

Chairman's Statement

Dear valued shareholders,

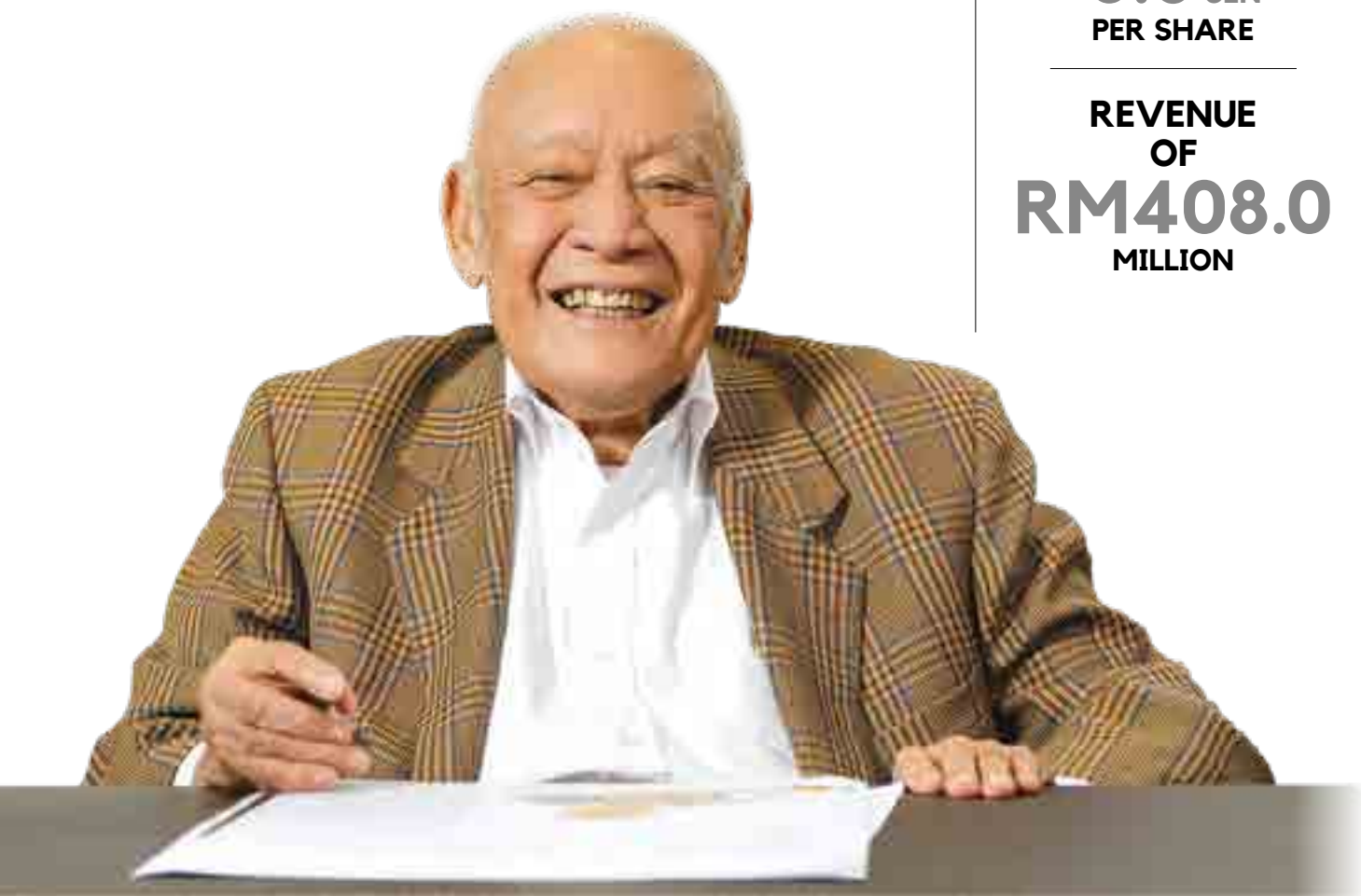
As we look back on 2017, it is quite clear that the sexual health industry is going through a vast amount of change and disruption. Traditional avenues of sales such as the Tender segment have been fiercely contested whilst condom manufacturers around the world have had to cope with a global economic climate that has been extremely volatile in terms of foreign exchange rates and commodity prices.

**Tan Sri Dato' Seri Utama
Arshad Bin Ayub**

CHAIRMAN/INDEPENDENT NON-EXECUTIVE DIRECTOR

**PROPOSING
A DIVIDEND
OF
0.5^{SEN}
PER SHARE**

**REVENUE
OF
RM408.0
MILLION**



Chairman's Statement



On the ground, electronic commerce is transforming the way consumers purchase goods, creating opportunities for brands to enter new markets. Looking forward, success will ultimately be determined by which companies are best able to overcome the challenges and take advantage of the prospects as they present themselves.

In spite of this uncertainty, we have delivered commendable growth during the year, recording a revenue of RM408.0 million. Although profitability was affected by macroeconomic factors, the contribution from our own brands also continued to make huge strides in progress. We have also continued to make notable improvements to our core manufacturing business with the construction of a new personal lubricant facility and latex compounding plant amongst the main highlights.

We remain committed to our dividend policy and delivering value to our shareholders hence we are proposing a dividend of 0.5 sen per share this year. If approved at our upcoming Annual General Meeting, the dividend will be paid to shareholders on 20 December 2018.

Looking ahead, the Board remains confident in the outlook of our industry and we remain focused on executing our strategic vision to be a holistic global sexual wellness solution provider. In our quest to expand, the Board remains dedicated to the highest standards and principles of good corporate governance and practices to ensure that the interests of our valued shareholders remain a priority at all times.

I would like to conclude by thanking our CEO, MK Goh, my colleagues on the Board and committed colleagues for their hard work and dedication during these challenging times. I would also like to thank our Board for their guidance and passion for our business over the past year. Finally, I would like to thank our customers and you, our shareholders, once more for your support.

Tan Sri Dato' Seri Utama Arshad Bin Ayub
Chairman