

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 period. The following dividend was paid in the previous period:

| | 30.09.2020 | 30.09.2019 |
|---------------------------------------|------------|------------------|
| Final dividend for the financial year | - | 31 December 2018 |
| Declared and approved on | - | 29 May 2019 |
| Date paid | - | 16 August 2019 |
| Dividend per share (single-tier) | - | 3 sen |
| Net dividend paid | - | RM2,122,723 |

8. Segmental Information

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

| | 9 months ended 30.09.2020 (RM'000) | 9 months ended 30.09.2019 (RM'000) |
|---|---|---|
| Segment Revenue | | |
| Personal care | 32,005 | 29,217 |
| Household | 8,858 | 7,761 |
| Investment holding | - | 3,453 |
| Total revenue including inter segment sales | <u>40,863</u> | <u>40,431</u> |
| Elimination of inter-segment sales | <u>(2,399)</u> | <u>(3,806)</u> |
| | <u>38,464</u> | <u>36,625</u> |
| Segment Results | | |
| Personal care | 1,430 | (434) |
| Household | 271 | (104) |
| Investment holding | 1,141 | 4,043 |
| Total results | <u>2,842</u> | <u>3,505</u> |
| Elimination | - | (2,130) |
| Results excluding inter segment sales | <u>2,842</u> | <u>1,375</u> |
| Interest expense | (10) | (10) |
| Interest income | 299 | 362 |
| Share of results of joint ventures | <u>(406)</u> | <u>(261)</u> |
| Profit before tax | <u>2,725</u> | <u>1,466</u> |
| Tax expense | <u>(675)</u> | <u>(224)</u> |
| Profit for the financial period | <u>2,050</u> | <u>1,242</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 | | Changes (Amount/ %) | Cumulative Quarter 9 Months Ended | | Changes (Amount/ %) |
|---------------------------------|--------------------------------------|-------------------------------------|---------------------------|--------------------------------------|-------------------------------------|---------------------------|
| | (Unaudited) 30.09.2020 RM'000 | (Unaudited) 30.09.2019 RM'000 | | (Unaudited) 30.09.2020 RM'000 | (Unaudited) 30.09.2019 RM'000 | |
| Revenue | | | | | | |
| - Personal care | 12,055 | 8,645 | 3,410/ 39.44% | 29,606 | 28,864 | 742/ 2.57% |
| - Household | 3,755 | 2,686 | 1,069/ 39.80% | 8,858 | 7,761 | 1,097/ 14.13% |
| | <u>15,810</u> | <u>11,331</u> | 4,479 / 39.53% | <u>38,464</u> | <u>36,625</u> | 1,839/ 5.02% |
| Profit/(Loss) before tax | | | | | | |
| - Personal care | 463 | (288) | 751/ 260.76% | 1,430 | (434) | 1,864/ 429.49% |
| - Household | 149 | (57) | 206/ 361.40% | 271 | (104) | 375/ 360.58% |
| - Investment holding | 394 | 230 | 164/ 71.30% | 1,024 | 2,004 | -980/ -48.90% |
| | <u>1,006</u> | <u>(115)</u> | 1,121/ 974.78% | <u>2,725</u> | <u>1,466</u> | 1,259/ 85.88% |

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 RM15.81 million as compared to RM11.33 million of the preceding year corresponding quarter. The higher turnover was mainly due to the more orders received during the reporting quarter.

During the quarter under review, revenue had increased as compared to the previous year corresponding quarter. This is mainly due to more orders received from customers after the Movement Control Order ("MCO"). In addition, the Group also registered a higher PBT in the current reporting quarter with a margin of 6.36% as compared to Loss Before Taxation in previous year corresponding quarter of -1.01%. The increase in the PBT margin from -1.01% to 6.36% was due to the increase in sales as well as change in product mix.

During the quarter under review, the demands for personal care and household products were 76.25% and 23.75% respectively as compared to 76.30% and 23.70% 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 30.09.2020 RM'000 | Immediate Preceding Quarter 30.06.2020 RM'000 | Changes (Amount/%) |
|---------------------------------|--|--|-------------------------------|
| <i>Revenue</i> | | | |
| - Personal care | 12,055 | 8,472 | 3,583/ 42.29% |
| - Household | 3,755 | 2,773 | 982/ 35.41% |
| | 15,810 | 11,245 | 4,565/ 40.60% |
| <i>Profit before tax</i> | | | |
| - Personal care | 463 | 588 | -125/ -21.26% |
| - Household | 149 | 98 | 51/ 52.04% |
| - Investment holding | 394 | 460 | -66/ -14.35% |
| | 1,006 | 1,146 | -140/ -12.22% |

The turnover for the reporting quarter was RM15.81 million as compared to RM11.25 million of the immediately preceding quarter, an increase of approximately 40.60%. The increase in turnover was mainly due more orders received from customers after MCO.

The Group recorded a PBT of RM1.01 million for the current quarter as compared to PBT of RM1.15 million of the immediately preceding quarter. The lower PBT during the reporting quarter was mainly due to the change in product mix as well as share of loss of joint venture.

During the quarter under review, the PBT margin was approximately 6.36% as compared to PBT margin of 10.19% of the immediately preceding quarter. The lower PBT margin was mainly due to the change in product mix as well as share of loss of joint venture.

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 enhance its presence in local market while strengthening its business presence in overseas market.

Arising from Covid-19 pandemic and the increase in demand of essential health care products, with the Group's continuous on-going research and development, the Group has successfully launched a wide range of personal care and household products including but not limited to liquid sanitizers, surface & spray disinfectants and skin protection moisturizers, to name a few, the Group hopes that these wide range of products will further enhance the turnover and profitability of the Group in future.

The Group will continue to manufacture the 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 bottles.

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

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 9 Months Ended | |
|--|--|-----------------------------------|--|-----------------------------------|
| | (Unaudited) 30.09.2020 | (Unaudited) 30.09.2019 | (Unaudited) 30.09.2020 | (Unaudited) 30.09.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax: Based on results for the financial period/year | | | | |
| - Current tax | (313) | (138) | (624) | (156) |
| - Deferred tax | 40 | 104 | (51) | (68) |
| | <u>(273)</u> | <u>(34)</u> | <u>(675)</u> | <u>(224)</u> |

6. Profit for the Financial Period/Year

| | Individual Quarter 3 Months Ended 30.9.2020 (Unaudited) RM'000 | Cumulative Quarter 9 Months Ended 30.9.2020 (Unaudited) RM'000 |
|--|---|---|
| Depreciation | 291 | 880 |
| Interest income | (45) | (299) |
| Gain on foreign exchange - Realised | 10 | (134) |

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) 30.09.2020 Denominated in RM RM'000 | (Unaudited) 30.09.2019 Denominated in RM RM'000 |
|----------------------------------|--|--|
| Secured: | | |
| Long term | | |
| Hire purchase loans | - | 60 |
| Short term | | |
| Hire purchase loans | 58 | 108 |
| Total borrowings | <hr/> 58 <hr/> | <hr/> 168 <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 9 Months Ended | |
|--|--------------------------------------|------------|--------------------------------------|------------|
| | 30.09.2020 | 30.09.2019 | 30.09.2020 | 30.09.2019 |
| Profit/(loss) for the financial period/year Attributable to owners of the Company (RM'000) | 733 | (149) | 2,050 | 1,242 |
| Weighted average number of ordinary shares in issue ('000) | 70,757 | 70,757 | 70,757 | 70,757 |
| Basic earnings per share (sen) | 1.04 | (0.21) | 2.90 | 1.76 |

(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 9 Months Ended | |
|---|--------------------------------------|------------|--------------------------------------|------------|
| | 30.09.2020 | 30.09.2019 | 30.09.2020 | 30.09.2019 |
| Profit /(loss) for the financial period/year Attributable to owners of the Company (RM'000) | 733 | (149) | 2,050 | 1,242 |
| 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) | 1.04 | (0.21) | 2.90 | 1.76 |

* 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.