

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

1. Basis of Preparation

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report also complies with IAS 34: Interim Financial Reporting, issued by the International Accounting Standards Board.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. The audited financial statements of the Group for the year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations

During the financial period, the Group adopted the following Standards, Amendments and IC Interpretations:

MFRS 101	:	Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
Amendments to MFRS 101	:	Presentation of Financial Statements (Annual Improvements 2009 -2011 Cycle)
MFRS 3	:	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10	:	Consolidated Financial Statements
MFRS 11	:	Joint Arrangements
MFRS 12	:	Disclosure of interests in Other Entities
MFRS 13	:	Fair Value Measurement
MFRS 119	:	Employee Benefits
MFRS 127	:	Separate Financial Statements
MFRS 128	:	Investment in Associate and Joint Ventures
MFRS 127	:	Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendment to IC Interpretation 2	:	Members’ Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20	:	Stripping Costs in the Production Phase of a Surface Mine

1. Basis of Preparation (contd.)

Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations (contd.)

Amendments to MFRS 7	:	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	:	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1	:	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	:	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	:	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	:	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	:	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	:	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	:	Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the Standards, Amendments and Interpretations above did not have any material financial impact to the Group.

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 2012 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 quarter and financial period ended 30 June 2013.

5. Changes in Estimates

There were no changes in the nature and estimates of amounts reported in prior financial years that have had any material effect in the quarter and financial period ended 30 June 2013.

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

There were no issuances, repurchases, or repayments of debt and equity securities during the quarter and financial period ended 30 June 2013.

7. Dividend Paid

During the quarter under review, an interim single tier dividend of 10.0 sen net per share, amounting to RM16,438,565, was paid on 27 June 2013, in respect of the financial year ending 31 December 2013.

The following dividends in respect of the financial year ended 31 December 2012, as declared on 20 February 2013, were paid on 2 April 2013:

- i) interim single tier dividend of 10.0 sen net per share amounting to RM8,499,028.
- ii) special interim single tier dividend of 22.5 sen net per share amounting to RM19,122,814.

GDA B.V. requested the remittance on 2 April 2013 due to the public holidays in the country of the receiving bank of GDA B.V.

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 is not presented with the adoption of MFRS 8.

9. Events after the Interim Period

There was no material event subsequent to the current and financial period ended 30 June 2013 up to the date of this report.

10. Effects of Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, or discontinued operations during the quarter ended 30 June 2013.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 30 June 2013 are as follows:

	RM'000
Approved and contracted for	490
Approved and not contracted for	6,337

	<u>6,827</u>
Contracted Commitments are analyzed as follows:	
Purchase of Furniture, Fittings, Office and IT Equipment & software	<u>490</u>

12. Related Party Transactions

Significant related party transactions are as follows:

RM'000	Quarter ended		Year-to-date ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Sales of goods	594	815	974	1,330
Purchases of goods	(46,144)	(43,541)	(108,084)	(89,286)
Services provided	2,761	927	3,814	1,878
Services received	(3,346)	(2,469)	(6,692)	(4,847)
Royalties expense	(326)	(399)	(667)	(701)

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 increased by 3.5% for the quarter ended 30 June 2013 and 8.5% for the six months ended 30 June 2013 as compared to the corresponding periods in the preceding year. The growth in sales revenue for the quarter was due to improved distributor productivity supported by sales and marketing programs. Growth for the six month period was attributable to purchases in advance of price increases effective 1 February 2013 and 1 April 2013, as well as the positive impact of the sales and marketing programs implemented during the period.

The Group's profit before tax decreased by 6.2% for the quarter ended 30 June 2013 and was flat for the six months ended 30 June 2013 as compared to the corresponding periods in the preceding year, mainly due to an increase in sales and marketing expenses.

2. Comparison with Preceding Quarter's Results

The Group's sales revenue decreased by 4.2% for the quarter under review as compared to the preceding quarter, in which distributor productivity had been driven by accelerated purchasing in advance of February and April price increases.

The Group's profit before tax increased by 3.0% as compared to the preceding quarter, due to decreased sales and marketing program expenses.

3. Commentary on Prospects for the Current Financial Year

Based on the year to date performance, the Group maintains its target of low single digit growth in sales revenue for the 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 an 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	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Tax charges/(credits) comprise:				
Current income tax	13,062	12,134	22,372	18,451
Deferred tax	(4,788)	(3,294)	(6,052)	(2,153)
Total	8,274	8,840	16,320	16,298

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

6. Realised and Unrealised Profits/(Losses)

RM'000	As at	
	30/6/2013	31/12/2012
Realised	36,147	64,746
Unrealised	9,536	3,946
	45,683	68,692
Less: Consolidation adjustments	(7,249)	(7,239)
Total Group Retained Profits	38,434	61,453

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 29 August 2013.

8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 30 June 2013.

9. Derivative Financial Instruments

There were no derivative financial instruments for the quarter ended 30 June 2013.

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

Not Applicable.

11. Material Litigation

There was no material litigation as at 29 August 2013.

12. Dividends

- i) A second interim single tier dividend of 10.0 sen net per share has been declared on 29 August 2013, 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 10.0 sen net per share has been declared on 27 August 2012, 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 13 September 2013. The payment date is 27 September 2013.

The total dividend declared for the financial year ending 31 December 2013 as follows:

- i) First interim single tier dividend of 10.0 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 10.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.

13. Earnings Per Share

The basic earnings per share for the current quarter is calculated by dividing the profit for the period (RM23,768,000) by the number of issued shares (164,385,645).

14. Notes to the Statements of Comprehensive Income

RM'000	Quarter ended		Year-to-date ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Depreciation of property, plant and equipment	2,122	2,073	4,214	4,195
Provision for inventories	364	39	219	479
Inventories written off	97	52	176	252
Net Foreign exchange loss / (gain)	33	(18)	57	(110)
Interest Income	(1,134)	(1,100)	(2,417)	(2,056)
Loss / (gain) on disposal of plant and equipment	-	-	2	(12)

No other income or loss, including investment income, gain / (loss) on disposal of quoted or unquoted investments or properties, gain / (loss) on derivatives, provision for and write off of receivables, impairment of assets, or interest expense was recognized for the current quarter or financial year-to-date ended 30 June 2013.