

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, International Accounting Standards 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. The audited financial statements of the Group for the year ended 31 December 2023 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted by the Group for the condensed consolidated financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

The adoption of the above amendments to published standards 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 2023 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 current quarter and financial period ended 30 June 2024.

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 current quarter and financial period ended 30 June 2024.

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

There were no issuances, repurchases, or repayments of debt and equity securities during the current quarter and financial period ended 30 June 2024.

7. Dividends Paid

Dividends paid during the financial period ended 30 June 2024 are as follows:

- i) Fourth single tier interim dividend of 5.0 sen net per share and a special single tier interim dividend of 40.0 sen net per share totalling RM73,974,000 in respect of financial year ended 31 December 2023 was paid on 27 March 2024.
- ii) First single tier interim dividend of 5.0 sen net per share amounting to RM8,219,000 in respect of financial year ending 31 December 2024 was paid on 21 June 2024.

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.

9. Events after the Interim Period

There was no material event subsequent to the current quarter and the financial period ended 30 June 2024 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 current quarter and the financial period ended 30 June 2024.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 30 June 2024 are as follows:

	30.06.2024
	RM'000
Development costs and property, plant and equipment:	
- Approved and contracted for	3,637
- Approved and not contracted for	14,392
	<u>18,029</u>
Contracted commitments are analysed as follows:	
- Purchase of equipment, building improvement and system development costs	<u>3,637</u>

12. Related Party Transactions

Significant related party transactions with related companies are as follows:

RM'000	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Sales of goods	6	96	9	118
Purchases of goods	(83,571)	(85,230)	(196,063)	(177,884)
Royalties expense	(646)	(1,021)	(1,519)	(2,100)
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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

1. Performance Review

RM'000	Quarter ended		Changes	Year-to-date ended		Changes
	30.06.2024 (RM'000)	30.06.2023 (RM'000)		30.06.2024 (RM'000)	30.06.2023 (RM'000)	
Revenue	296,445	343,693	(13.7%)	618,509	716,508	(13.7%)
Cost of Sales	(220,254)	(272,347)	(19.1%)	(455,266)	(572,384)	(20.5%)
Gross Profit	76,191	71,346	6.8%	163,243	144,124	13.3%
Profit Before Tax	32,758	23,650	38.5%	75,954	49,409	53.7%
Profit After Tax	24,546	17,744	38.3%	57,284	37,310	53.5%

Group revenue for the quarter and year-to date ended 30 June 2024 were lower by 13.7% than the same period last year. The decline was driven by lower sales in health & wellness and home appliances largely due to softer consumer demand coupled with higher comparison in the previous year's quarter resulted from a pre-price increase buy up.

The Group's profit before tax for the quarter and year-to-date ended 30 June 2024 were higher by 38.5% and 53.7% respectively against the same period last year benefited by price increase in previous year and lower ABO incentives provision in line with lower sales but offset by higher product cost and lower sales volume.

2. Comparison with the Preceding Quarter's Results

RM'000	Current quarter ended 30.06.2024	Preceding quarter ended 31.03.2024	Changes
Revenue	296,445	322,064	(8.0%)
Cost of Sales	(220,254)	(235,012)	(6.3%)
Gross Profit	76,191	87,052	(12.5%)
Profit Before Tax	32,758	43,196	(24.2%)
Profit After Tax	24,546	32,738	(25.0%)

Group revenue for the current quarter ended 30 June 2024 was 8.0% lower than the preceding quarter mainly due to lower sales in health & wellness and home appliances products driven by softer consumer demand.

The Group's profit before tax for the current quarter ended 30 June 2024 decreased by 24.2% mainly attributed by higher product cost and lower sales volume.

3. Commentary on Prospects

Following two years of extraordinary growth and record-high revenue in 2022, the Group's sales declined in 2023 primarily due to weakened consumer sentiment and inflationary pressures. Amidst this persistent challenging business environment, the Group recorded lower sales during the first six months of 2024. The Group is closely monitoring these economic challenges while shifting its focus from traditional physical health to a more comprehensive "Health and Wellbeing" approach, to offer holistic solutions for various consumer needs. Given the continued headwinds, the Group anticipates a decrease in revenue for the full year.

The Group reported improved profits in the first half of 2024 largely attributable to the timing of the provision for ABO incentives. To address the economic challenges and support long-term growth, the Group will concentrate on its "Health & Wellbeing" initiatives, focusing on ABO-centric programs, innovative product launches, cultivating health-centric communities, and essential infrastructure and technology upgrades. For the full year, the Group anticipates that ongoing investments in infrastructure and technology together with rising product costs from inflation and declining sales trend will result in a decrease in profit..

4. Financial Forecast or Profit Guarantee

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

5. Revenue

Set out below is the disaggregation of the Group's revenue from contract with customers:

RM'000	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Sales of consumer products	291,596	338,813	608,655	707,054
Sign up and renewal fees and other service fees	4,849	4,880	9,854	9,454
Total	296,445	343,693	618,509	716,508
Timing of revenue recognition:				
At point in time	292,552	339,749	610,769	709,123
Over time	3,893	3,944	7,740	7,385
Total	296,445	343,693	618,509	716,508

6. Income Tax Expense

RM'000	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Tax charges/(credits) comprise:				
Current income tax	11,925	13,076	24,095	21,435
Deferred tax	(3,713)	(7,170)	(5,425)	(9,336)
Total	8,212	5,906	18,670	12,099

The effective tax rate of the Group for the current quarter and financial year-to-date ended 30 June 2024 is higher than the statutory tax rate due to certain expenses are not deductible for tax purposes.

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 21 August 2024.

8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 30 June 2024.

9. Material Litigation

There was no material litigation as at 21 August 2024.

10. Dividends proposed or declared

i) A second single tier interim dividend of 5.0 sen net per share has been declared on 21 August 2024.

In respect of deposited securities, entitlement to the second single tier interim dividend will be determined based on shareholders registered in the record of depositors as at 6 September 2024. The payment date will be on 20 September 2024.

ii) In the previous year corresponding quarter, a second single tier interim dividend of 5.0 sen net per share was declared on 23 August 2023.

The total dividend declared for the financial year ending 31 December 2024 is as follows:

- i) First single tier interim dividend of 5.0 sen net per share.
- ii) Second single tier interim dividend of 5.0 sen net per share.

11. Earnings Per Share

	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit after tax attributable to owners of the parent (RM'000)	24,546	17,744	57,284	37,310
Numbers of shares in issue ('000)	164,386	164,386	164,386	164,386
Basic earnings per share (sen)	14.93	10.79	34.85	22.70

12. Notes to the Condensed Consolidated Statement of Comprehensive Income

RM'000	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Depreciation of property, plant and equipment	1,379	1,056	2,948	2,072
Property, plant and equipment written off	-	-	1	-
Amortisation of intangible assets	130	1,931	332	3,862
Intangible assets written off	-	-	-	13
Depreciation of right-of-use assets	1,013	917	2,024	1,829
Gain on termination of lease	(7)	-	(7)	-
Finance costs	229	139	433	284
Interest income	(2,238)	(1,586)	(4,677)	(2,993)
Net (reversal of allowance)/allowance for expected credit loss	(101)	(181)	40	222
Net (reversal of allowance)/allowance for inventory obsolescence	(1,815)	1,432	(2,942)	3,106
Inventories written off	320	790	874	1,460
Net changes in provision for assurance-type warranties	128	216	92	830
Net realised loss on foreign exchange	23	139	64	411
Net unrealised loss/(gain) on foreign exchange	67	87	(26)	(60)

No other income including investment income, gain/(loss) on disposal of quoted or unquoted investments or properties, impairment of assets and gain/(loss) on derivatives was recognised for the current quarter and financial period ended 30 June 2024.