



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

Unaudited Interim Financial Report
31 January 2017



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2017**

	AS AT END OF CURRENT QUARTER 31/1/2017 (RM'000)	(Audited) AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2016 (RM'000)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	71,475	66,324
<i>Investment properties</i>	48,745	49,256
<i>Investment in jointly control entity</i>	2,158	2,160
<i>Investment in an associates</i>	-	399
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	220	240
<i>Available-for-sale investment</i>	12	12
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	366	465
<i>Deferred tax assets</i>	1,703	1,761
	124,764	120,702
Current Assets		
<i>Inventories</i>	72,728	67,966
<i>Trade and other receivables</i>	28,846	25,193
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	55,260	53,809
<i>Cash and Cash Equivalents</i>	66,113	53,712
	222,947	200,680
TOTAL ASSETS	347,711	321,382
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
<i>Share capital</i>	101,095	101,095
<i>Treasury Shares</i>	(19,687)	(18,641)
<i>Other reserve</i>	440	474
<i>Retained earnings</i>	184,628	174,445
	266,476	257,373
Non-controlling interest	11,425	11,607
Total Equity	277,901	268,980
Non-current Liabilities		
<i>Borrowings</i>	-	-
<i>Deferred tax</i>	43	64
	43	64
Current Liabilities		
<i>Trade & other payables</i>	57,934	45,098
<i>Short term borrowings</i>	3,006	1,114
<i>Short-term provision</i>	3,317	2,077
<i>Current tax payable</i>	5,510	4,049
	69,767	52,338
Total Liabilities	69,810	52,402
TOTAL EQUITY AND LIABILITIES	347,711	321,382
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.38	1.33

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 2017
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE QUARTER ENDED 31 JANUARY 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/1/2017	31/1/2016	31/1/2017	31/1/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	107,178	80,517	285,618	209,480
Cost of sales	(72,282)	(54,007)	(193,100)	(139,319)
Gross Profit	34,896	26,510	92,518	70,161
Other income	3,595	2,332	9,256	7,095
Depreciation	(917)	(854)	(2,685)	(2,489)
Administrative expenses	(6,697)	(5,466)	(18,815)	(17,246)
Selling & distribution expenses	(9,383)	(9,328)	(25,704)	(23,871)
Other expenses	(104)	(69)	(405)	(343)
Operating Profit	21,390	13,125	54,165	33,307
Interest income	351	264	960	854
Finance costs	(33)	(86)	(113)	(179)
Share of profit/(loss) of equity-accounted investee, net of tax	1	(6)	(2)	10
Share of loss of associate company	(14)	(130)	(399)	(130)
Profit before taxation	21,695	13,167	54,611	33,862
Income tax expenses	(6,031)	(3,290)	(13,589)	(8,430)
Profit for the period	15,664	9,877	41,022	25,432
Profit attributable to:				
Owner of the parent	15,360	9,784	41,012	25,160
Non-controlling interest	304	93	10	272
	15,664	9,877	41,022	25,432
Earnings Per Share attributable to equity holders of the parent				
- Basic	7.95	5.02	21.23	12.92
- 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 2016 and the accompanying explanatory notes attached to the interim financial statements.



Quarterly report on consolidated results for the financial period ended 31 January 2017
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JANUARY 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/1/2017	31/1/2016	31/1/2017	31/1/2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	15,664	9,877	41,022	25,432
Other comprehensive income				
- Foreign currency translation differences for foreign operations	(5)	(5)	(34)	15
Total comprehensive Income for the period	15,659	9,872	40,988	25,447
Total comprehensive income attributable to:				
Owner of the parent	15,355	9,779	40,978	25,175
Non-controlling Interest	304	93	10	272
	15,659	9,872	40,988	25,447

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JANUARY 2017**

	Attributable to Equity Holders of the Parent					Non-controlling interest	Total Equity	
	Share Capital	Treasury shares	Non distributable Exchange fluctuation reserve	Capital reserve	Distributable Retained Earnings			Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
9 month ended 31 January 2017								
Balance as at 30 April 2016	101,095	(18,641)	(183)	657	174,445	257,373	11,607	268,980
Profit for the period	-	-	-	-	41,012	41,012	10	41,022
Other comprehensive income for the period	-	-	(34)	-	-	(34)	-	(34)
Total comprehensive income for the period	-	-	(34)	-	41,012	40,978	10	40,988
Investment by non-controlling interests in subsidiary	-	-	-	-	-	-	100	100
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	43	43	(64)	(21)
Dividend	-	-	-	-	(30,872)	(30,872)	(228)	(31,100)
Purchase of Company's own shares	-	(1,046)	-	-	-	(1,046)	-	(1,046)
Balance at end of financial period	101,095	(19,687)	(217)	657	184,628	266,476	11,425	277,901

9 month ended 31 January 2016

Balance as at 30 April 2015	101,095	(14,712)	(205)	657	167,030	253,865	11,966	265,831
Profit for the period	-	-	-	-	25,160	25,160	272	25,432
Other comprehensive income for the period	-	-	15	-	-	15	-	15
Total comprehensive income for the period	-	-	15	-	25,160	25,175	272	25,447
Acquisition on additional interest in a subsidiary from non-controlling interest	-	-	-	-	118	118	(173)	(55)
Dividend	-	-	-	-	(29,134)	(29,134)	(293)	(29,427)
Purchase of Company's own shares	-	(2,902)	-	-	-	(2,902)	-	(2,902)
Balance at end of financial period	101,095	(17,614)	(190)	657	163,174	247,122	11,772	258,894

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 31 JANUARY 2017**

	2017 9 month ended 31/1/2017 (RM '000)	2016 9 month ended 31/1/2016 (RM '000)
Profit before tax	54,611	33,862
Adjustment for :-		
Depreciation	2,685	2,489
Dividend income	(1,396)	(1,002)
Fair value (gain)/loss on other investments	(118)	(180)
Finance costs	113	179
Finance income	(960)	(854)
Gain on disposal of property, plant and equipment	(124)	(2)
Loss on disposal of property, plant and equipment	-	-
Loss on disposal of subsidiary	1	-
Property, plant and equipment written off	61	27
Share of profit of equity-accounted investee, net of tax	2	(10)
Share of losses of Associated company	399	130
Provision for sales campaign	1,239	144
Unrealised foreign exchange differences	(569)	(781)
Operating profit before changes in working capital	55,944	34,002
Changes in working capital		
<i>Inventories</i>	(4,762)	(8,580)
<i>Receipts from customers</i>	(161)	(1,716)
<i>Net Change in other receivables</i>	(3,479)	292
<i>Payment to suppliers, contractors and employees</i>	724	(2,604)
<i>Net Change in other payables</i>	3,035	11,668
<i>Payment of income taxes</i>	(12,005)	(8,406)
	(16,648)	(9,346)
Net cash flows from operating activities	39,296	24,656
Investing Activities		
<i>Accretion of equity interests in subsidiaries</i>	(21)	(56)
<i>Acquisition of other investments</i>	(72,330)	(11,300)
<i>Investment in associated company</i>	-	(908)
<i>Investment in subsidiary by non-controlling interest</i>	100	-
<i>Purchase of property, plant and equipment</i>	(7,417)	(1,987)
<i>Proceeds from disposal of other investment</i>	71,017	16,840
<i>Proceeds from disposal of property, plant and equipment</i>	141	2
<i>Dividend received</i>	1,396	1,002
<i>Interest received</i>	960	854
Net cash used in investing activities	(6,154)	4,447
Financing Activities		
<i>Purchase of Company's own share</i>	(1,046)	(2,902)
<i>Interest paid</i>	(113)	(179)
<i>Dividend paid</i>	(21,454)	(21,682)
<i>Drawdown/ (Repayment) of Trade Facilities</i>	1,892	(507)
Net cash used in financing activities	(20,721)	(25,270)
Net Changes in Cash & Cash Equivalents	12,421	3,833
Effect of exchange rate & fluctuations on cash held	(20)	39
Cash & Cash Equivalents at beginning of financial period	53,712	48,293
Cash & Cash Equivalents at end of the financial period	66,113	52,165

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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 2016.

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 2016.

The Group has not early adopted new or revised standards, amendments and interpretation that have been issued but not yet effective for the Group’s accounting period beginning 1 May 2016.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group upon their first adoption.

A2 Seasonal or cyclical factors of interim operations

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

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A4 Changes in estimates of amounts reported previously

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



A5 Issues, repurchase and repayments of debts and equity securities

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

The details of shares held as treasury shares for the period ended 31 January 2017 are as follows:

	Number of Treasury shares	Total Consideration RM
Balance as at 1 Nov 2016	9,228,888	19,568,171
Repurchased during the quarter	34,000	118,335
Balance as at 31 Jan 2017	9,262,888	19,686,506

The repurchase transactions were financed by internally generated funds.

As at 21 March 2017, the treasury shares held by the Company were remained the same as at 31 January 2017.

A6 Dividend paid

An interim single tier dividend of 5 sen per ordinary share, amounting to RM 9,646,370 in respect of the current financial year ending 30 April 2017 was paid on 9 March 2017.

A7 Segment information

Details of segmental analysis for the period ended 31 January 2017 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	213,338	40,015	28,797	3,468	-	285,618
Inter-segment revenue	185	93,835	23	13,987	(108,030)	-
Total revenue	213,523	133,850	28,820	17,455	(108,030)	285,618
RESULT						
Segment profit/(loss)	42,343	6,982	1,011	4,181	(352)	54,165
Finance costs						(113)
Interest income						960
Share of loss of equity-accounted investee, net of tax						(2)
Share of loss of associate company						(399)
Profit before taxation						54,611
Income tax expenses						(13,589)
Net profit for the period						41,022



A7 Segmental information (continued)

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	138,847	147,175	33,495	28,194	-	347,711
Segment liabilities	32,739	32,043	1,997	3,031	-	69,810

A8 Property, plant and equipment

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

A9 Events after the interim period that have not been reflected in the financial statements for the interim period

There was no material events subsequent to the current financial quarter ended 31 January 2017.

A10 Changes in the composition of the Group

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

- (i) The Company had on 10 January 2017 disposed of its 100% equity interest in MCC City Sdn Bhd (“MCC”) comprising 1,500,000 ordinary shares of RM 1.00 each for a total cash consideration of RM 80,000. Following the disposal, MCC has ceased to be the subsidiary of the Company.
- (ii) Subsequent to the announcement made on 29 September 2016, Yan Ou Holdings (M) Sdn Bhd (“Yan Ou”) had subscribed for additional 899,998 shares for a total cash consideration of RM 899,998 in Yan Ou Marketing (International) Sdn Bhd (“Yan Ou Marketing”), equivalent to 90% equity interest of the total shares in Yan Ou Marketing. With effect thereof, the total shares capital of Yan Ou Marketing had increased to RM 1,000,000 comprising of 1,000,000 ordinary shares.



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 22 Mar 2017	As at 31 Jan 2017	As at 30 Apr 2016
	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 22 Mar 2017	As at 31 Jan 2017	As at 30 Apr 2016
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	1,013	1,013	1,488

A12 Capital commitment

The capital commitment of the Group for the period ended 31 January 2017 is as follows:

	RM'000
Approved and contracted for in respect of capital expenditure.	112



Additional Information Required By The BMSB - Listing Requirements

B1 A detailed analysis of the performance of operating segments of the Group, setting out material factors affecting the earnings and/or revenue of each segment for the current quarter and financial year-to-date⁴

Current quarter compared to the preceding year's corresponding quarter

For the third quarter under review, the Group registered higher revenue and pre-tax profit of RM 107.2 million and RM 21.7 million as compared to RM 80.5 million and RM 13.2 million, increased by 33.2% and 64.8% respectively. The increase in pre-tax profit was mainly attributable to higher revenue achieved by the Multi-level marketing ("MLM") and retail divisions :

(i) MLM division

Revenue and pre-tax profit increased by about 52.1% and 65.5% to RM 79.4 million and RM 17.1 million respectively as compared to the preceding year's corresponding quarter. The small ticket consumer products comprise of food & beverage, personal care, skincare series and household products which have higher recurring sales had contributed more than 70% to the total sales of the division as compared to the previous year's corresponding quarter. Monthly recruited new members increased to an average of 6,000 members coupled with the substantial increase in the renewed members had contributed to the increase in the revenue and profit for the division.

(ii) Wholesale division

The revenue from external sales decreased by about 8.6% to RM 14.2 million as compared to the preceding year's corresponding quarter of RM 15.6 million. The decrease in revenue was mainly attributable to lower sales generated from duty-free market. However, the pre-tax profit improved by 69% to RM 2.5 million mainly attributable to higher contribution from inter-segment sales.

(iii) Retail division

Despite an overall weak consumer sentiment, the effective Chinese New Year ("CNY") advertising & promotion campaign and support from customers' loyalty program have raised up the revenue by about 13% to RM 12.4 million as compared to the preceding year's corresponding quarter versus the previous CNY sales promotion which was crossed over to 4th quarter last financial year 2016. Hence, the pre-tax profit increased from RM 0.2 million to RM 1.1 million accordingly.



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

For the nine month period ended 31 January 2017, the Group recorded higher revenue and pre-tax profit of RM 285.6 million and RM 54.6 million as compared to RM 209.50 million and RM 33.9 million, representing an increase of 36.4% and 61.3% respectively for the corresponding quarter of the preceding year. The increase in the Group's revenue and pre-tax profit was mainly contributed by the MLM division :

(i) MLM division

The division recorded higher revenue and pre-tax profit of RM 213.3 million and RM 43.1 million as compared to the previous year of RM 134.5 million and RM 24.2 million, representing an increase of 58.6% and 78% respectively. The high renewal rate from the existing members and continuous intensive member recruitment campaign had contributed to the increase in revenue. The division is targeted on younger generation of distributors who are savvy in digital marketing and dealing via e-commerce platform. Furthermore, the two new products from food & beverage category were launched during the financial year had also contributed additional sales to the division.

(ii) Wholesale division

The external revenue decreased marginally by about 4% to RM 40 million as compared to the preceding year's corresponding period. Sales of Chinese medicated wine was not encouraging since the increased in selling price post custom duty revision as medical halls are more cautious in keeping their stock level in view of weak consumer sentiment. The duty-free business has been affected since the imposition of more stringent rules by authority on duty-free shops in border towns. However, sales of patented medicine was increased by about 16% to RM 7.8 million attributable to higher sales from its selective premium products.

Despite the above, the pre-tax profit had increased by 45% from RM 4.9 million to RM 7.0 million mainly attributable to higher contribution from inter-segment sales and higher profit margin from external sales of premium products.

(iii) Retail division

Amid inflationary pressure and low consumers' purchasing power, the revenue increased marginally by about 2.6% to RM 28.8 million with pre-tax profit increased by about 32% to RM 1.1 million in view of CNY sales fall in 3rd quarter financial year 2017. The increase in pre-tax profit was mainly attributable to lower operating costs from ongoing rationalisation plan of non-performing outlets.

(iv) Other division

The inter-segment's OEM sales of the manufacturing division had contributed to the increase in its pre-tax profit significantly to RM 1.5 million. The increase in pre-tax profit was mainly attributable to higher demand for health food supplements from the MLM and Retail divisions. However, the higher pre-tax profit from manufacturing division was offset by the lower rental income amounting to RM 2.2 million from investment properties as a result of the non-renewal of a tenancy agreement by one of its key tenants.



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

For the third quarter under review, the Group recorded a higher revenue and pre-tax profit of RM 107.2 million and RM 21.7 million as compared with the immediate preceding quarter of RM 99.8 million and RM 20.3 million, increase by 7.4% and 6.9% respectively, which was mainly due to higher revenue generated from the three main divisions, MLM, wholesale and Retail divisions:

(i) MLM division

The revenue and pre-tax profit increased marginally by 2.5% and 5.8% to RM 79.4 million and RM 17.1 million respectively as compared with the immediate preceding quarter. The Growth momentum was continued even after completion of the overseas incentive trip promotion campaign. The marginal increase in revenue was mainly generated from the personal care and household consumer products.

(ii) Wholesale division

The revenue increased by about 22% to RM 14.2 million as compared with the immediate preceding quarter mainly attributable to higher sales generated from its effective CNY sales promotion campaign. However higher revenue did not bring higher profit to the division but decreased by approximately 8% to RM2.5 million attributable to higher operating costs and A&P expenses incurred in the 3rd quarter financial year 2017.

(iii) Retail division

The revenue increase by 33.6% to RM 12.4 million mainly attributable to higher sales generated from CNY sales as compared with the immediate preceding quarter. The pre-tax profit increased more than 100% to RM 1.1 million due to higher sales achieved and A&P income subsidy from suppliers. The increase of 23% sales of its house brand products with higher margin had contributed additional profit to the division.

B3 Commentary on prospects for the next quarter

The rising of inflationary pressure and prolong weak Ringgit Malaysia against USD currency coupled with the weak consumers' purchasing power are the main concern for the Group. In light of the challenging economic environment, the Group is constantly monitoring the key risk factors and find ways to mitigate the negative impacts by introducing more new products coupled with the innovative A&P programs.

The MLM division has launched its skin care series products under a new brand "Infinence" during the quarter under review and will continue its various ongoing marketing events including to carry out incentive sales campaign and Top Leaders Recognition Nite in the next quarter to keep its business momentum going. New members' recruitment and retention programs are intensified by the division to widening its distributor based. In view of high unemployed rates for young graduates as reported by Bank Negara recently, the division would be able to tap this group of young graduates to join in as entrepreneurs. Whereas, both the wholesale and retail divisions are vulnerable to weak consumers' sentiment and high inflation rate. The wholesale division will continue to explore more new agencies with its principals and will carry out a sales promotion in the 4th quarter financial year 2017. The retail division is working on more new house-brand products to widen its product portfolio and will house more Chinese physicians for its outlets to complement its retail business. Besides, the division is currently undertaking rationalisation measure to scale down the non-performing outlets or to look for a strategic locations for relocation.

With the various measures taken by the Group, the Board of Directors remains optimistic that the Group will continue to be profitable 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 Taxation

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

For the current quarter and 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 purposes and losses of certain subsidiary companies which cannot be set off against profit of certain subsidiaries as no Group relief is available for tax purposes :

	Current quarter ended 31 January 2017 (RM '000)	Current year to date 31 January 2017 (RM '000)
Profit before taxation	21,695	54,611
Taxation at applicable tax rate – 24%	5,207	13,107
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in profit or loss	824	482
Total Income Tax Expenses	6,031	13,589

(The above computation has not taken into account the recent 2017 budget which had proposed a new legislation that reduction in Corporate Tax Rate be based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment. The % point of reduction on Corporate Tax Rate will follow the scale determine by the legislation and subject to be gazatted by way of statutory order).



B7 Status of Corporate Proposals

There were corporate proposals for the period under review:

On 21 December 2016, the Company announced the following corporate proposals:

- (a) Proposed Bonus Issue of up to 101,095,141 new ordinary shares in the Company (“Hai-O Shares”), on the basis of one bonus shares for every two existing Hai-O Shares held on an entitlement date to be determined later (“Proposed Bonus issue”);
- (b) Proposed establishment of an employees’ share option scheme (“ESOS”) of up to 15% of the total number of issued shares in the Company (excluding treasury shares) at any one time during the duration of the ESOS for eligible employees and directors of Hai-O and its subsidiaries (excluding subsidiaries which are dormant (“Proposed ESOS”); and
- (c) Proposed specific allocation of ESOS Options to Directors and Persons Connected with them (“Proposed Allocations”).

Further to the announcement made on 21 December 2017, 25 January 2017, 17 February 2017, 23 February 2017 and 24 February 2017, the Company’s shareholders had vide an Extraordinary General Meeting (EGM) held on 15 March 2017 approved the above mentioned proposals.

The entitlement date for the Bonus Shares has been fixed on 30 March 2017 and the new Hai-O shares issued pursuant to Bonus Issue will be listed on quoted on the Main Market of Bursa Securities on 31 March 2017.

The ESOS is expected to be established by the 2nd quarter of 2017 after the completion of the Proposed Bonus Issue.

B8 Group Borrowings and Debts Securities

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

Group Borrowings	Currency	Secured/ Unsecured	RM’000
Short Term Borrowings	Ringgit Malaysia	Unsecured	3,006
Short Term Borrowings	Ringgit Malaysia	Secured	-
Total			3,006

B9 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.

B10 Dividend

No interim dividend has been declared for the quarter under review (31/1/2016: Nil).



B11 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 period 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 31.01.2017 RM'000	As at 30.04.2016 RM'000 (Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	186,211	174,369
- Unrealised	1,907	1,514
	188,118	175,883
Total share of retained profits of an associate		
- Realised	(908)	(509)
Total share of retained profits of jointly controlled entities:		
- Realised	1,394	1,448
- Unrealised	(48)	(48)
	188,556	176,774
Less: Consolidation adjustments	(3,928)	(2,328)
Total Group retained profits as per consolidated accounts	184,628	174,445



B12 Earnings per share (EPS)

Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR
	31-Jan-17	31-Jan-16	31-Jan-17	31-Jan-16
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	15,360	9,784	41,012	25,160
Weighted average number of shares ('000)	193,156	194,721	193,156	194,721
Basic earnings per share (sen)	7.95	5.02	21.23	12.92

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

B13 Audit report of the preceding annual financial statement

The preceding year annual financial statements were not subject to any 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 YEAR
	31-Jan-17 RM' 000	31-Jan-16 RM' 000	31-Jan -17 RM' 000	31-Jan -16 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	351	264	960	854
Other income including investment Income	3,595	2,332	9,256	7,095
Interest expense	(33)	(86)	(113)	(179)
Depreciation and amortization	(917)	(854)	(2,685)	(2,489)
Provision for and write off of receivables	--	--	--	--
Provision for and write off of inventories	(78)	(21)	(185)	(84)
Gain or loss on disposal of quoted or unquoted investment or properties	90	-	124	2
Impairment of assets	-	-	-	-
Foreign exchange gain or loss:	-	-	-	-
- Realised	(20)	416	412	218
- Unrealised	197	520	569	781
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-