

**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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 9 December 2014 in respect of the financial year ended 31 December 2014.

### **8. Operating Segment Information**

As in the prior financial year, the Group operates solely in the direct selling industry and distributes 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 quarter and the financial year ended 31 December 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 31 December 2014.

## 11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 31 December 2014 are as follows:

	RM'000
Approved and contracted for	1,562
Approved and not contracted for	5
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	<u>1,567</u>
Contracted Commitments are analyzed as follows:	
Purchase of Equipment, Furniture & Fittings, Software and Leasehold Improvements	<u>1,562</u>

## 12. Related Party Transactions

Significant related party transactions are as follows:

RM'000	Quarter ended		Year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Sales of goods	476	667	2,486	2,446
Purchases of goods	(68,347)	(56,353)	(241,311)	(224,896)
Services provided	(52)	(269)	9,914	6,628
Services received	(3,538)	(879)	(13,784)	(10,121)
Royalties expense	(282)	(396)	(1,483)	(1,495)

## **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 16.4% for the quarter ended 31 December 2014 and 2.6% for the year ended 31 December 2014 as compared to the corresponding periods in the preceding year, due to positive momentum generated in the new performance year of the distributors (which commenced in September), as well as the positive impact of sales and marketing programs.

The Group's profit before tax decreased by 10.6% for the quarter ended 31 December 2014 and 7.3% for the year ended 31 December 2014 as compared to the corresponding periods in the preceding year mainly due to higher operating expenses.

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

The Group's sales revenue increased by 4.9% for the quarter under review as compared to the preceding quarter mainly due to higher sales generated by sales and marketing programs and higher productivity driven by Nutrilite 80<sup>th</sup> Anniversary programs.

The Group's profit before tax decreased by 0.6% as compared to the preceding quarter, mainly due to higher operating expenses.

### **3. Commentary on Prospects for the Financial Year Ending 31 December 2015**

With the downward revision of the economic outlook as a result of falling oil prices, a weaker Ringgit against US Dollar which will substantially increase product costs, and expected pullback in consumer spending after the implementation of the goods and services tax (GST), the Board expects 2015 to be an extremely challenging year. However, the Group will stay focused to support our distributors to grow their businesses, through various sales and marketing initiatives, undertaken both pre and post-GST implementation.

### **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
	31/12/2014	31/12/2014
<b>Tax charges/(credits) comprise:</b>		
Current income tax	8,655	34,877
Deferred tax	561	(111)
<b>Total</b>	<b>9,216</b>	<b>34,766</b>

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2014 were higher than the statutory tax rate, mainly due to certain expenses were disallowed for tax purposes.

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

RM'000	As at	
	31/12/2014	31/12/2013
Realised	67,177	70,146
Unrealised	4,892	4,801
	72,069	74,947
Less: Consolidation adjustments	(7,228)	(7,213)
<b>Total Group Retained Profits</b>	<b>64,841</b>	<b>67,734</b>

## 7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 10 February 2015.

## 8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 31 December 2014.

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

Not Applicable.

## 10. Material Litigation

There was no material litigation as at 10 February 2015.

## 11. Dividends

- i) A fourth interim single tier dividend of 10.0 sen net per share has been declared on 10 February 2015, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each. A special interim single tier dividend of 15.0 sen net per share has also been declared on 10 February 2015, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
- ii) For the previous year corresponding quarter, a fourth interim single tier dividend of 10.0 sen net per share was 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 was declared on 25 February 2014, 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 interim single dividend and the special interim single tier dividend will be determined based on shareholders registered in the record of depositors as at 10 March 2015. The payment date will be 24 March 2015.

The total dividends declared for the financial year ended 31 December 2014 are 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 15.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.

## 12. Earnings Per Share

The basic earnings per share for the current quarter is calculated by dividing the profit for the quarter amounting RM23,233,000 by the number of shares in issue of 164,385,645.

### 13. Notes to the Statements of Comprehensive Income

RM'000	Quarter ended		Year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Depreciation of property, plant and equipment	1,898	1,773	7,804	7,802
(Writeback)/Allowance for inventories	(62)	2,128	(11)	1,677
Inventories written off	520	106	907	442
Net Foreign exchange (gain)	(234)	(1)	(102)	(87)
Interest Income	(1,521)	(1,294)	(5,662)	(5,112)
Loss/(Gain) on disposal of plant and equipment	25	(291)	(1,164)	(291)

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 2014.