



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

Unaudited Interim Financial Report
31 July 2020



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

Quarterly report on consolidated results for the financial period ended 31 July 2020
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE QUARTER ENDED 31 JULY 2020**

	INDIVIDUAL PERIOD (1st Quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/07/2020	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2019	CURRENT YEAR TO DATE 31/07/2020	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	71,246	66,061	71,246	66,061
Cost of sales	(45,122)	(40,887)	(45,122)	(40,887)
Gross Profit	26,124	25,174	26,124	25,174
Other income	936	873	936	873
Depreciation	(1,597)	(1,557)	(1,597)	(1,557)
Administrative expenses	(4,468)	(5,777)	(4,468)	(5,777)
Selling & distribution expenses	(6,773)	(8,222)	(6,773)	(8,222)
Other expenses	(677)	(503)	(677)	(503)
Operating Profit	13,545	9,988	13,545	9,988
Finance income	185	255	185	255
Finance costs	(69)	(68)	(69)	(68)
Share of profit/(loss) of equity-accounted investee, net of tax	(8)	21	(8)	21
Profit before tax	13,653	10,196	13,653	10,196
Tax expenses	(3,424)	(2,667)	(3,424)	(2,667)
Profit after tax	10,229	7,529	10,229	7,529
Profit attributable to:				
Owners of the parent	10,263	7,743	10,263	7,743
Non-controlling interest	(34)	(214)	(34)	(214)
	10,229	7,529	10,229	7,529
Earnings Per Share attributable to equity holders of the parent				
- Basic	3.53	2.67	3.53	2.67
- Diluted	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.



Quarterly report on consolidated results for the financial period ended 31 July 2020
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JULY 2020**

	INDIVIDUAL PERIOD (1st Quarter)		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/07/2020	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2019	CURRENT YEAR TO DATE 31/07/2020	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,229	7,529	10,229	7,529
Other comprehensive income				
- Foreign currency translation differences for foreign operations	497	30	497	30
Total comprehensive Income for the period	10,726	7,559	10,726	7,559
Total comprehensive income attributable to:				
Owners of the parent	10,760	7,773	10,760	7,773
Non-controlling Interest	(34)	(214)	(34)	(214)
	10,726	7,559	10,726	7,559

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

**HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020**

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/7/2020 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/4/2020 (RM'000) (Audited)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	85,822	86,512
<i>Investment properties</i>	44,693	45,068
<i>Right-of-use assets</i>	11,713	12,027
<i>Investment in jointly control entity</i>	2,150	2,158
<i>Investment in an associates</i>	-	-
<i>Other Investments</i>	12	12
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,060	1,181
<i>Deferred tax assets</i>	1,900	2,060
	147,435	149,103
Current Assets		
<i>Inventories</i>	89,293	93,331
<i>Trade and other receivables</i>	21,542	23,401
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	44,240	37,920
<i>Cash and Cash Equivalents</i>	61,508	57,964
	216,583	212,616
TOTAL ASSETS	364,018	361,719
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
<i>Share capital</i>	157,257	157,257
<i>Treasury Shares</i>	(24,386)	(24,158)
<i>Other reserves</i>	1,590	1,093
<i>Retained earnings</i>	175,657	165,394
	310,118	299,586
Non-controlling interest	10,569	10,603
Total Equity	320,687	310,189
Non-current Liabilities		
<i>Borrowings</i>	-	-
<i>Lease Liabilities</i>	3,149	3,435
<i>Deferred tax</i>	420	437
	3,569	3,872
Current Liabilities		
<i>Trade & other payables</i>	36,970	44,106
<i>Short term borrowings</i>	-	-
<i>Short-term provisions</i>	152	698
<i>Lease Liabilities</i>	1,519	1,621
<i>Contract Liabilities</i>	1,078	1,225
<i>Current tax payables</i>	43	8
	39,762	47,658
Total Liabilities	43,331	51,530
TOTAL EQUITY AND LIABILITIES	364,018	361,719
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.07	1.03

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JULY 2020**

	Attributable to Equity Holders of the Parent					Distributable Retained Earnings	Total	Non- controlling interest	Total Equity
	Non distributable								
	Share Capital	Treasury shares	Exchange fluctuation reserve	Capital reserve	Share option reserve				
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
3-month ended 31 July 2020									
Balance as at 1 May 2020	157,257	(24,158)	(90)	657	526	165,394	299,586	10,603	310,189
Profit for the period	-	-	-	-	-	10,263	10,263	(34)	10,229
Other comprehensive income for the period	-	-	497	-	-	-	497	-	497
Total comprehensive income for the period	-	-	497	-	-	10,263	10,760	(34)	10,726
Purchase of Company's own shares	-	(228)	-	-	-	-	(228)	-	(228)
Balance at end of financial period	157,257	(24,386)	407	657	526	175,657	310,118	10,569	320,687
3-month ended 31 July 2019									
Balance as at 1 May 2019	157,257	(24,053)	(303)	657	597	176,064	310,219	10,456	320,675
Initial application of MFRSs adjustments	-	-	-	-	-	(1,269)	(1,269)	-	(1,269)
Profit for the period	-	-	-	-	-	7,743	7,743	(214)	7,529
Other comprehensive income for the period	-	-	30	-	-	-	30	-	30
Total comprehensive income for the period	-	-	30	-	-	7,743	7,773	(214)	7,559
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	(48)	(48)	(32)	(80)
Purchase of Company's own shares	-	-	-	-	-	-	-	-	-
Balance at end of financial period	157,257	(24,053)	(273)	657	597	182,490	316,675	10,210	326,885

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

**HAI-O ENTERPRISE BHD (Reg.No. 197501000919 (22544-D))****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 31 JULY 2020**

	3-month ended 31/07/2020 (RM '000)	3-month ended 31/07/2019 (RM '000)
Profit before tax	13,653	10,196
Adjustment for :-		
Depreciation on property, plant and equipment & IP	1,081	1,182
Depreciation on right-of-use assets	516	375
Dividend income	(281)	(284)
Fair value (gain)/loss on other investments	(39)	(73)
Finance costs	69	68
Finance income	(185)	(255)
Gain/(loss) on disposal of property, plant and equipment	(24)	-
Property, plant and equipment written off	1	1
Share of profit of equity-accounted investee, net of tax	8	(21)
Provision for sales campaign	831	432
Unrealised foreign exchange differences	111	55
Operating profit before changes in working capital	15,741	11,676
Changes in working capital		
<i>Inventories</i>	4,038	1,115
<i>Receipts from customers</i>	838	(2,870)
<i>Net Change in other receivables</i>	(370)	3,757
<i>Payment to suppliers, contractors and employees</i>	416	(2,828)
<i>Net Change in other payables</i>	(355)	(493)
	4,567	(1,319)
Cash generated from operations		
<i>Payment of income taxes</i>	(1,734)	(5,147)
<i>Finance cost</i>	(69)	(63)
Net cash flows from operating activities	18,505	5,147
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	-	(80)
<i>Acquisition of other investments</i>	(6,000)	(5,500)
<i>Purchase of property, plant and equipment & IP</i>	(143)	(88)
<i>Proceeds from disposal of other investment</i>	-	1,001
<i>Proceeds from disposal of property, plant and Equipment</i>	25	-
<i>Interest received</i>	185	255
Net cash from/(used in) investing activities	(5,933)	(4,412)
Financing Activities		
<i>Purchase of Company's own share</i>	(228)	-
<i>Dividend paid</i>	(8,709)	-
<i>Payment of lease liabilities</i>	(465)	(527)
<i>Interest paid on loans and borrowings</i>	-	(5)
<i>Repayment / drawdown of trade facilities</i>	-	(47)
Net cash from/(used in) financing activities	(9,402)	(579)
Net Changes in Cash & Cash Equivalents	3,170	156
Effect of exchange rate & fluctuations on cash held	374	(71)
Cash & Cash Equivalents at beginning of financial period	57,964	53,792
Cash & Cash Equivalents at end of the financial period	61,508	53,877

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.



PART A -- Notes To The Interim Financial Report

A1 Basis of preparation

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). This interim financial statement also complies with IAS 34, Interim Financial Reporting issued by the International Accounting Standards 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 2020.

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 2020.

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 2020 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 2020 as stated below:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

A2 Seasonal or cyclical factors of interim operations

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

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

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

A4 Changes in estimates of amounts reported previously

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



A5 Issues, repurchase and repayments of debts and equity securities

There have been no other issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the quarter under review.

- i) The details of shares held as treasury shares for the period ended 31 July 2020 are as follows:

	Number of Treasury shares	Total Cost Consideration RM
Balance as at 1 May 2020	9,984,588	24,158,288
Repurchased during the quarter	119,900	227,597
Balance as at 31 July 2020	10,104,488	24,385,885

The repurchase transactions were finance by internally generated funds.

As at 24 September 2020, the treasury shares held were 10,364,388 shares with a total purchase consideration of RM 24,849,185.

- ii) During the period under review and subsequent to the first quarter ended 31 July 2020, there was no ESOS options exercised.

A6 Dividend paid

The second single tier interim dividend of 3 sen per ordinary share amounting to RM 8,709,399 in respect of the previous financial year ended 30 April 2020 was paid on 16 June 2020.

A7 Segment information

Details of segmental analysis for the period ended 31 July 2020 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	49,340	13,168	7,867	871	-	71,246
Inter-segment revenue	63	15,397	-	1,921	(17,381)	-
Total revenue	49,403	28,565	7,867	2,792	(17,381)	71,246
RESULT						
Segment profit/(loss)	10,027	2,903	115	1,067	(567)	13,545
Finance costs						(69)
Interest income						185
Share of loss of equity-accounted investee, net of tax						(8)
Profit before taxation						13,653
Income tax expenses						(3,424)
Net profit for the period						10,229



A7 Segment information (continued)

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	116,068	168,946	35,455	43,549	-	364,018
Segment liabilities	18,265	16,565	6,155	2,346	-	43,331

A8 Property, plant and equipment

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

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

There were no material events subsequent to the period ended 31 July 2020 except for the following:

The Company acquired additional 5,000 shares of Hai-O Raya Bhd for a total cash consideration of RM 14,000.

A10 Changes in the composition of the Group

There was no change in the composition of the Group during the interim period ended 31 July 2020.

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 24/9/2020	As at 31/7/2020	As at 30/4/2020
	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 24/9/2020	As at 31/7/2020	As at 30/4/2020
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Company	991	991	1,493



A12 Capital commitment

The capital commitment of the Group for the period ended 31 July 2020 is as follows:

	Approved, contracted but not provided for
	RM'000
Property, plant and equipment	1,280
Total	1,280

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

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

Financial review for current quarter and financial period to date

	Quarter and Year-to-date ended		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/07/2020 (RM '000)	31/07/2019 (RM '000)	
Revenue	71,246	66,061	7.8%
Gross Profit	26,124	25,174	3.8%
Operating Profit	13,545	9,988	35.6%
Profit Before Tax	13,653	10,196	33.9%
Profit After Tax	10,229	7,529	35.9%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	10,263	7,743	32.5%

Statement of Profit & Loss and Other Comprehensive Income

For the 1st quarter under review, the Group recorded higher revenue of RM 71.2 million, an increase of 7.8% or RM 5.2 million as compared to the previous year corresponding quarter of RM 66.1 million. The increase in revenue was mainly attributed to higher sales contribution from the Multi-level marketing (“MLM”) division. The Group’s gross profit margin fell by 1.5% as a result of higher promotion costs and rebates offered to customers during the period under review. Operating profit margin improved to 19.0% as compared to previous year’s corresponding period of 15.1% as a result of effective cost optimisation initiatives and a favourable change of sales mix.



Statement of Financial Position

The equity attributable to equity holders of the parent stood at RM 310.1 million, an increase of 3.5% as compared to RM 299.6 million for the previous financial year ended 30 April 2020, after taking into account the profit attributable to owners of the company of RM 10.5 million.

The Group's total assets as at 31 July 2020 stood at RM 364.0 million (FYE 30/4/2020: RM 361.7 million). The increase in total assets by RM 2.3 million was mainly due to the increase in other investment. Total liabilities of the Group decreased by RM 8.2 million to RM 43.3 million (FYE 30/4/2020: RM 51.5 million) due to the decrease in trade and other payables.

The net assets per share increased to RM 1.07 against previous financial year ended 30 April 2020 of RM 1.03.

Statement of Cash Flow

The Group's cash and cash equivalents and short-term investments totalled RM 105.7 million as at 31 July 2020.

Net cash flow from operating activities amounted to RM 18.5 million, primarily generated from the operating profit of the three main divisions with the MLM and Retail divisions' sales mainly transacted in cash. Net cash used in investing activities including the purchase of other investments amounted to total outflow of RM5.9 million. Net cash used in financing activities of RM 9.4 million was mainly for dividend payment of RM 8.7 million. As a result, the Group's cash and cash equivalents increased by RM 3.2 million to RM 61.5 million in the current period.

Segmental Analysis

(i) MLM division

The MLM division is constantly devising, reviewing and adjusting various strategies to improve members' productivity, which includes leveraging on e-commerce and social media platforms to reach out to a wider group of members. In addition, the success of the "Duit Raya" sales campaign and the overwhelming response for one of its newly launched lady wear items had boosted sales. Hence, the division recorded higher revenue and pre-tax profit of RM 49.3 million and RM 10.1 million for the period under review as compared to the preceding year's corresponding quarter of RM 42.1 million and RM 7.3 million respectively.

(ii) Wholesale division

During the period under review, the Group's Wholesale revenue decreased by 6.8% to RM 13.2 million as compared to the preceding year's corresponding quarter of RM 14.1 million, reflecting constraints due to RMCO (Recovery Movement Control Order) restrictions. Higher revenue generated from Chinese medicated tonic and premium cooking wine was offset by lower revenue from western liquor and tea during the quarter.

Divisional pre-tax profit increased by 32.4% to RM 2.5 million, thanks to higher margins from Chinese medicated tonic and premium cooking wine as well as effective cost optimization measures carried out by the division.



(iii) Retail division

The outbreak of COVID-19 pandemic has adversely affected the retail industry. For the Retail division, the response to its members' sales campaign which was postponed from the preceding quarter to the period under review was less encouraging, as subdued consumer sentiment was aggravated by the extended physical distancing measures during the RMCO. Despite flattish divisional revenue of about RM 8.0 million, the Retail division managed to break even in the quarter ended 31 July 2020, due mainly to concessionary rental costs for several retail outlets and lower operating costs arising from shorter operating hours during the RMCO.

(iv) Others division

Revenue comprises mainly of rental income from investment properties, manufacturing of TCM and food supplements and credit & leasing business. The main contributors are manufacturing and rental income from investment properties.

During the period under review, pre-tax profit decreased by about 21.2% from RM 1.3 million to RM 1.0 million mainly attributable to lower contribution from the manufacturing division.

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

Financial review for current quarter compared with the immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes
	31/7/2020 (RM '000)	30/04/2020 (RM '000)	
Revenue	71,246	53,687	32.7%
Gross Profit	26,124	22,971	13.7%
Operating Profit	13,545	10,823	25.2%
Profit Before Tax	13,653	10,879	25.5%
Profit After Tax	10,229	9,279	10.2%
Profit Attributable to Ordinary Equity Holders of the Parent	10,263	9,567	7.3%

For the 1st quarter under review, the Group recorded higher revenue and pre-tax profit of RM 71.2 million and RM 13.7 million, an increase of 32.7% and 25.5% as compared with the immediate preceding quarter of RM 53.7 million and RM 10.9 million, respectively:



(i) MLM division

Divisional revenue increased by 39.9% to RM 49.3 million as compared with the immediate preceding quarter of RM 35.3 million, thanks to the success of the “Duit Raya” sales campaign launched in June 2020 and the overwhelming response for one of its newly launched lady wear items. During the COVID-19 health crisis, the division has further leveraged on e-technology by intensifying marketing strategies via social media and e-commerce platforms to boost sales especially for affordable “small ticket” items such as food supplements and personal care products.

(ii) Wholesale division

External revenue increased by 22.6% to RM 13.2 million as compared with the immediate preceding quarter of RM 10.7 million, mainly driven by higher sales from Chinese medicated tonic, premium cooking wine and patented medicine as part of the sales of these non-essential goods was deferred from the immediate preceding quarter.

Pre-tax profit increased two-fold to RM 2.5 million, reflecting higher margins for Chinese medicated tonic and premium cooking wine and effective cost optimization measures carried out during the period under review.

(iii) Retail division

Divisional revenue increased by 21.5% to RM 7.9 million, partly due to rebound of the lower base in the immediate preceding quarter as most of the outlets was not operating during MCO, and also aided by the deferment of the members’ sales promotion campaign from April 2020 to the quarter under review. Concessionary rental costs for several outlets and lower operating costs arising from shorter operating hours during RMCO lifted the bottom line to breakeven level.

B3 Commentary on prospects for the next quarter

The outbreak of COVID-19 pandemic and escalating US-China trade tensions have cast a long shadow over both the global and domestic economies and pose significant challenges to businesses. Recognising the prolonged nature of the challenges, the Group is proactively adapting to a “new normal” business environment where physical distancing measures would continue to restrict some of its business operations, especially those that involve social interaction including the MLM and Retail divisions.

Going forward, the Group will continue to enhance its digital marketing strategies across all major business segments to tap on opportunities and widen market coverage under the “new normal”. In response to the challenging business environment and subdued consumer sentiment, the Group will roll out more small ticket items including health supplements to help users strengthen immunity at affordable prices. The MLM division is organising more marketing events such as local incentive trip campaign to reward members, will conduct monthly flash sales and launch free members fees campaign to boost revenue. The Wholesale division will continue to collaborate with its key customers to organize sales promotions especially for its premium cooking wines and a new range of Fast Moving Consumer Goods products. The Retail division will launch its half yearly members’ sales campaign by offering more attractive rebates to reward its loyal members and intensify sales promotion through various e-market platforms.

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



B4 Statement of the Board of Directors' opinion on achievability of the financial estimate, forecast, projection or internal targets previously announced

There were no financial estimate, forecast, projection or internal targets previously announced by the Board of Directors.

B5 Profit forecast / profit guarantee previously announced

There were no profit forecast or profit guarantee previously announced.

B6 Trade Receivables

Ageing analysis of trade receivables of the Group as at 31 July 2020 is as follow:

	RM '000
Not past due	11,764
Past due 1-30 days	345
Past due 31-60 days	29
Past due more than 60 days & not impaired	53
Past due more than 60 days & impaired	4
	<u>12,195</u>

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

B7 Taxation

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

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

	Current quarter ended	Current year to date
	31/7/2020 (RM '000)	31/7/2020 (RM '000)
Profit before taxation	13,653	13,653
Taxation at applicable tax rate – 24%	3,277	3,277
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	147	147
Total Income Tax Expenses	3,424	3,424



B8 Status of Corporate Proposals

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

B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at 31 July 2020 were as follows :

Current period ended 31/7/2020				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowing	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				-

Preceding period ended 31/7/2019				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	242
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				242

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

B10 Changes in Material Litigation

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

B11 Dividend

No interim dividend has been declared for the quarter under review (31/7/2019: Nil).

Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 1 October 2020, the final single tier dividend of 4 sen per ordinary share in respect of the previous financial year ended 30 April 2020 will be paid on 19 November 2020 (FYE 30/4/2019: a final single tier dividend of 9 sen per ordinary share).

The entitlement date for the dividend payment is on 9 November 2020.



B12 Earnings per share (EPS)

Earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2020	31/7/2019	31/7/2020	31/7/2019
<i>Earnings</i>				
Net profit for the period attributable to equity holders of the parent (RM'000)	10,263	7,743	10,263	7,743
Weighted average number of shares ('000)	290,330	290,480	290,330	290,480
Weighted average number of shares for diluted EPS ('000)	- *	- *	- *	- *
Basic earnings per share (sen)	3.53	2.67	3.53	2.67
Dilutive earnings per share (sen)	-	-	-	-

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

B13 Auditors' report of the preceding annual financial statement

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



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

	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2020 RM' 000	31/7/2019 RM' 000	31/7/2020 RM' 000	31/7/2019 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	185	255	185	255
Other income including investment Income	936	873	936	873
Interest expense	(69)	(68)	(69)	(68)
Depreciation and amortization on PPE & IP	(1,081)	(1,181)	(1,081)	(1,181)
Depreciation and amortization on Right-use-of-assets	(516)	(376)	(516)	(376)
Provision for and write off of receivables	(403)	(187)	(403)	(187)
Provision for and write off of inventories	(74)	(45)	(74)	(45)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	-	-	-	-
Foreign exchange gain/(loss):				
- Realised	206	54	206	54
- Unrealised	(111)	(55)	(111)	(55)
Gain or loss on derivatives	-	-	-	-
Impairment loss	-	(13)	-	(13)
Reversal of impairment loss of inventories	383	-	383	-
Exceptional items	-	-	-	-