

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 2019. 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 2019.

2. Significant Accounting Policies

2.1 Adoption of New and Amendments/Improvements to MFRS

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2019.

The Group also applied the following standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2020:

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 Covid-19-Related Rent Concessions

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

The Group have not applied the following standards that have been issued by the MASB but are not yet effective for the Group:

Effective for annual periods beginning on or after 1 January 2022

Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 16 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 Investments in Associates and Joint Ventures - 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 2019 was not qualified.

4. Items of Unusual Nature

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

5. 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.

6. 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.

7. Dividends Paid

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

8. Segmental Information

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

	6 months ended 30.06.2020 (RM'000)	6 months ended 30.06.2019 (RM'000)
Segment Revenue		
Personal care	19,621	20,505
Household	5,103	5,075
Investment holding	-	1,321
Total revenue including inter segment sales	<u>24,724</u>	<u>26,901</u>
Elimination of inter-segment sales	<u>(2,070)</u>	<u>(1,607)</u>
	<u>22,654</u>	<u>25,294</u>
Segment Results		
Personal care	967	(146)
Household	122	(47)
Investment holding	596	1,683
Total results	<u>1,685</u>	<u>1,490</u>
Results excluding inter segment sales	1,685	1,490
Interest expense	(7)	(7)
Interest income	254	221
Share of results of joint ventures	<u>(213)</u>	<u>(123)</u>
Profit before tax	1,719	1,581
Tax expense	<u>(402)</u>	<u>(190)</u>
Profit for the financial period	<u>1,317</u>	<u>1,391</u>

9. 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 2019.

10. Subsequent Event

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

11. Changes in Composition of the Group

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

12. Changes in Contingent Liabilities and Contingent Assets

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

13. Capital Commitments

There was no capital expenditure contracted but not provided for in the unaudited interim financial report of the Group during the current financial period under review.

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 6 Months Ended		
	(Unaudited) 30.06.2020 RM'000	(Unaudited) 30.06.2019 RM'000	Changes (Amount/ %)	(Unaudited) 30.06.2020 RM'000	(Unaudited) 30.06.2019 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	8,472	9,620	-1,148/ -11.93%	17,551	20,219	-2,668/ -13.20%
- Household	2,773	2,505	268/ 10.70%	5,103	5,075	28/ 0.55%
	<u>11,245</u>	<u>12,125</u>	-880 / -7.26%	<u>22,654</u>	<u>25,294</u>	-2,640/ -10.44%
Profit/(Loss) before tax						
- Personal care	588	(75)	663/ 884.00%	967	(146)	1,113/ 762.33%
- Household	98	(29)	127/ 437.93%	122	(47)	169/ 359.57%
- Investment holding	460	1,444	-984/ -68.14%	630	1,774	-1,144/ -64.48%
	<u>1,146</u>	<u>1,340</u>	-194/ -14.48%	<u>1,719</u>	<u>1,581</u>	138/ 8.73%

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 RM11.25 million as compared to RM12.13 million of the preceding year corresponding quarter. The lower turnover was mainly due to the lesser orders placed during the reporting quarter which was affected by the outbreak of pandemic 2019 Novel Coronavirus ("Covid-19") and the subsequent issuance of a Gazetted Order by our government known as Movement Control Order ("MCO") to restrict the movements of people for the period from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020.

During the quarter under review, revenue had dropped as compared to the previous year corresponding quarter. This is mainly due to the after-effects suffered from the COVID-19 outbreak. In addition, the Group also registered a lower PBT in the current reporting quarter with a margin of 10.19% as compared to previous year corresponding quarter of 11.05%. However, this was mainly due to the dividend received from a joint venture of RM1.3 million in the prior year corresponding quarter. After excluding the dividend received, the PBT margin of prior year corresponding quarter was approximately 0.33% which is actually lower as compared to the current reporting period. The increase in the PBT margin from 0.33% to 10.19%, was also due to the increase in sales of higher profit margin products.

During the quarter under review, the demands for personal care and household products were 75.34% and 24.66% respectively as compared to 79.34% and 20.66% 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 30.06.2020 RM'000	Immediate Preceding Quarter 31.03.2020 RM'000	Changes (Amount/%)
Revenue			
- Personal care	8,472	9,079	-607/ -6.69%
- Household	2,773	2,330	443/ 19.01%
	<hr/> 11,245	<hr/> 11,409	-164/ -1.44%
Profit before tax			
- Personal care	588	379	209/ 55.15%
- Household	98	24	74/ 308.33%
- Investment holding	460	170	290/ 170.59%
	<hr/> 1,146	<hr/> 573	573/ 100.00%

The turnover for the reporting quarter was RM11.25 million as compared to RM11.41 million of the immediately preceding quarter, a slight decrease of approximately 1.44%. The decrease in turnover was mainly due to lesser orders placed during the reporting quarter which was affected by the outbreak of pandemic Covid-19 and the subsequent issuance of a Gazetted Order by our government known as ("MCO") to restrict the movements of people for the period from 19 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020.

The Group recorded a PBT of RM1.15 million for the current quarter as compared to PBT of RM0.57 million of the immediately preceding quarter. The higher PBT was mainly due to the increase in the sale of higher profit margin products during the reporting quarter as compared to the immediate preceding quarter.

During the quarter under review, the PBT margin was approximately 10.19% as compared to PBT margin of 5.02% of the immediately preceding quarter. The higher PBT margin was mainly due to the increase in the sale of higher profit margin products.

3. Commentary on Prospects

The outbreak Covid-19 pandemic has resulted in significant levels of uncertainty across the global economy and Malaysian economy was not spared. At this juncture, the management is not in a position to quantify the financial impact of Covid-19 pandemic in its entirety due to the uncertainties prevailing within and outside the county.

Regardless, the Group will continue to monitor closely the situation surrounding the pandemic so as to enable the Group to initiate countermeasures on a timely basis.

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 customers of Multi-National Corporations ("MNC") status 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

Not applicable as the Company did not publish any profit forecast or profit guarantee.

5. Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax: Based on results for the financial period/year				
- Current tax	(320)	(72)	(311)	(18)
- Deferred tax	86	22	(91)	(172)
	<u>(234)</u>	<u>(50)</u>	<u>(402)</u>	<u>(190)</u>

The Group's effective tax rate for the current quarter, after excluding share of results of joint ventures was higher than the statutory tax rate of 24% due to certain expenditure which are non-deductible for tax purposes.

6. Profit for the Financial Period/Year

	Individual Quarter 3 Months Ended 30.6.20 (Unaudited) RM'000	Cumulative Quarter 6 Months Ended 30.6.20 (Unaudited) RM'000
Depreciation	293	589
Interest income	(169)	(254)
Gain on foreign exchange - Realised	(57)	(144)

Other than the above items, there were no gain or loss on disposal of 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) 30.06.2020 Denominated in RM RM'000	(Unaudited) 30.06.2019 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	-	89
Short term		
Hire purchase loans	84	105
Total borrowings	<hr/> 84 <hr/>	<hr/> 194 <hr/>
Average effective interest rate:		
Hire purchase loans	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

The Board do not recommend any payment of interim dividend for the reporting quarter.

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 6 Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit for the financial period/year Attributable to owners of the Company (RM'000)	912	1,290	1,317	1,391
Weighted average number of ordinary shares in issue ('000)	70,757	70,757	70,757	70,757
Basic earnings per share (sen)	1.29	1.82	1.86	1.97

(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 6 Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit for the financial period/year Attributable to owners of the Company (RM'000)	912	1,290	1,317	1,391
Weighted average number of ordinary shares in issue ('000)	70,757	70,757	70,757	70,757
Effect of share-based payment transaction	-*	-*	-*	-*
Effect of warrants	-#	-#	-#	-#
Weighted average number of ordinary shares in issue - diluted ('000)	70,757	70,757	70,757	70,757
Diluted earnings per share (sen)	1.29	1.82	1.86	1.97

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

The effects of the warrants are anti-dilutive in nature.