

Amway (Malaysia) Holdings Berhad (Company No : 340354-U)

Notes to the Interim Financial Report for the fourth quarter ended 31 December 2008.

A. DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS”) 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2007.

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 2007 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

Included in accruals is RM18.3 million arising from the effects of insufficient tax credit under Section 108 of the Income Tax Act, 1967 in respect of payment of interim dividends during the financial year based on the interpretation of the tax law changes by the relevant authorities.

Although the above amount has been accrued, the Company is currently seeking a determination from the relevant authorities on the interpretation and application of the changes to the tax law, applicable to the Company.

Other than above mentioned, 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 quarter under review.

5. Material Changes in Estimates

There were no material changes in the nature and amount of estimates used in prior financial years.

6. Debts and Equity Securities

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

7. Dividend Paid

The following interim dividend was paid on 16 December 2008 in respect of the financial year ended 31 December 2008:

- i. interim dividend of 9.0 sen per share, less 26% income tax amounting to RM10,948,077
- ii. special interim dividend of 20.0 sen per share, less 26% income tax amounting to RM24,329,068

8. Segmental Reporting

There was no material business or geographical segmentation for analysis.

9. Carrying Amount of Assets

There had been no revaluation of property, plant and equipment during the quarter under review.

10. Event subsequent to the End of the Period

There had been no material event affecting the earnings of the Group and the Company between 31 December 2008 to 23 February 2009.

11. Change in Group / Capital Structure

There were no changes in the composition of the Company / Group including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring and discontinuing operations during the quarter under review.

12. Contingent Liabilities

There were no material contingent liabilities as at 23 February 2009.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

1. Performance Review

The Group's sales revenue recorded an increase of 12.2% for the quarter under review and 10.5% for the twelve months ended 31 December 2008 as compared to the corresponding periods in the preceding year. The growth in sales revenue trends were due to distributors' productivity increase driven by enhanced sales and marketing program implemented in the periods under review.

The Group's pre-tax profit decreased by 17.2% for the quarter under review mainly due to capital gain on disposal of current head quarters amounting to RM7.2mil in the corresponding quarter of preceding year. For the full year ended 31 December 2008, the Group pre-tax profit increased by 7.4% as compared to the preceding financial year mainly due to the growth in sales revenues of the year.

2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The Group's sales revenue decreased by 7.4% as compared to the preceding quarter. The decrease was mainly due to the better received product promotions and introductions during the third quarter. The Group's pre-tax profit decreased by 26.6% in line with the decrease in sales revenue.

3. Prospect for the Financial Year Ending 31 December 2009

Global economic slowdown together with other uncertainties in the marketplace are expected to have an unfavorable impact on consumer sentiment in the near to medium term. Notwithstanding this, the board expects the Group to achieve marginal growth in sales revenue in the new financial year.

The Board of Directors is of the opinion that this internal target is achievable based on current market conditions and currently available information. The target will be reviewed periodically by the Board of Directors and any subsequent changes will be conveyed to the market in accordance with Listing Requirements of Bursa Malaysia Securities Berhad.

The above is internal management target and is not an estimate, forecast or projection. In addition, this internal target has not been reviewed by our external auditors.

4. Variances from Profit Forecasts and Profit Guarantee

Not applicable.

5. Taxation

The breakdown of tax charge for the current quarter and financial year-to-date are as follows:

Tax charge	Current Quarter RM'000	Current Financial Year-To-Date RM'000
Current quarter/year provision	650	26,020
Deferred tax	7,752	8,134
Total	8,402	34,154

The effective tax rates for the current quarter and current financial year-to-date of the Group are marginally higher than the statutory tax rate mainly due to certain expenses disallowed for tax purposes.

6. Profit/ Loss on Sale of unquoted investment and/or properties

There were no disposals of investments during the quarter under review and financial year-to-date.

7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the current quarter under review and financial year-to-date.

8. Status of Corporate Proposal

There were no corporate proposals announced but not completed as at 23 February 2009.

9. Group Borrowings and Debt Securities

There were no borrowings nor debt securities as at 31 December 2008.

10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 23 February 2009.

11. Material Litigation

There was no material litigation as at 23 February 2009.

12. Dividend

- (a)
 - i) An interim single tier dividend of 7.0 sen net per share by election has been declared on 23 February 2009, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each
 - ii) For the previous corresponding quarter, an interim dividend of 9.0 sen per share less 26% income tax has been declared on 25 February 2008, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each.
 - iii) In respect of deposited securities, entitlements to the fourth quarter interim dividend will be determined based on shareholders registered in the record of depositors as at 11 March 2009. The payment date is 24 March 2009.
- (b) The total dividend declared to date for the current financial year ended 31 December 2008 are as follows:
 - i) First interim dividend of 9.0 sen per share less 26% income tax, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - ii) Second interim dividend of 9.0 sen per share less 26% income tax, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - iii) Third interim dividend of 9.0 sen per share less 26% income tax, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - iv) Special interim dividend of 20 sen per share less 26% income tax, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - v) Fourth interim single tier dividend of 7.0 sen net per share by election based on the share capital of 164,385,645 ordinary shares of RM1.00 each.

13. Earnings Per Share

The earnings per share (basic) is calculated by dividing the net profit attributable to shareholders of RM21,889,000 by the number of shares in issue of 164,385,645.