in the income statements is determined by reference to the fair value of the share options at the date of grant and the number of share options to be vested by vesting date.

All the options under the ESOS of the Company were granted before 31 December 2004. According to the transitional provisions of FRS 2, the FRS has not been applied to the options granted to employees on or before 31 December 2004, thus, the change in accounting policy has no impact on the results for the current financial period.



**(b) FRS 3: Business Combination, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. The adoption of FRS 136 has resulted in a change in the accounting policy relating to goodwill on consolidation. This adoption has resulted in the Group discontinuing annual goodwill amortisation. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Prior to 1 May 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years. The transitional provision of FRS 3 required the Group to eliminate at 1 May 2006 the carrying amount of the accumulated amortization of RM 309,986 against the carrying amount of the goodwill. The carrying amount of goodwill as at 1 May 2006 of RM 305,541 ceased to be amortised. This has the effect of reducing the amortisation charges by RM 5,835 in the current quarter.

**Negative Goodwill**

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in income statements. Prior to 1 May 2006, the negative goodwill is stated in the balance sheet as reserve on consolidation. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 May 2006 of RM 488,905 was derecognised with a corresponding adjustment made to the opening balance of retained earnings.

**(c) FRS 101: Presentation of Financial Statements and FRS 127: Consolidated and Separate Financial Statements**

The adoption of the revised FRS 101 and FRS 127 have affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101 and FRS 127, with the comparatives restated to conform with the current period's presentation.



**(d) FRS 117: Leases**

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of long leasehold land. The up-front payment made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 May 2006, long leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and accumulated impairment losses.

Upon the adoption of the revised FRS 117, the unamortized amount of leasehold land is retained as the surrogate amount of prepaid lease payments as allowed by the transitional provision of FRS 117. The reclassification of long leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note A3, certain comparative amount as at 30 April 2006 has been reclassified.

**(e) FRS 131: Interest in Joint Ventures**

Under FRS 131, in consolidating the financial statements, the Group may choose to maintain the equity method or adopt the new allowed method, which is to proportionate consolidation. The Group has recommended a change in accounting policy by adopting the new allowed method, that is to combine share of each of the assets, liabilities, income and expenses of the jointly controlled entities with similar, line by line, in its financial statements, certain comparative amount as at 30 April 2006 has been restated.

**(f) FRS 140: Investment Property**

The adoption of FRS 140 has resulted in a change in accounting policy for investment properties. The properties which comprise portion that are held to earn rentals or for capital appreciation are accounted as investment properties, whereas those self-occupied portions are still treated as property, plant and equipment.

The Group adopted the cost model and the investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

In accordance with the transitional provision under FRS 140, this change in accounting policy is applied retrospectively as disclosed in Note A3, certain comparative amount as 30 April 2006 has been reclassified.



### A3 Comparative

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

#### At 30 April 2006

	Previously Stated RM '000	←-----Adjustments-----→			Restated RM '000
		FRS 117 RM '000	FRS 140 RM '000	FRS 131 RM '000	
Property, plant and equipment	44,955	(1,818)	(22,021)	1,048	22,164
Investment properties	-	-	22,021	-	22,021
Prepaid lease payments	-	1,818	-	-	1,818
Investment in jointly controlled entities	1,506	-	-	(1,506)	0
Current Assets	70,573	-	-	1,014	71,587
Non-current liabilities	191	-	-	151	342
Current liabilities	31,150	-	-	405	31,555

#### 12 months ended 30 April 2006

	Previously Stated RM '000	<-Adjustments->	
		FRS 131 RM '000	Restated RM '000
Revenue	144,277	2,521	146,798
Other operating expenses	(132,275)	(2,315)	(134,590)
Interest income	432	6	438
Finance costs	(317)	(17)	(334)

#### 3 months ended 30 April 2006

	Previously Stated RM '000	<-Adjustments->	
		FRS 131 RM '000	Restated RM '000
Revenue	34,283	608	34,891
Other operating expenses	(32,202)	(626)	(32,828)
Interest income	193	1	194
Finance costs	(16)	(4)	(20)





**A4 Audit report of preceding annual financial statement**

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

**A5 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.

**A6 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.

**A7 Material changes in estimates**

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

**A8 Debt and equity securities**

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

- a) The details of shares held as treasury shares for the period ended 30 April 2007 are as follows:

	Number of Treasury shares	Total Considerations RM
Balance as at 1 February 2007	1,461,686	1,728,125
Repurchased during the quarter	248,500	514,868
Balance as at 30 April 2007	1,710,186	2,242,993

The repurchase transactions were financed by internally generated funds.

- b) Issuance of 111,000 and 991,000 new ordinary shares of RM 1.00 each pursuant to the Company's Employees' Share Option Scheme (ESOS) at exercise price of RM 1.00 and RM 1.43 per share, respectively for the quarter under review. The total proceeds arising from the exercise of options under the ESOS amounted to RM 1,528,130.



## A9 Dividend paid

An interim dividend of 5%, tax exempt per ordinary share (31/10/2005: NIL) amounting to RM3,332,316 in respect of the first half financial period ended 31 October 2006 was paid on 13 March 2007.

## A10 Segment information

Details of segmental analysis for the year ended 30 April 2007 are as follows:

### Business Segment of the Group

	Wholesale	Multi-Level	Retailing	Manufacturing	Others	Elimination	Consolidated
	RM '000	Marketing	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>							
External sales	48,473	99,685	37,571	1,055	2,562	0	189,346
Inter-segment sales	57,805	8	104	2,442	5,039	(65,398)	0
Total revenue	106,278	99,693	37,675	3,497	7,601	(65,398)	189,346
<b>RESULT</b>							
Segment result	21,581	13,870	1,647	330	2,187	(9,088)	30,527
Unallocated corporate expenses							-
Operating profit							30,527
Interest expense							(328)
Interest income							409
Share of losses of Associated companies							-
Profit before taxation							30,608
Taxation							(8,494)
Net profit for the year							22,114



#### **A11 Property, plant and equipment**

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

#### **A12 Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter ended 30 April 2007 up to the date of this report.

#### **A13 Changes in the composition of the Group**

There were no changes in the composition of the Group during the interim period except for the following:

- i) On 18 April 2007, the Company disposed of the entire 100% equity interest in Hai-O Informtech Sdn Bhd, comprising of 2,000,000 ordinary shares of RM 1.00 each for a total cash consideration of RM 280,000.
- ii) On 30 March 2007, a wholly-owned subsidiary, Sea Gull Advertising Sdn Bhd disposed of its entire 62% equity interest in Add One Promotions Sdn Bhd, comprising of 124,000 ordinary shares of RM 1.00 each for a total cash consideration of RM 31,000.

#### **A14 Contingent liabilities**

The changes in contingent liabilities of the Group and the Company since the last annual balance sheet date are as follows :-

	RM'000	RM '000	RM'000
	As at	As at	As at
	8 Jun 2007	30 Apr 2007	30 Apr 2006
Corporate guarantee in respect of banking facilities granted to subsidiaries companies	557	627	989
	<u>557</u>	<u>627</u>	<u>989</u>



## **Additional Information Required By The BMSB - Listing Requirements**

### **B1 Review of Performance**

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

For the fourth quarter ended 30 April 2007, the Group achieved higher revenue of RM 56.72 million as compared to RM 34.89 million of the corresponding quarter of the preceding year, representing an increase of about 63%. The increase in revenue was mainly contributed by the multi-level marketing ("MLM") and retail divisions.

The Group recorded higher profit after taxation of RM 7.77 million as compared to RM 2.77 million of the corresponding quarter of the preceding year. This was mainly contributed by higher profit margin achieved during the current quarter. In addition, a waiver of rental costs and reimbursement on certain expenses in respect of leasing of a shopping complex amounting to RM 1.5 million had also contributed to the higher profit for the Group .

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

For the financial year under review, the Group registered higher revenue of about RM 189.35 million against RM 146.80 million for the corresponding period of the preceding year, an increase of about 28.98%. The increase in revenue was mainly contributed by the MLM division in tandem with its aggressive promotion on overseas trip programme. Moreover, a successful newly launched product by the MLM division during the financial year had added on to the Group's revenue. More intensive sales promotions held by the retail division for its royalty customer programme and additional sale of Pu-Er tea had also added on to the growth of the Group's revenue.

The Group's profit after taxation increased by twofold as compared to the corresponding period of the preceding year, from RM 10.77 million to RM 22.11 million. The higher profit recorded was mainly contributed by higher revenue as mentioned above and higher profit margin achieved by the Group . The strengthening of Ringgit Malaysia against US Dollar had reduced import purchase costs and thus improved the profit margin of the group. In addition to that, a waiver of RM 1.5 million as mentioned above and lower allowance for doubtful debts, coupled with higher investment income generated during the financial year had also improved the profitability of the Group.

### **B2 Comparison with Immediate Preceding Quarter's Results**

For the fourth quarter under review, the Group recorded higher revenue and profit after taxation of RM 56.72 million and RM 7.77 million as compared to the immediate preceding quarter of RM 51.40 million and RM 5.24 million, respectively. The increased profit was mainly due to higher revenue been achieved and additional waiver of rental costs been given as mentioned above.



**B3 Prospect for the Next Financial Year**

The recent Bank Negara reports shows that Malaysia's economy expanded by 5.3% in the first quarter of 2007, driven by the growth in the construction and services sectors and strong domestic demand. The outlook for the second half of 2007 is expected to record stronger growth, supported by the positive growth prospect in domestic consumption in tandem with the salary adjustment for government servants, promotion activities to be undertaken in conjunction with Visit Malaysia Year and the release of more projects under the Ninth Malaysian Plan.

The Group will continue to benefit from the current buoyant economy with expected improvement in domestic consumption and trading activities. Together with the company's continuous brand building campaign, intensive new products launching, marketing promotion and distributors' sales incentive programme, our Board is optimistic that the Group's performance for the next financial year will remain profitable.

**B4 Profit Forecast**

There is no profit forecast.

**B5 Taxation**

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

For the financial year-to-date, the effective tax rate of the Group is slightly higher than the statutory tax rate due mainly to certain expenses which are not deductible for tax purposes.

**B6 Profits on Sale of Unquoted Investment and / or Properties**

There were no profits on sale of unquoted investments and properties for the current quarter and financial year-to-date except that the Group realised a profit of RM 28,518 on the disposal of unquoted investment for current year-to-date.

**B7 Purchase or Disposal of Quoted Securities**

- a) The purchase and disposal of quoted securities for the current quarter and current year to date are as follows:-

	Current quarter 30 Apr 2007 RM '000	Current year to date 30 Apr 2007 RM '000
Total purchase consideration	1,636	5,381
Total sale proceeds	1,321	4,358
Gain on disposal	299	638



- b) The details of all investments in quoted securities at the end of the reporting period are as follows :-

	RM'000
Total investment at cost	4,033
Total investment at book value	3,807
Total investment at market value at the end of reporting period	5,147

#### **B8 Corporate Proposals**

There is no corporate proposal for the period under review.

#### **B9 Group Borrowings and Debts Securities**

The Group borrowings and debts securities as at the end of the reporting period are :-

Group Borrowings	Currency	Secured/ Unsecured	RM'000
Short Term Borrowings	Malaysia Ringgit	Unsecured	7,396
Total			7,396

#### **B10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk for the period ended 30 April 2007.

#### **B11 Changes in Material Litigation**

Save as disclosed below, the Group has not engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Group :-

By a Writ of Summon and Statement of Claim dated 13<sup>th</sup> January 1995 (“Suit 34”), Nguang Chan Liquor Trade and Nguang Chan (M) Sdn Bhd (Collectively known as “the Nguang Chan Group”) instituted an action and sought an injunction against Hai-O Enterprise Bhd (“Hai-O”) to restrain publication of alleged defamatory statements made against the Nguang Chan Group as well as against slander of a product named Zhan Qiao Pai Lng Zhi (“Infringing Product”). The High Court has dismissed Nguang Chan’s application for injunction with cost on 19<sup>th</sup> December 1995.



By a Writ of Summon and Statement of Claim dated 23<sup>rd</sup> May 1997 (“Suit 400”), Hai-O and Shandong Medicine & Health Products Import & Export Corp., Changyu Pioneer Wine Co. and Yantai Native Product Import & Export Corp.(the Plaintiffs) filed an action against the Nguang Chan Group and Golden Spring Spirits Agency (the Defendants) claiming for damages for infringement of their product named Zhan Qiao Pai Lng Zhi.

On 5 August 1997, the High Court has ordered to hear both Suit 34 and 400 together and further ordered that the outcome of the Suit 400 shall bind Suit 34.

The Plaintiffs has made several applications seeking for further discovery, production and inspection of documents against the Defendants. Order in terms of the these applications were given by the High Court on 23<sup>rd</sup> April 2001. However, the Defendants had thereafter appealed to the Court of Appeal against the decision.

The Court of Appeal heard the appeal on 14<sup>th</sup> March 2005 wherein the Defendants’ appeal was allowed. The Plaintiffs has appealed against the Court of Appeal’s decision to the Federal Court. The application for leave to appeal was fixed for hearing on 22 August 2005.

The applications were heard as scheduled. The Federal Court has adjourned the leave applications to a date to be fixed with directions to the Court of Appeal to deliver its written judgement to the Federal Court.

The High Court has fixed the date for case management for Suit 34 and 400 on 18 September 2006. The High Court has fixed for trial on 11 June 2007, 12 June 2007, 16 July 2007 and 17 July 2007 (the “Trial Dates”) for both Suits 34 and 400. The High court has vacated the Trial Dates on 3 October 2007 and 4 October 2007 with a mention date fixed on 17 September 2007.

The solicitors acting on behalf of Hai-O are of the opinion that Hai-O has a fair and reasonable defence against this claim. If Hai-O is successful in this suit, the amount of damages to be awarded to Hai-O would be determined by the Courts.

The solicitors acting on behalf of the Plaintiffs are of the opinion that the Plaintiffs have a fair chance of succeeding in their claim. If the Plaintiffs are successful in this suit, the amount of damages to be awarded to the Plaintiffs would be determined by the Courts.

## **B12 Dividend Payable**

The Board of Directors is pleased to propose a final dividend of 13% per ordinary share less 27% tax in respect of the financial year ended 30 April 2007 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting. This dividend, upon approval by the shareholders, will be accounted for as an appropriation of retained earnings in the financial year in which it is declared (30/04/2006: 8% per ordinary share less 28% tax , RM3,787,972).

The dates of entitlement and payment will be advised later



### B13 Earnings per share (EPS)

#### Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Apr-07	PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-06	CURRENT YEAR TO DATE 30-Apr-07	PRECEDING YEAR CORRESPONDING PERIOD 30-Apr-06
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent	7,771	2,616	21,384	10,183
Weighted average number of shares ('000)	65,575	62,129	65,575	62,129
Weighted average number of shares deemed to have been issued for No consideration upon exercise Of ESOS ('000)	403	110	403	110
Weighted average number of shares for diluted EPS ('000)	<u>65,978</u>	<u>62,239</u>	<u>65,978</u>	<u>62,239</u>
Basic earnings per share (sen)	<u>11.85</u>	<u>4.21</u>	<u>32.61</u>	<u>16.39</u>
Diluted earnings per share (sen)	<u>11.78</u>	<u>4.20</u>	<u>32.41</u>	<u>16.36</u>

**BY ORDER OF THE BOARD**

**MADAM CHEN YUT MENG**  
Company Secretary

**14 June 2007**  
**Kuala Lumpur**