

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 2013. The audited financial statements of the Group for the year ended 31 December 2013 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:

| | | |
|---|---|--|
| Amendments to MFRS 132 | : | Offsetting Financial Assets and Financial Liabilities |
| Amendments to MFRS 10, MFRS 12 and MFRS 127 | : | Investment Entities |
| Amendments to MFRS 136 | : | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to MFRS 139 | : | Novation of Derivatives and Continuation of Hedge Accounting |
| IC Interpretation 21 | : | Levies |

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 2013 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 2014.

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 2014.

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 2014.

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 5 June 2014 in respect of the financial year ending 31 December 2014.

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 period ended 30 June 2014 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 2014.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 30 June 2014 are as follows:

| | |
|--|------------|
| | RM'000 |
| Approved and contracted for | 247 |
| Approved and not contracted for | 92 |
| | ----- |
| | <u>339</u> |
| | |
| Contracted Commitments are analyzed as follows: | |
| Purchase of Equipment, Furniture & Fittings, Software and Leasehold Improvements | <u>247</u> |

12. Related Party Transactions

Significant related party transactions are as follows:

| RM'000 | Quarter ended | | Year-to-date ended | |
|--------------------|---------------|-----------|--------------------|-----------|
| | 30/6/2014 | 30/6/2013 | 30/6/2014 | 30/6/2013 |
| Sales of goods | 786 | 594 | 1,315 | 974 |
| Purchases of goods | (55,319) | (46,144) | (106,980) | (108,084) |
| Services provided | 4218 | 2,761 | 6,644 | 3,814 |
| Services received | (3,312) | (3,346) | (6,900) | (6,692) |
| Royalties expense | (368) | (326) | (695) | (667) |

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 for the six months ended 30 June 2014 showed a 1.9% growth and was marginally lower for the current quarter as compared to the corresponding periods in the preceding year, partly due to lower sales in second quarter.

The Group's profit before tax increased by 9.9% for the quarter ended 30 June 2014 and 10.1% for the six months ended 30 June 2014 as compared to the corresponding periods in the preceding year mainly due to lower expenses incurred in the periods under review.

2. Comparison with Preceding Quarter's Results

The Group's sales revenue decreased by 9.3% for the quarter under review as compared to the preceding quarter mainly due to higher distributor productivity achieved in the first quarter, driven by the sales and marketing programs.

The Group's profit before tax increased by 2.6% as compared to the preceding quarter, mainly due to lower expenses incurred in the current quarter.

3. Commentary on Prospects for the Current Financial Year

Based on current trend, the Group expects the sales revenue to be flat against preceding 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 | |
|--|---------------|--------------|---------------|---------------|
| | 30/6/2014 | 30/6/2013 | 30/6/2014 | 30/6/2013 |
| Tax charges/(credits) comprise: | | | | |
| Current income tax | 10,866 | 13,062 | 20,498 | 22,372 |
| Deferred tax | (1,789) | (4,788) | (2,562) | (6,052) |
| Total | 9,077 | 8,274 | 17,936 | 16,320 |

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 | |
|-------------------------------------|---------------|---------------|
| | 30/6/2014 | 31/12/2013 |
| Realised | 49,255 | 70,146 |
| Unrealised | 7,362 | 4,801 |
| | 56,617 | 74,947 |
| Less: Consolidation adjustments | (7,150) | (7,213) |
| Total Group Retained Profits | 49,467 | 67,734 |

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 13 August 2014.

8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 30 June 2014.

9. Derivative Financial Instruments

There were no derivative financial instruments for the quarter ended 30 June 2014.

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

Not Applicable.

11. Material Litigation

There was no material litigation as at 13 August 2014.

12. Dividends

- i) A second interim single tier dividend of 10.0 sen net per share has been declared on 13 August 2014, 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 29 August 2013, 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 28 August 2014. The payment date is 11 September 2014.

The total dividend declared for the financial year ending 31 December 2014 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 quarter amounting RM26,140,000 by the number of shares in issue of 164,385,645.

14. Notes to the Statements of Comprehensive Income

| RM'000 | Quarter ended | | Year-to-date ended | |
|--|---------------|-----------|--------------------|-----------|
| | 30/6/2014 | 30/6/2013 | 30/6/2014 | 30/6/2013 |
| Depreciation of property, plant and equipment | 2,018 | 2,122 | 4,013 | 4,214 |
| (Writeback)/provision for inventories | (797) | 364 | (357) | 219 |
| Inventories written off | 31 | 97 | 220 | 176 |
| Net Foreign exchange loss | 59 | 33 | 63 | 57 |
| Interest Income | (1,292) | (1,134) | (2,626) | (2,417) |
| Loss/(gain) on disposal of plant and equipment | 1 | - | (270) | 2 |

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 30 June 2014.