



Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of the financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

## **2. Audit Report of Preceding Annual Financial Statements**

The audit report of the annual financial statements of the Group for the financial year ended 31 December 2010 was not subject to any qualification.

## **3. Seasonal or Cyclical Factors**

There were no major seasonal or cyclical factors that affected operations.

## **4. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial year-to-date ended 30 June 2011.

## **5. Changes in Estimates**

There were no changes in the nature and amount of estimates reported in prior interim period of current or prior financial years.

## **6. Issues, Repurchases, and Repayments of Debt and Equity Securities**

There were no issues, repurchases, or repayments of debt and equity securities during the financial year-to-date ended 30 June 2011.

## **7. Dividend Paid**

During the quarter ended 30 June 2011, the first interim single tier dividend of 9.0 sen net per share amounting to RM14,795,000 was paid on 10 June 2011 in respect of the financial year ending 31 December 2011.

## **8. Operating Segment Information**

As in prior financial year, the Group operates solely in the direct selling industry and distribution of its products in Malaysia and Brunei. The results and total assets of the subsidiary in Negara Brunei Darussalam are insignificant to the Group. Accordingly, information on geographical and business segments of the Group's operations are not presented with the adoption of FRS 8.

## **9. Events after the interim Period**

There had been no events affecting the earnings of the Group and the Company between 30 June 2011 to 10 August 2011.

## 10. Effects of Changes in the Composition of the Group

There were no changes in the composition of the Company / Group including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring and discontinuing operations during the financial year-to-date ended 30 June 2011.

## 11. Capital Commitments

Authorised capital commitments not recognised in the interim financial statements as at 30 June 2011 are as follows:

	RM'000
Contracted	1,627
Not contracted	7,170
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	<u>8,797</u>
Contracted Commitments are analysed as follows:	
Leasehold Improvements and Purchase of Equipment	<u>1,627</u>

## 12. Related Party Transactions

Significant related party transactions are as follows:

RM'000	Quarter ended		Year-to-date ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
Sales of goods	831	716	1,422	1,585
Purchases of goods	42,121	47,946	86,176	103,403
Services provided	930	-	930	91
Services received	712	1,274	2,326	3,516
Royalties expense	298	235	624	509

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

### **1. Performance Review**

The Group's sales revenue recorded a marginal increase of 0.5% for the quarter under review as compared to the corresponding period in the preceding year, as the sales performance was supported by the various sales and marketing program implemented during the quarter.

However, the Group's sales revenue recorded a decrease of 0.5% for the six month ended 30 June 2011 as compared to the corresponding period in the preceding year due to weaker consumer spending arising from firming inflationary expectation coupled with the sales of corresponding period was boosted by pre-price increase buying ahead of the distributor price increase effective 1 March 2010.

The Group's profit before tax decreased by 14.4% for the quarter under review as compared to the corresponding period in the preceding year mainly due to higher advertising and promotional expenses coupled with higher operating cost arising from investment in consumer access driven strategies.

The Group's profit before tax increased marginally by 1.3% for the six month ended 30 June 2011 as compared to the corresponding period in the preceding year mainly due to favourable foreign exchange rate of Ringgit against US Dollar, and offset by higher advertising and promotional expenses coupled with higher operating cost arising from investment in consumer access driven strategies.

### **2. Comparison with Preceding Quarter's Results**

The Group's sales revenue decreased by 2.1% as compared to the preceding quarter mainly due to higher distributor productivity driven by sales and marketing program implemented in the preceding quarter.

The Group's profit before tax decreased by 6.3% as compared to the preceding quarter in line with lower sales.

### **3. Commentary on Prospects for the Current Financial Year**

The economic environment remains challenging. Based on the marketing and sales programs the Group has put in place to support distributors to grow their business, the Group is cautiously optimistic of achieving growth in sales revenue in the current financial year.

The Board of Directors is of the opinion that this internal target is achievable based on current market conditions and currently available information. The target will be reviewed periodically by the Board of Directors and any subsequent changes will be conveyed to the market in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The above is internal management target and is not an estimate, forecast or projection. In addition, this internal target has not been reviewed by our external auditors.

#### 4. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued by the Group.

#### 5. Income Tax Expense

RM'000	Quarter ended		Year-to-date ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
<b>Tax charges/(credits) comprise:</b>				
Malaysian taxation based on profit for the period				
Current income tax	9,341	8,938	17,458	15,074
Deferred tax	(2,710)	(686)	(3,732)	(1,199)
<b>Total</b>	<b>6,631</b>	<b>8,252</b>	<b>13,726</b>	<b>13,875</b>

The effective tax rate of the Group for the current and previous corresponding quarter and financial-year-to-date was higher than the statutory tax rate mainly due to certain expenses disallowed for tax purposes.

#### 6. Realised and Unrealised Profits/(Losses)

RM'000	As at	
	30/6/2011	31/12/2010
Realised	45,972	44,219
Unrealised	13,664	5,719
	59,636	49,938
Less: Consolidation adjustments	(5,748)	(5,748)
<b>Total Group Retained Profits</b>	<b>53,888</b>	<b>44,190</b>

#### 7. Profit/ Loss on Sale of Unquoted Investments and/or Properties

There were no disposals of investments during the quarter under review and financial year-to-date.

#### 8. Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the quarter under review and financial year-to-date.

## 9. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 10 August 2011.

## 10. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 30 June 2011.

## 11. Derivative Financial Instruments

With the adoption of FRS 139, financial derivatives are recognized on their respective contract dates.

There are no outstanding forward contracts entered into by the Group, as at the date of the statement of financial position 30 June 2011.

It is, and has been throughout the period under review, the Group's policy that no trading in derivative financial instruments and no speculative transactions shall be undertaken. The currency forward contracts are transacted with the Group's bankers for the purposes of hedging the purchases of products in US Dollars.

For the quarter ended 30 June 2011, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous year. Also, there have been no changes to the Group's financial risk management objectives and policies since the previous financial year end.

## 12. Gains and Losses arising from Fair Value Changes of Financial Liabilities

The gains and losses arising from fair value changes of financial liabilities measured at fair value through profit or loss for current quarter and financial year-to-date ended 30 June 2011 are as follows:

Type	Current quarter Gains/(Losses) RM'000	Financial year-to-date Gains/(Losses) RM'000	Basis of fair value measurement	Reasons for Gains/(Losses)
Derivative financial instruments (Refer to Note B11)	15	0	Foreign currency as of financial position date	Foreign exchange movements

## 13. Material Litigation

There was no material litigation as at 10 August 2011.

#### **14. Dividend**

- (a) i) A second interim single tier dividend of 9.0 sen net per share has been declared on 10 August 2011, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each.
  - ii) For the previous corresponding quarter, an interim single tier dividend of 9.0 sen net per share has been declared on 5 August 2010, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each.
  - iii) In respect of deposited securities, entitlement to the second interim single tier dividend will be determined based on shareholders registered in the record of depositors as at 26 August 2011. The payment date is 15 September 2011.
- (b) The total dividend declared for the financial year ending 31 December 2011 are as follows:
- i) First interim single tier dividend of 9.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
  - ii) Second interim single tier dividend of 9.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.

#### **15. Earnings Per Share**

The basic earnings per share for the current quarter is calculated by dividing the profit for the period amounting RM19,014,000 by the number of shares in issue of 164,385,645.