

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 year, the Group adopted the following Standards, Amendments and IC Interpretations:

Amendments to MFRS 101	:	Presentation of Items of Other Comprehensive Income
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 (IAS 19 as amended by IASB in June 2011)
MFRS 127	:	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	:	Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)
MFRS 127	:	Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
IC Interpretation 20	:	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7	:	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS/ IC Interpretations	:	Annual Improvements 2009-2011 Cycle

1. Basis of Preparation (contd.)

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

Amendments to MFRS 1	:	Government Loans
Amendments to MFRS 10, MFRS 11 and MFRS 12	:	Consolidated Financial Statements, Joint Arrangements and 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 6 December 2013, in respect of the financial year ended 31 December 2013.

8. Operating Segment Information

As in the 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 year ended 31 December 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 31 December 2013.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 31 December 2013 are as follows:

	RM'000
Approved and contracted for	60
Approved and not contracted for	4

	64
	=====
Contracted Commitments are analyzed as follows:	
Purchase of Equipment & Software	60
	=====

12. Related Party Transactions

Significant related party transactions are as follows:

RM'000	Quarter ended		Year ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Sales of goods	667	1,089	2,446	3,036
Purchases of goods	(56,353)	(60,707)	(224,896)	(206,366)
Services provided	(269)	1,144	6,628	4,014
Services received	(879)	(6,215)	(10,121)	(13,515)
Royalties expense	(396)	23	(1,495)	(1,377)

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 decreased by 3.9% for the quarter ended 31 December 2013, unfavorable compared to Q4 2012 which registered high sales base. On the year to date basis, the Group's sales revenue grew 4.6% for the year ended 31 December 2013, attributable to the positive impact of sales and marketing programs and price increase implemented during the year under review.

The Group's profit before tax decreased by 5.1% for the quarter ended 31 December 2013 however increased by 5.9% for the year ended 31 December 2013 as compared to the corresponding periods in the preceding year, in tandem with the sales performance.

2. Comparison with Preceding Quarter's Results

The Group's sales revenue decreased by 16.9% for the quarter under review as compared to the preceding quarter mainly due to higher distributor productivity achieved in the preceding quarter driven by sales and marketing program implemented in that quarter. The record sales in preceding quarter was partly attributable to exceptional demand of Atmosphere air purifier.

The Group's profit before tax decreased by 20.6% as compared to the preceding quarter, mainly due to the decrease in sales.

3. Commentary on Prospects for the Financial Year Ending 31 December 2014

The Group is cautiously optimistic of achieving a low single digit growth in sales revenue in the new 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 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 ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Tax charges/(credits) comprise:				
Current income tax	4,397	9,308	37,029	35,279
Deferred tax	3,008	2,747	(856)	2,079
Total	7,405	12,055	36,173	37,358

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2013 were lower than the statutory tax rate, mainly due to over provision of tax related to the prior year.

The effective tax rate of the Group for the previous corresponding quarter and financial year ended 2012 were 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	
	31/12/2013	31/12/2012
Realised	70,146	64,746
Unrealised	4,801	3,946
	74,947	68,692
Less: Consolidation adjustments	(7,213)	(7,239)
Total Group Retained Profits	67,734	61,453

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 25 February 2014.

8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 31 December 2013.

9. Derivative Financial Instruments

There were no derivative financial instruments for the quarter ended 31 December 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 25 February 2014.

12. Dividends

- i) A fourth interim single tier dividend of 10.0 sen net per share has been declared on 25 February 2014, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each. A special interim single tier dividend of 22.5 sen net per share has also been declared on 25 February 2014, based on the 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 was declared on 20 February 2013, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each. A special interim single tier dividend of 22.5 sen net per share was declared on 20 February 2013, based on the share capital of 164,385,645 ordinary shares of RM1.00 each
- iii) In respect of deposited securities, entitlement to the fourth and the special interim single tier dividend will be determined based on shareholders registered in the record of depositors as at 12 March 2014. The payment date is 21 March 2014.

The total dividend declared for the financial year ended 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.
- iii) Third 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.
- iv) Fourth 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.
- v) Special interim single tier dividend of 22.5 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 quarter amounting RM28,906,000 by the number of shares in issue of 164,385,645.

14. Notes to the Statements of Comprehensive Income

RM'000	Quarter ended		Year ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Depreciation of property, plant and equipment	1,773	2,126	7,802	8,335
Provision for inventories	2,128	1,554	1,677	2,286
Inventories written off	106	70	442	360
Net Foreign exchange (gain) / loss	(1)	5	(87)	(104)
Interest Income	(1,294)	(1,626)	(5,112)	(4,976)
Gain on disposal of plant and equipment	(291)	(18)	(291)	(60)

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 ended 31 December 2013.