

Part A - Explanatory Notes Pursuant To MFRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements (“Report”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

2. Significant Accounting Policies

2.1 Adoption of New and Amendments/Improvements to MFRS

The Group has adopted the following standards with a date of initial application of 1 January 2019:

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures

IC Int 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015 – 2017 Cycle

The initial application of the above standards did not have any material impact to the consolidated financial statements of the Group.

The Group has not applied the following standards that have been issued by the Malaysian Accounting Standard Board (“MASB”) but are not yet effective for the Group :

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to Conceptual Framework on MFRS Standards

Effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

3. Auditors’ Report of Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2018 was not qualified.

4. Seasonality or Cyclicity of Operations

Generally, sales of the Group's products are higher in the second half of the financial year due to majority of the festive seasons fall within this period.

5. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Changes in Accounting Estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the results for the current financial period under review.

7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period under review.

8. Dividends Paid

No dividends were paid during the current and previous corresponding period.

9. Segmental Information

Segmental information is presented in respect of the Group's business segments.

	3 months ended 31.3.19 (RM'000)	3 months ended 31.3.18 (RM'000)
Segment Revenue		
Personal care	10,755	11,496
Household	2,570	2,982
Total revenue including inter segment sales	13,325	14,478
Elimination of inter-segment sales	(156)	(285)
	<u>13,169</u>	<u>14,193</u>
Segment Results		
Personal care	(71)	558
Household	(18)	45
Investment holding	301	69
Total results	212	672
Elimination	-	-
Results excluding inter segment sales	212	672
Interest expense	(3)	(3)
Interest income	62	42
Share of results of joint ventures	(30)	(293)
Profit before tax	241	418
Tax expense	(140)	(189)
Profit for the financial period	<u>101</u>	<u>229</u>

10. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 December 2018

11. Subsequent Event

There were no material events subsequent to the end of the reporting period which require disclosure.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

14. Capital Commitments

The outstanding capital commitment as at the end of the reporting period is as follows:

	RM'000
Contracted but not provided for:	
- Property, plant and equipment	75
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Part B: Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

1. Review of Performance

	Individual Quarter 3 Months Ended			Cumulative Quarter 3 Months Ended		
	(Unaudited) 31.3.19 RM'000	(Unaudited) 31.3.18 RM'000	Changes (Amount/ %)	(Unaudited) 31.3.19 RM'000	(Unaudited) 31.3.18 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	10,599	11,211	-612/ -5.46%	10,599	11,211	-612/ -5.46%
- Household	2,570	2,982	-412/ -13.82	2,570	2,982	-412/ -13.82%
	<u>13,169</u>	<u>14,193</u>	<u>-1,024 / -7.21%</u>	<u>13,169</u>	<u>14,193</u>	<u>-1,024/ -7.21%</u>
(Loss)/Profit before tax						
- Personal care	(71)	265	-336/ -473.24%	(71)	265	-336/ -473.24%
- Household	(18)	42	-60/ -333.33%	(18)	42	-60/ -333.33%
- Investment holding	330	111	219/ 197.30%	330	111	219/ 197.30%
	<u>241</u>	<u>418</u>	<u>-177 / -42.34%</u>	<u>241</u>	<u>418</u>	<u>-177 / -42.34%</u>

Comparison with Corresponding Quarter in Previous Year

Generally, impact of seasonality on the demand for the Group's products is not that significant. The turnover for the reporting quarter was RM13.17 million as compared to RM14.19 million of the preceding year corresponding quarter. The lower turnover was mainly due to the lesser orders placed during the reporting quarter.

During the quarter under review, the Profit Before Tax ("PBT") margin was approximately 1.83% as compared to 2.95% in the previous year corresponding quarter. The lower PBT margin were due to change in product mix.

During the quarter under review, the demands for personal care and household products were 80.48% and 19.52% respectively as compared to 79.00% and 21.00% respectively of the preceding year corresponding quarter. The change was fairly usual in terms of manufacturing activities of the Group.

2. Comparison with Preceding Quarter's Results

	Current quarter 31.3.19 RM'000	Immediate Preceding Quarter 31.12.18 RM'000	Changes (Amount/ %) RM'000
Revenue			
- Personal care	10,599	14,084	-3,485/ -24.74%
- Household	2,570	2,709	-139/ -5.13%
	13,169	16,793	-3,624/-21.58%
(Loss)/Profit before tax			
- Personal care	(71)	(515)	(444)/ -625.35%
- Household	(18)	(34)	(16)/ -88.89%
- Investment holding	330	263	67/ 25.48%
	241	-286	527/184.27%

The turnover for the reporting quarter was RM13.17 million as compared to RM16.79 million of the immediate preceding quarter, a decrease of approximately 21.58%. The decrease in turnover was mainly due to lesser orders placed during the reporting quarter.

The Group recorded a PBT of RM0.24 million for the current quarter as compared to LBT of RM0.29 million of the immediate preceding quarter. The higher PBT was mainly due to change in product mix.

During the quarter under review, the PBT margin was approximately 1.83% as compared to -1.70% of the immediate preceding quarter. The higher PBT was mainly due to change in product mix.

3. Commentary on Prospects

Generally, the market conditions of the industry are relatively stable. As the Group manufactures a wide range of products, the change in product mix may impact on profit margin of the Group.

Going forward, the Group will further strengthen its presence in overseas markets, and joint venture business.

The Group's research and development team has also developed a new range of unique and impressive souvenir products that are able to capture the beautiful scenery and memorable moments of customers' choice with 3D printing effect on glass bottle. There are wide variety of souvenir products for customers' selection which include hand wash, perfumery, room freshener, reed diffuser, roll on, lotion and many more. The Group hopes that these new range of unique and impressive products will further enhance the turnover and profitability of the Group in future.

The Group's strategy will continue to focus on Multi-National Corporations ("MNC") to expand and diversify its customer base. It is also part of the Group's marketing strategy to continue in exploring other potential customers.

4. Profit Forecast Variance

There was no profit forecast made in any public documents.

5. Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	(Unaudited) 31.3.19 RM'000	(Unaudited) 31.3.18 RM'000	(Unaudited) 31.3.19 RM'000	(Unaudited) 31.3.18 RM'000
Malaysian income tax: Based on results for the financial period/year				
- Current tax	54	(32)	54	(32)
- Deferred tax	(194)	(157)	(194)	(157)
	<u>(140)</u>	<u>(189)</u>	<u>(140)</u>	<u>(189)</u>

6. Profit for the Financial Period/Year

	Current quarter (Unaudited) RM'000
Depreciation	307
Interest income	(62)
Equity-settled share-based payment	103
Gain on foreign exchange - Realised	163

Other than the above items, there were no gain or loss on disposal quoted or unquoted investments or properties, provision for receivables, gain or loss on derivatives as well as other exceptional items.

7. Corporate Proposal

There was no corporate proposal announced or not completed as at the date of this Report.

8. Borrowings and Debt Securities

The Group's borrowings as at the end of the current year are as follows:

	(Unaudited) 31.3.19 Denominated in RM RM'000	(Unaudited) 31.3.18 Denominated in RM RM'000
Secured:		
Long term		
Finance lease liabilities	112	217
Short term		
Finance lease liabilities	108	103
Total borrowings	220	320
Average effective interest rate:		
Finance lease liabilities	2.39% to 2.70%	2.39% to 2.70%

9. Material Litigations

The Group is not involved in any material litigation as at the date of this report.

10. Proposed Dividends

- (a) The Board do not recommend the payment of interim dividend for the reporting quarter.
- (b) At the forthcoming Annual General Meeting, a final single-tier dividend of 3 sen per share amounting to RM2,122,722 in respect of financial year ended 31 December 2018 will be proposed for shareholders' approval. This Report does not reflect the proposed final dividend. Such dividend, if approved by the shareholders will be accounted for in equity as appropriation of retained profits in the financial year ending 31 December 2019.

11. Earnings Per Share

(i) Basic earnings per share

The basic earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.3.19	31.3.18	31.3.19	31.3.18
Profit after tax Attributable to owners of the Company (RM'000)	101	229	101	229
Weighted average number of ordinary shares in issue ('000)	70,757	70,757	70,757	70,757
Basic earnings per share (sen)	0.14	0.32	0.14	0.32

(ii) Diluted earnings per share

The diluted earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.3.19	31.3.18	31.3.19	31.3.18
Profit after tax Attributable to owners of the Company (RM'000)	101	229	101	229
Weighted average number of ordinary shares in issue ('000)	70,757	70,757	70,757	70,757
Effect of share-based payment transaction	_*	_*	_*	_*
Weighted average number of ordinary shares in issue -diluted ('000)	70,757	70,757	70,757	70,757
Diluted earnings per share (sen)	0.14	0.32	0.14	0.32

* The effects of the ESOS have not been computed as they are anti-dilutive in nature.