

**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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 September 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 September 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 September 2024.

## **7. Dividends Paid**

Dividends paid during the financial period ended 30 September 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.
- iii) Second 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 20 September 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 September 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 September 2024.

## 11. Capital Commitments

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

	<b>30.09.2024</b>
	<b>RM'000</b>
Development costs and property, plant and equipment:	
- Approved and contracted for	6,024
- Approved and not contracted for	7,114
	<u>13,138</u>
Contracted commitments are analysed as follows:	
- Purchase of equipment, building improvement and system development costs	<u>6,024</u>

## 12. Related Party Transactions

Significant related party transactions with related companies are as follows:

<b>RM'000</b>	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>30.09.2024</b>	<b>30.09.2023</b>	<b>30.09.2024</b>	<b>30.09.2023</b>
Sales of goods	15	25	24	143
Purchases of goods	(166,595)	(65,588)	(362,658)	(243,472)
Royalties expense	(645)	(947)	(2,164)	(3,047)

**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
	30.09.2024	30.09.2023		30.09.2024	30.09.2023	
Revenue	299,839	333,473	(10.1%)	918,348	1,049,981	(12.5%)
Cost of Sales	(216,293)	(223,585)	(3.3%)	(671,559)	(795,969)	(15.6%)
Gross Profit	83,546	109,888	(24.0%)	246,789	254,012	(2.8%)
Profit Before Tax	43,715	60,340	(27.6%)	119,669	109,749	9.0%
Profit After Tax	32,880	46,211	(28.8%)	90,164	83,521	8.0%

The Group's revenue for the quarter ended 30 September 2024 decreased by 10.1% compared to the same quarter last year, primarily due to softer consumer demand for health and wellness products and home appliances. Similarly, year-to-date results showed a further decline of 12.5%, attributed to a higher comparison from the previous year driven by pre-price increase buy-up.

The Group's profit before tax for the quarter ended 30 September 2024 decreased by 27.6%, primarily due to higher product costs and lower sales volume.

The Group's profit before tax for the nine months ended 30 September 2024 increased by 9.0% compared to the same period last year, benefiting from price increases implemented in the previous year and lower ABO incentive provisions aligned with reduced sales but offset by higher product costs and lower sales volume.

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

RM'000	Current	Preceding	Changes
	quarter ended	quarter ended	
	30.09.2024	30.06.2024	
Revenue	299,839	296,445	1.1%
Cost of Sales	(216,293)	(220,254)	(1.8%)
Gross Profit	83,546	76,191	9.7%
Profit Before Tax	43,715	32,758	33.4%
Profit After Tax	32,880	24,546	34.0%

Group revenue for the current quarter ended 30 September 2024 was 1.1% higher than the preceding quarter mainly due to new launches of the water treatment system.

The Group's profit before tax for the current quarter ended 30 September 2024 increased by 33.4% mainly attributed to lower ABO incentive provisions.

### 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 demand and inflationary pressures. Amidst this persistent challenging business environment, the Group recorded lower sales during the first nine 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 nine months 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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Sales of consumer products	295,167	327,959	903,822	1,035,013
Sign up and renewal fees and other service fees	4,672	5,514	14,526	14,968
<b>Total</b>	<b>299,839</b>	<b>333,473</b>	<b>918,348</b>	<b>1,049,981</b>
Timing of revenue recognition:				
At point in time	296,187	329,547	906,956	1,038,670
Over time	3,652	3,926	11,392	11,311
<b>Total</b>	<b>299,839</b>	<b>333,473</b>	<b>918,348</b>	<b>1,049,981</b>

### 6. Income Tax Expense

RM'000	Quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Tax charges/(credits) comprise:				
Current income tax	7,189	9,893	31,284	31,328
Deferred tax	3,646	4,236	(1,779)	(5,100)
<b>Total</b>	<b>10,835</b>	<b>14,129</b>	<b>29,505</b>	<b>26,228</b>

The effective tax rate of the Group for the current quarter and financial year-to-date ended 30 September 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 20 November 2024.

## 8. Group Borrowings and Debt Securities

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

## 9. Material Litigation

There was no material litigation as at 20 November 2024.

## 10. Dividends proposed or declared

i) A third single tier interim dividend of 5.0 sen net per share has been declared on 20 November 2024.

In respect of deposited securities, entitlement to the third single tier interim dividend will be determined based on shareholders registered in the record of depositors as at 9 December 2024. The payment date will be on 18 December 2024.

ii) In the previous year corresponding quarter, a third single tier interim dividend of 5.0 sen net per share was declared on 15 November 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.
- iii) Third single tier interim dividend of 5.0 sen net per share.

## 11. Earnings Per Share

	Quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit after tax attributable to owners of the parent (RM'000)	32,880	46,211	90,164	83,521
Numbers of shares in issue ('000)	164,386	164,386	164,386	164,386
Basic earnings per share (sen)	20.00	28.11	54.85	50.81

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the current quarter and financial year-to-date ended 30 September 2024.

## 12. Notes to the Condensed Consolidated Statement of Comprehensive Income

RM'000	Quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Depreciation of property, plant and equipment	808	987	3,756	3,059
Gain on disposal of property, plant and equipment	(20)	-	(20)	-
Property, plant and equipment written off	-	3	1	3
Amortisation of intangible assets	132	1,925	464	5,787
Intangible assets written off	-	-	-	13
Depreciation of right-of-use assets	1,288	917	3,312	2,746
Gain on termination of lease	-	-	(7)	-
Finance costs	374	142	807	426
Interest income	(2,389)	(2,116)	(7,066)	(5,109)
Net allowance/(reversal of allowance) for expected credit loss	18	(55)	58	167
Net allowance/(reversal of allowance) for inventory obsolescence	939	254	(2,003)	3,360
Inventories written off	284	864	1,158	2,324
Net changes in provision for assurance-type warranties	(423)	(104)	(331)	726
Net realised (gain)/loss on foreign exchange	(412)	122	(348)	533
Net unrealised loss/(gain) on foreign exchange	486	(11)	460	(71)

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 September 2024.