



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

**Unaudited Interim Financial Report**  
**31 January 2014**



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2014**

	AS AT END OF CURRENT QUARTER 31/1/2014 (RM'000)	(Audited) AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2013 (RM'000)
<b>ASSETS</b>		(Restated)
<b>Non-current assets</b>		
<i>Property, Plant and Equipment</i>	64,540	62,167
<i>Investment properties</i>	41,473	42,425
<i>Investment in jointly control entity</i>	2,270	2,340
<i>Investment in an associates</i>	-	6
<i>Other Investments</i>		
<i>Financial assets at fair value through     profit or loss</i>	215	1,478
<i>Available-for-sale investment</i>	186	186
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	381	515
<i>Deferred tax assets</i>	2,079	2,348
	<b>111,229</b>	<b>111,550</b>
<b>Current Assets</b>		
<i>Inventories</i>	58,471	49,541
<i>Assets classified as held for sale</i>	-	5,695
<i>Trade and other receivables</i>	22,293	20,057
<i>Other Investments</i>		
<i>Financial assets at fair value through     profit or loss</i>	55,733	53,792
<i>Cash and Cash Equivalents</i>	64,106	64,252
	<b>200,603</b>	<b>193,337</b>
<b>TOTAL ASSETS</b>	<b>311,832</b>	<b>304,887</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
<i>Share capital</i>	101,095	101,095
<i>Treasury Shares</i>	(10,363)	(9,748)
<i>Other reserve</i>	377	586
<i>Retained earnings</i>	153,727	147,633
	<b>244,836</b>	<b>239,566</b>
<b>Non-controlling interest</b>	<b>11,526</b>	<b>11,090</b>
<b>Total Equity</b>	<b>256,362</b>	<b>250,656</b>
<b>Non-current Liabilities</b>		
<i>Borrowings</i>	3,149	5,316
<i>Deferred tax</i>	-	78
	<b>3,149</b>	<b>5,394</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	44,050	34,785
<i>Short term borrowings</i>	3,412	6,927
<i>Short-term provision</i>	2,948	3,399
<i>Current tax payable</i>	1,911	3,726
	<b>52,321</b>	<b>48,837</b>
<b>Total Liabilities</b>	<b>55,470</b>	<b>54,231</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>311,832</b>	<b>304,887</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.24	1.22

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2013 and the accompanying explanatory notes attached to the interim financial statements.



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

Quarterly report on consolidated results for the financial period ended 31 January 2014  
The figures have not been audited.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 JANUARY 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/1/2014	(restated) 31/1/2013	31/1/2014	(restated) 31/1/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	71,637	68,347	191,921	194,256
Cost of sales	(45,206)	(40,377)	(119,737)	(117,725)
Gross Profit	26,431	27,970	72,184	76,531
Other income	2,171	1,660	6,410	10,550
Depreciation	(769)	(723)	(2,246)	(2,141)
Administrative expenses	(6,080)	(4,932)	(16,092)	(14,008)
Selling & distribution expenses	(7,804)	(8,979)	(19,428)	(21,362)
Other expenses	(179)	(138)	(890)	(709)
<b>Operating Profit</b>	<b>13,770</b>	<b>14,858</b>	<b>39,938</b>	<b>48,861</b>
Interest income	473	264	1,032	759
Finance costs	(75)	(159)	(310)	(499)
Share of profit of equity-accounted investee, net of tax	(16)	107	(75)	242
Profit before taxation	14,152	15,070	40,585	49,363
Income tax expenses	(3,520)	(4,080)	(10,335)	(11,536)
<b>Profit for the period</b>	<b>10,632</b>	<b>10,990</b>	<b>30,250</b>	<b>37,827</b>
<b>Profit attributable to:</b>				
Owner of the parent	10,417	10,971	29,745	37,346
Non-controlling interest	215	19	505	481
	10,632	10,990	30,250	37,827
<b>Earnings Per Share attributable to equity holders of the parent</b>				
- Basic	5.29	5.54	15.10	18.85
- Diluted	N.A.	N.A.	N.A.	N.A.

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



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

Quarterly report on consolidated results for the financial period ended 31 January 2014  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 JANUARY 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/1/2014	(Restated) 31/1/2013	31/1/2014	(Restated) 31/1/2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,632	10,990	30,250	37,827
Other comprehensive income				
- Foreign currency translation differences for foreign operations	(36)	(24)	(209)	(24)
Total comprehensive Income for the period	10,596	10,966	30,041	37,803
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	10,381	10,249	29,536	10,249
Non-controlling Interest	215	65	505	65
	10,596	10,314	30,041	10,314

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



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 JANUARY 2014**

	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)	
<b>9 month ended 31 January 2014</b>								
Balance as at 30 April 2013	101,095	(9,748)	(71)	657	147,633	239,566	11,090	250,656
Profit for the period	-	-	-	-	29,745	29,745	505	30,250
Other comprehensive income for the period	-	-	(209)	-	-	(209)	-	(209)
Total comprehensive income for the period	-	-	(209)	-	29,745	29,536	505	30,041
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	(32)	(32)	(20)	(52)
Dividend	-	-	-	-	(23,619)	(23,619)	(49)	(23,668)
Purchase of Company's own shares	-	(615)	-	-	-	(615)	-	(615)
<b>Balance at end of financial period</b>	<b>101,095</b>	<b>(10,363)</b>	<b>(280)</b>	<b>657</b>	<b>153,727</b>	<b>244,836</b>	<b>11,526</b>	<b>256,362</b>

**9 month ended 31 January 2013**

Balance as at 30 April 2012	101,095	(5,939)	(174)	657	126,040	221,679	9,727	231,406
Profit for the period	-	-	-	-	37,346	37,346	481	37,827
Other comprehensive income for the period	-	-	100	-	-	100	-	100
Total comprehensive income for the period	-	-	100	-	37,346	37,446	481	37,927
Acquisition of interest in a subsidiary by non-controlling interest	-	-	-	-	-	-	525	525
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	-	(101)	(101)
Dividend	-	-	-	-	(25,651)	(25,651)	(95)	(25,746)
Purchase of Company's own shares	-	(3,170)	-	-	-	(3,170)	-	(3,170)
<b>Balance at end of financial period</b>	<b>101,095</b>	<b>(9,109)</b>	<b>(74)</b>	<b>657</b>	<b>137,735</b>	<b>230,304</b>	<b>10,537</b>	<b>240,841</b>

*The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2013 and the accompanying explanatory notes attached to the interim financial statements.*



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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE QUARTER ENDED 31 JANUARY 2014**

	<b>2014</b> <b>9 month</b> <b>ended</b> <b>31/1/2014</b> <b>(RM '000)</b>	<b>2013</b> <b>9 month</b> <b>ended</b> <b>31/1/2013</b> <b>(RM '000)</b>
Profit before tax	40,585	(Restated) 49,363
Adjustment for :-		
Depreciation	2,287	2,142
Dividend income	(1,412)	(1,336)
Fair value (gain)/loss on other investments	(536)	(345)
Finance costs	310	506
Finance income	(1,032)	(759)
Gain on disposal of shares	(122)	(68)
Gain on disposal of property, plant and equipment	(751)	(5,141)
Impairment losses	-	67
Loss on disposal of property, plant and equipment	-	1
Property, plant and equipment written off	-	24
Share of profit of equity-accounted investee, net of tax	76	(242)
Reserve on consol	-	(64)
Unrealised foreign exchange differences	177	119
<b>Operating profit before changes in working capital</b>	<b>39,582</b>	<b>44,267</b>
Changes in working capital		
<i>Inventories</i>	(8,930)	(14,260)
<i>Net Change in trade and other receivables</i>	(1,896)	(2,287)
<i>Net Change in trade and other payables</i>	767	482
<i>Tax paid</i>	(12,165)	(9,319)
	(22,224)	(25,384)
<b>Net cash flows from operating activities</b>	<b>17,358</b>	<b>18,883</b>
Investing Activities		
Proceeds from disposal of other investment	7,384	2,665
Proceeds from quoted shares	1,425	-
Purchase of other investment	(8,829)	(8,203)
Purchase of property, plant and equipment	(3,790)	(4,231)
Proceeds from disposal of property, plant and equipment	6,497	6,825
Dividend received	1,412	1,336
Interest received	1,032	759
Acquisition of interests from non-controlling interest	(52)	(37)
Accretion of interests in subsidiaries by non-controlling interest	-	525
<b>Net cash used in investing activities</b>	<b>5,079</b>	<b>(361)</b>
Financing Activities		
Purchase of Company's own share	(615)	(3,170)
Interest paid	(310)	(506)
Dividend paid	(15,798)	(13,854)
Borrowing	(5,682)	(155)
<b>Net cash used in financing activities</b>	<b>(22,405)</b>	<b>(17,685)</b>
Net Changes in Cash & Cash Equivalents	32	837
Effect of exchange rate & fluctuations on cash held	(178)	90
Cash & Cash Equivalents at beginning of financial period	64,252	52,594
<b>Cash &amp; Cash Equivalents at end of the financial period</b>	<b>64,106</b>	<b>53,521</b>

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



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

**A1 Basis of preparation**

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

The interim financial report should be read in conjunction with the most recent annual financial statements of the Group for the year ended 30 April 2013.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2013.

**A2 Changes in Accounting Policies**

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

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

**MFRS 11, Joint Arrangements**

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

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

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

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

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



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

*Impact on opening balance*

**Statement of Financial Position**

	As previously reported	Effects of adoption of MFRS11	As restated
	<b>30.4.2013</b> RM '000	RM '000	<b>30.4.2013</b> RM '000
<b><u>Assets</u></b>			
Property, plant and equipment	64,908	(2,741)	62,167
Investment in Joint Venture	0	2,340	2,340
Inventories	49,939	(398)	49,541
Trade and other receivables	20,199	(142)	20,057
Cash and cash equivalent	64,931	(679)	64,252
<b><u>Non-Liabilities</u></b>			
Borrowings	6,429	(1,113)	5,316
Deferred tax	129	(51)	78
<b><u>Current Liabilities</u></b>			
Short term borrowings	6,990	(63)	6,927
Trade and other payables	35,178	(393)	34,785





Impact on Income Statement dated 31.1.2013

**Statement of Comprehensive Income**

	As previously reported	Effects of adoption of MFRS11	As restated
	31.1.2013 RM '000	RM '000	31.1.2013 RM '000
Revenue	195,854	(1,598)	194,256
Costs of sales	(118,362)	637	(117,725)
Gross Profit	77,492		76,531
Other income	10,550	-	10,550
Depreciation	(2,185)	44	(2,141)
Administrative expenses	(14,296)	288	(14,008)
Selling & distribution expenses	(21,687)	325	(21,362)
Other expenses	(709)	-	(709)
Operating Profit	49,165		48,861
Interest Income	783	(24)	759
Finance Costs	(506)	7	(499)
Share of profit of equity-accounted Investee, net of tax	-	242	242
Profit before taxation	49,442		49,363
Income tax expenses	(11,615)	79	(11,536)
Profit for the period	37,827		37,827

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

**A3 Audit report of preceding annual financial statement**

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

**A4 Seasonal or cyclical factors**

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



**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

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

**A6 Material changes in estimates**

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

**A7 Debt and equity securities**

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

The details of shares held as treasury shares for the period ended 31 January 2014 are as follows:

	Number of Treasury shares	Total Considerations RM
Balance as at 1 Nov 2013	5,331,188	10,044,957
Repurchased during the quarter	121,500	317,615
Balance as at 31 Jan 2014	5,452,688	10,362,572

The repurchase transactions were financed by internally generated funds.

As at 18 March 2014, the treasury shares held were 5,701,688 ordinary shares with total purchase consideration of RM 10,978,328.

**A8 Dividend paid**

- (i) An interim single tier dividend of 4 sen, amounting to RM 7,869,504 in respect of the current financial year ended 30 April 2014 was paid on 27 February 2014.
- (ii) A final single tier dividend of 8 sen, amounting to RM 15,748,728 in respect of the previous financial year as approved by the shareholders at the Annual General Meeting held on 23 October 2013 was paid on 27 November 2013.



## A9 Segment information

Details of segmental analysis for the period ended 31 January 2014 are as follows:

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>						
Revenue from external customers	111,562	43,501	30,873	5,985	-	<b>191,921</b>
Inter-segment revenue	-	61,451	4	6,468	(67,923)	-
Total revenue	111,562	104,952	30,877	12,453	(67,932)	191,921
<b>RESULT</b>						
Segment result	21,736	11,623	1,727	5,206	(354)	<b>39,938</b>
Finance costs						(310)
Interest income						1,032
Share of profit of equity-accounted investee, net of tax						(75)
Profit before taxation						40,585
Income tax expenses						(10,335)
Net profit for the period						<b>30,250</b>
<hr/>						
Segment assets	100,838	161,265	30,770	18,959	-	<b>311,832</b>
Segment liabilities	17,026	26,546	1,775	2,313	-	<b>47,660</b>

## A10 Property, plant and equipment

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

## A11 Material events subsequent to the end of the interim period

There was no material events subsequent to the current financial quarter ended 31 January 2014.



#### A12 Changes in the composition of the Group

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

The Company had acquired additional 16,000 ordinary shares of RM 1.00 each in the share capital of Hai-O Raya Bhd, for a total cash consideration of RM 40,000 during the quarter.

#### A13 Contingent liabilities

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

<u>Company</u>	As at 18 Mar 2014	As at 31 Jan 2014	As at 30 Apr 2013
	RM'000	RM'000	RM'000
Corporate guarantee in respect of credit facilities granted to subsidiary companies	Nil	Nil	Nil
<u>Group</u>	As at 18 Mar 2014	As at 31 Jan 2014	As at 30 Apr 2013
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	1,048	1,049	1,179
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	1,048	1,049	1,179

#### A14 Capital commitment

The capital commitment of the Group for the period ended 31 January 2014 is as follows:

	RM'000
Approved and contracted for in respect of capital expenditure.	2,127



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

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

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

For the third quarter under review, the Group registered revenue of RM 71.6 million as compared to the preceding year's corresponding quarter of RM 68.3 million, a marginal increase of 4.8%. Pre-tax profit has reduced by about 6% due to lower margin recorded in the current quarter:

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

Pre-tax profit increased from RM 7.4 million to RM 8.7 million, an increase of 17% in the quarter under review as compared to previous year's corresponding quarter which was mainly attributed to lower sales & marketing costs incurred in current quarter.

##### (ii) Wholesale division

Despite an increase in external revenue by about 8%, pre-tax profit had reduced by almost half to RM 3 million as compared to previous year's corresponding quarter, this was mainly due to lower inter-segments sales' profit contribution coupled with lower margin products sold. The profit was further eroded by the weakening of Ringgit Malaysia against USD currency and higher operating costs.

##### (iii) Retail division

Revenue increased by 27% to RM 13.3 million as compared to previous year's corresponding quarter. The Chinese New Year ("CNY") festive season fell in the 3<sup>rd</sup> quarter of this current financial year, as opposed to 4<sup>th</sup> quarter of last financial year. Therefore, the large increase in revenue was mainly attributable by CNY promotion.

Pre-tax profit increased by RM 0.58 million mainly derived from higher revenue which resulted from effective CNY advertising & promotion ("A&P") program.

##### (iv) Other division

There was no significant improvement in the financial performance of the manufacturing division except the investment division had registered higher dividend received in the current quarter and realised gain on disposal of quoted shares. Thus, the overall profit has increased by approximately RM 0.7 million.



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

For the nine months period ended 31 January 2014, the Group registered revenue of RM 191.9 million and pre-tax profit of RM 40.6 million. As compared to preceding year's corresponding period, the pre-tax profit from core business activities decreased by approximately RM 4 million (excluding the gain on disposal of property amounting to RM 4.8 million and the one-off compensation of RM 0.57 million received by the manufacturing division in previous year):

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

The revenue has decreased by about 8% to RM 111.6 million as compared to the preceding year's corresponding period. The division has continued to pursue its strategy in promoting the "small ticket" items which has received good response from existing and new members, hence the sales from "small ticket" items contributed higher percentage to the total revenue. The promotion of "small ticket" items are to complement with the "big ticket" items for its product portfolio, which may have unfavourable impact on the overall revenue and profit margin in the short term. However, the management is optimistic that the change in marketing strategy will bring benefits to the Group and its distributors in long term.

Despite the decrease in revenue, pre-tax profit was maintained at RM 21.7 million as compared to previous year due to lower sales & marketing costs incurred.

(ii) Wholesale division

External revenue increased by about 11% to RM 43.5 million mainly contributed by higher sales in Chinese medicated tonic and Chinese tea in the consumer market. However, higher marketing distribution costs coupled with the drop in profit contribution from inter-segment sales and weakening of Ringgit Malaysia against USD currency, had attributed to the decrease in the pre-tax profit by 28% as compared to previous year.

(iii) Retail division

Revenue increased by about 11% to RM 30.9 million which was mainly generated from the CNY festive season in 3<sup>rd</sup> quarter, coupled with higher sales in house-brand products and value herbs. Currently, the retail division is operating in a high cost environment with higher rental and personnel expenses as compared to previous year. Hence, despite an increase in revenue, the pre-tax profit was maintained at about RM 1.7 million as compared to the preceding year's corresponding period.

(iv) Other division

Lower sales volume coupled with higher set-up costs incurred in the new GMP factory has contributed lower bottom line for the manufacturing division. The division had submitted necessary application and is pending approval from the regulatory board and is targeting to commission the GMP factory in the next financial year.

Total income of approximately RM 5.2 million was received from gain on the disposal of a property, dividend and rental income in this current financial period. Higher income of RM 8.5 million in last financial year included the gain on disposal of a property amounting to RM 4.8 million and the one-off compensation of RM 0.57 million. Hence, the pre-tax profit was decreased by RM 3.3 million as compared to the preceding year's corresponding period.



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

For the third quarter under review, the Group recorded higher revenue of RM 71.6 million as compared to RM 65.6 million of the immediate preceding quarter, representing an increase of approximately 9% , which was mainly attributable to the higher contribution from wholesale and retail divisions:

MLM division – The revenue decreased marginally by about 3% to RM 38.5 million as compared with immediate preceding quarter, with pre-tax profit maintained at about RM 8.6 million due to lower sales & marketing costs incurred in the current quarter. The division has just completed its incentive trip campaign promotion in October 2013 and hence the post sales campaign are usually quiet in the following months.

Wholesale division -- The revenue increased by about 22% mainly contributed by higher sales in Chinese medicated tonic, health products and supply of duty free products. However the pre-tax profit had dropped by about 9% due to escalating in marketing & distribution costs.

Retail division -- Despite higher revenue recorded at RM 13 million in 3<sup>rd</sup> quarter, pre-tax profit has decreased by about RM 0.3 million , mainly due to higher A&P cost incurred in the CNY festive season and operating costs incurred in 3<sup>rd</sup> quarter as compared to the immediate preceding quarter.

Other division -- Income received in this current quarter was lower by about 13% to RM 1.9 million as compared to immediate preceding quarter, the difference was mainly due to additional gain derived from disposal of a property amounting to RM 0.6 million in previous quarter.

## **B3 Commentary on prospects**

The Group is currently operating in a highly competitive and high costs environment, with the rising of inflation rate and weakening of Ringgit Malaysia, domestic purchasing power is adversely affected. Moving forward, the Group will re-look its marketing strategy to mitigate this negative impact.

In view of the good response , moving forward the MLM division will intensify its product strategy by focusing more “small ticket” items which are affordable. In addition, the MLM division will be launching its next sales campaign in the coming quarter and is optimistic that this will help to improve its performance. Wholesale division has a team of well-trained sales personnel to market its wide range of products. For retail division, despite high operating costs for all the outlets, it will continue to carry out effective A&P program and its year end members’ sale promotion in the next quarter which will contribute positive result to the Group.

In view thereof, the Board of Directors is of the opinion that the prospect of the Group will remain profitable in the next quarter.



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

For the current 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 31 January 2014 (RM '000)	Current year to date 31 January 2014 (RM '000)
Profit before taxation	14,152	40,585
Taxation at applicable tax rate – 25%	3,538	10,146
Adjustment mainly due to certain non-allowable expenses and unutilised tax losses not recognised as deferred tax assets.	(18)	189
Total Income Tax Expenses	3,520	10,335

#### B6 Corporate Proposals

There were no corporate proposals for the period under review.

#### B7 Group Borrowings and Debts Securities

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

Group Borrowings	Currency	Secured/ Unsecured	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	549
Short Term Borrowings	Ringgit Malaysia	Secured	2,863
Long Term Borrowings	Ringgit Malaysia	Secured	3,149
Total			6,561





## B8 Material Litigation

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

## B9 Dividend payable

No interim dividend has been declared for the period under review (31/1/2013: Nil).

## B10 Realised and Unrealised Profits/Losses Disclosure

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

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

	As at 31.1.2014 RM'000	As at 30.04.2013 RM'000 (Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	157,724	151,168
- Unrealised	1,568	2,685
	159,292	153,853
Total share of retained profits of an associate		
- Realised	0	6
Total share of retained profits of jointly controlled entities:		
- Realised	1,510	1,579
	160,802	155,438
Less: Consolidation adjustments	(7,075)	(7,805)
Total Group retained profits as per consolidated accounts	153,727	147,633



## B11 Earnings per share (EPS)

### Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Jan -14	PRECEDING YEAR CORRESPONDING QUARTER 31-Jan -13	CURRENT YEAR TO DATE 31-Jan-14	PRECEDING YEAR CORRESPONDING YEAR 31-Jan-13
<i>Earnings</i>				
Net profit for the year attributable to equity holders of the parent (RM'000)	10,417	10,971	29,745	37,346
Weighted average number of shares ('000)	197,064	198,105	197,064	198,105
Basic earnings per share (sen)	5.29	5.54	15.10	18.85

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