A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. **Basis of preparation**

This unaudited interim financial report has been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012 which were prepared under Financial Reporting Standard (FRS). The 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 June 2012.

In preparing this interim financial report, the Group's opening statement of financial position was prepared as at 1 July 2012 which was the Group's date of transition to MFRSs. Upon transition to MFRS, the Group has elected to apply the optional exemption to use the fair value of properties as deemed cost and measure all its property, plant and equipment using cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of the freehold land and building as at 1 July 2011 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. Accordingly, the revaluation surplus has been transferred to retained earnings.

The impact arising from the changes is summarized as follows:

	FRS as at 01/07/2011 RM'000	**Effect of transition to MFRS RM'000**	**MFRS as at 01/07/2011 RM'000**
Condensed Consolidated Statement of Financial Position			
Revaluation Reserve	7,123	(7,123)	-
Retained Earning	22,730	7,123	29,853

Reconciliation of retained earnings

	30 June 2012 (end of last period presented under FRSs) RM'000	**1 July 2011 date of transition RM'000**
Total retained earnings under FRSs	22,730	27,612
Revaluation of freehold land & building	7,123	7,123
Depreciation arising from revaluation	(71)	-
Total adjustment to retained earnings	7,052	7,123
Total retained earnings under MFRSs	29,782	34,735

As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2012 except as disclosed above.

MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

As at the date of authorization of the interim financial report, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for annual period beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Amendment to MFRS 1 (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, Amendments to MFRS 11 and Amendments to MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transaction	1 January 2013
Amendments to MFRS 101	Amendment to MFRS 101 (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116	Amendment to MFRS 116 (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Amendment to MFRS 132 (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 134	Amendment to MFRS 134 (Annual Improvements 2009-2011 Cycle)	1 January 2013

A2. **Audit report of preceding annual financial statements**
There was no audit qualification on the financial statements of the Group for the year ended 30 June 2012.

A3. **Seasonal or cyclical factors**
The Group's business operations are influenced by seasonality and the cyclical effects of promotional sales and festive seasons.

A4. **Unusual items affecting assets, liabilities, equity, net income or cash flows**
Save for the information disclosed in this interim financial report, there was no unusual item affecting assets, liabilities, equity, net income or cash flow.

A5. **Material changes in estimates**
There was no material changes in estimates used for preparation of this interim financial report.

A6. **Issuance or repayment of debts and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter under review.

A7. **Dividend paid**

No dividend was paid during the current quarter.

A8 **Segmental reporting**

Business Segments

The Group operates solely in the business segment involving the design, development, distributing and servicing of health care equipment and supplementary appliances.

Geographical Segments

The Group activities are located in Malaysia, Singapore, People's Republic of China, Australia, Hong Kong, Vietnam and Philippines. In addition, a Malaysian incorporated wholly owned subsidiary company also exports its products to distributors in North America, Europe, Middle East and Asia. The following is an analysis of the Group's revenue, assets, liabilities and capital expenditures by geographical markets, based on the origin of the goods/services:

Year To Date ended 30 June 2013

	Malaysia RM'000	Other Countries RM'000	Discontinued operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
Sales to external Customers	135,672	87,878	14,836	-	238,386
Other segmental information					
Segment assets	188,018	58,100	-	(111,905)	134,213
Segment liabilities	(50,027)	(26,849)	-	28,572	(48,304)
Total capital Expenditure					
- Property, plant and Equipment	18,638	1,972	-	-	20,610

Year To Date ended 30 June 2012

	Malaysia RM'000	Other Countries RM'000	Discontinued operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
Sales to external Customers	115,108	60,960	15,419	-	191,487
Other segmental information					
Segment assets	190,376	45,327	1,938	(124,851)	112,790
Segment liabilities	(77,514)	(20,278)	-	56,023	(41,769)
Total capital Expenditure					
- Property, plant and Equipment	19,631	1,580	53	-	21,264

A9. **Valuation of property, plant and equipment**

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment loss, if any. There was no revaluation of property, plant and equipment during the current quarter under review.

A10. **Changes in the composition of the Group**

There was no change in the composition of the Group during the quarter under review except Ogawa International (Aust) Pty Ltd ("Ogawa Australia"), a wholly-owned subsidiary of Healthy World Lifestyle Sdn Bhd, which in turn is a wholly-owned subsidiary of OWB has on 26 June 2013 submitted an application to Australian Securities & Investments Commission ("ASIC") for voluntary deregistration of Ogawa Australia pursuant to the Corporations Act 2001 due to unsatisfactory performance.

A11. **Contingent Liabilities**

The Directors are of the opinion that the Group has no contingent liability which upon crystallization would have material impact on the business and financial position of the Group except for performance guarantees given by the Company in respect of tenancy agreements entered into between its wholly owned subsidiary companies and the shopping complexes as follows:

	As at 30.6.2013 RM'000	**As at 30.6.2012 RM'000**
Corporate guarantee	139	58

A12. **Subsequent Events**

There was no material event subsequent to the current quarter ended 30 June 2013.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Analysis of performance

Current 3 months results against corresponding 3 months period of the last financial year

Malaysia – Continuing Operations

For the 3 months ended 30 June 2013, Malaysian revenue increased by 26.7% to RM 46.76 million from RM 36.90 million achieved in the corresponding period of the preceding financial year.

Malaysia registered a profit before tax of RM 9.78 million for the 3 months ended 30 June 2013 as compared to a profit before tax of RM 5.31 million for the corresponding period of the preceding financial year. The improvement in performance was due mainly to higher sales achieved.

Other Countries – Continuing Operations

For the 3 months ended 30 June 2013, revenue for the other countries increased by 44.7% to RM 31.64 million from RM 21.87 million achieved in the corresponding period of the preceding financial year.

Other countries recorded a profit before tax of RM 2.10 million for the 3 months ended 30 June 2013 as compared to a loss before tax of RM 0.87 million for the corresponding period of the preceding financial year. The improvement in performance was due mainly to higher sales achieved.

Current 12 months results against corresponding 12 months period of the last financial year

Malaysia – Continuing Operations

For the 12 months ended 30 June 2013, Malaysia revenue increased by 17.9% to RM 135.67 million from RM 115.11 million achieved in the corresponding period of the preceding financial year.

Malaysia registered a profit before tax of RM 15.51 million for the 12 months ended 30 June 2013 as compared to a profit before tax of RM 6.38 million for the corresponding period of the preceding financial year. The improvement in performance was due to higher sales achieved.

Other Countries – Continuing Operations

For the 12 months ended 30 June 2013, revenue for the other countries increased by 44.2% to RM 87.88 million from RM 60.96 million achieved in the corresponding period of the preceding financial year.

Other countries recorded a profit before tax of RM 4.78 million for the 12 months ended 30 June 2013 as compared to a loss before tax of RM 0.83 million for the corresponding period of the preceding financial year. The improvement in performance was due to higher sales and lower operating expenses which have resulted in higher operating profit.

B2. Comparison with preceding quarter results – continuing operations

Revenue for the Group increased from RM 54.83 million in the immediate preceding quarter to RM 78.40 million in this quarter due mainly to substantial increase in demand for our new products. The Group registered a profit before taxation of RM 11.88 million as compared to profit before tax of RM 4.41 million in the immediate preceding quarter as a result of higher sales achieved.

B3. **Commentary on Prospects**

The introduction of new products, coupled with improving global economic outlook has improved the performance of the Group. Control of operating costs continues to be a key management focus. Barring unforeseen circumstances, the Group expects the satisfactory performance to continue in the new financial year.

B4. **Variance of Actual and Forecast Profit**

Not applicable.

B5. **Other Operating Income/(Expenses)**

Included in other operating income/(expenses) are the following credits/(charges):

	Quarter ended 30 Jun		Year To Date ended 30 Jun	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Depreciation of property, plant and equipment	(1,071)	(1,211)	(3,964)	(4,068)
Amortisation of prepaid lease payments	(15)	(15)	(60)	(20)
Rental expenses	(9,327)	(8,791)	(31,348)	(28,057)
Audit fee	(109)	(89)	(264)	(224)
Gain/(loss) on disposal of property, plant and equipment	44	(14)	106	278
Property, plant and equipment written off	(127)	(75)	(358)	(329)
Bad debts written off	(13)	(16)	(28)	(16)
Allowance for doubtful debts	(12)	(62)	(138)	(825)
Impairment loss on obsolete inventories	(3)	(1,979)	(312)	(2,238)
Provision for unutilised leave	(36)	(256)	(36)	(256)
Inventories written off	(166)	(62)	(1,583)	(93)
Gain on disposal of subsidiary	44	-	39	-
Share options expenses	(43)	(66)	(228)	(302)
Realised (loss)/gain on foreign exchange	(14)	(52)	325	(174)
Unrealised gain/(loss) on foreign exchange	4	520	(476)	438
Fair value gain/(loss) on derivatives instrument	7	(27)	21	(27)

Other than the above, there were no impairment of assets, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 30 June 2013.

B6. **Taxation**

	Quarter ended 30 Jun		Year To Date ended 30 Jun	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Current tax expense:				
Income tax	(3,464)	(2,474)	(6,095)	(2,999)
Deferred tax	242	216	242	216
Total	(3,222)	(2,258)	(5,853)	(2,783)

The tax expense for the current quarter is derived based on management's best estimate of the tax payable for the financial period.

B7. Discontinued Operations

During last financial year, the Board of Directors had decided to discontinue operations of its subsidiary, Ogawa (Shanghai) Health-Care Equipment Co. Ltd. in favour of the collaboration agreement reached between Healthy World Lifestyle Sdn Bhd and Xiamen Comfort Science & Technology Group Co. Ltd. The objective of this collaboration agreement, Xiamen Comfort Ogawa Trade Co. Ltd was set up on 6 August 2012 to jointly maintain, operate and expand "OGAWA" trademarks registered in China. Ogawa (Shanghai) Health-Care Equipment Co. Ltd. shall become a dormant company upon completion of this exercise.

The loss for the period from discontinued operations is analysed as follow:

	Quarter ended 30 Jun		Year To Date ended 30 Jun	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit/(Loss) for the period	902	1,624	(58)	(4,046)

B8. Corporate proposal

There was no corporate proposal announced and not completed as at the date of this announcement except for the followings:

(a) Members' Voluntary Liquidation of wholly-owned subsidiary companies of OWB, namely, Ogawa Health-Care Sdn Bhd, Ogawa Health-Care (East Malaysia) Sdn Bhd, Fujiiryoki (Malaysia) Sdn Bhd, Ogawa Medicare Sdn Bhd and OgawaWorld Evas Sdn Bhd. pursuant to Section 254(1)(b) of the Companies Act, 1965 on 3 August 2012.

(b) Ogawa International (Aust) Pty Ltd ("Ogawa Australia"), a wholly-owned subsidiary of Healthy World Lifestyle Sdn Bhd, which in turn is a wholly-owned subsidiary of OWB has on 26 June 2013 submitted an application to Australian Securities & Investments Commission ("ASIC") for voluntary deregistration of Ogawa Australia pursuant to the Corporations Act 2001 Due to unsatisfactory performance.

The profit/(loss) for the period from discontinued operations is analysed as follow:

	Quarter ended 30 Jun		Year To Date ended 30 Jun	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	89	4,015	14,836	15,419
Interest income	-	-	-	-
Other operating income	1,042	22	428	421
Changes in inventories of trading merchandise	787	45	(1,884)	(132)
Trading merchandise purchased	(396)	(587)	(7,168)	(6,434)
Staff costs	-	(1,104)	(3,495)	(6,372)
Depreciation of property, plant and equipment	(168)	(105)	(915)	(959)
Finance costs	-	-	-	-
Other operating expenses	(452)	(662)	(1,860)	(5,989)
Profit/(Loss) before tax	902	1,624	(58)	(4,046)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	902	1,624	(58)	(4,046)

	Quarter ended 30 Jun		Year To Date ended 30 Jun	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental expense	(65)	(465)	(1,447)	(3,004)
Reversal of impairment loss on obsolete inventories	-	64	490	-
Impairment loss on obsolete inventories	(80)	(347)	-	(852)
Allowance for doubtful debts	(162)	-	(155)	(167)
Bad debts written off	-	(67)	-	(67)
Unrealised gain/(loss) on foreign exchange	(8)	(63)	(8)	(63)
Allowance for doubtful debts no longer required	-	78	-	-
Audit fee	(3)	(4)	(49)	(64)
Property, plant and equipment written off	-	-	-	-
Loss on disposal of property, plant and equipment	(64)	(9)	(64)	(9)
Impairment on property, plant and equipment	305	-	305	-
Provision for unutilised leave	(27)	40	-	-
Share options expenses	-	(7)	-	(10)
Realised gain/(loss) on foreign exchange	(10)	152	-	(78)

The major classes of assets classified as assets held for sale are as follows:

	As at 30.6.2013 RM'000	As at 30.6.2012 RM'000
Property, plant and equipment	-	53
Inventories	-	1,885
	-	1,938

B9. **Group borrowings**

There was no other borrowing or debt securities in the Group as at 30 June 2013, except as disclosed below:-

Hire-purchase (secured)	As at 30.6.2013 RM'000	As at 30.6.2012 RM'000
Current portion	-	62
Non-current portion	-	-
TOTAL	-	62

B10. **Material litigation**

The Group is not engaged in any material litigation as of the date of this report.

B11. **Dividends**

No dividend has been recommended or declared for the current quarter under review (Q4 FY2012: Nil).

B12. **Earnings per share**

	Current quarter 30.6.2013	Preceding year corresponding quarter 30.6.2012	Financial period to-date 30.6.2013	Preceding year corresponding period to-date 30.6.2012
Net profit /(loss) for the financial year attributable to equity holders of the Company (RM'000)	9,564	3,810	14,376	(1,282)
Weighted average number of shares				
a) Basic	**('000)**	**('000)**	**('000)**	**('000)**
Number of ordinary shares	120,000	120,000	120,000	120,000
Weighted average number of ordinary shares in issue	119,994	120,000	119,994	120,000
b) Diluted earnings per share				
Weighted average number of ordinary shares in issue	119,994	120,000	119,994	120,000
Adjustment for assumed exercised of ESOS	281	-	281	-
Adjusted weighted average number of ordinary shares	120,275	120,000	120,275	120,000
Basic earnings/(loss) per share (sen)	7.97	3.18	11.98	-1.07
Diluted earnings/(loss) per share (sen)	7.95	3.18	11.95	-1.07

(Note: Weighted average number of ordinary shares in issue during the period excludes treasury shares held by the Company)

B13. **Realised and unrealised profits**

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits, is as follows:

	As at 30.6.2013 RM'000	As at 30.6.2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	37,198	20,869
- Unrealised	(484)	375
	36,714	21,244
Consolidation adjustments	7,440	8,538
Total group retained earnings as per consolidated accounts	44,154	29,782