

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

Notes to the Interim Financial Report for the second quarter ended 30 June 2009.

A. EXPLANATORY NOTES PURSUANT TO 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 Main Market 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 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2008.

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 2008 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 as at previous financial year was RM18.3million arising from the effects of insufficient tax credit under Section 108 of the Income Tax Act, 1967 in respect of payment of interim dividends based on the interpretation of the tax law changes by the relevant authorities. Recently, the Company received clarification from the relevant authorities on the subject matter, which resulted in an over accrual of RM9.5million and accordingly this amount is written back during the quarter.

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. Changes in Estimates

There were no material changes in the nature and amount of estimates reported in prior interim period of current or 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 10 June 2009 in respect of the financial year ending 31 December 2009:

- i. interim single tier dividend of 7.0 sen net per share by election amounting to RM11,506,995.

8. Segment 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 30 June 2009 to 19 August 2009.

11. Change in Group 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 19 August 2009.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

1. Performance Review

The Group's sales revenue recorded an increase of 7.1% for the quarter under review and 10.1% for the six months ended 30 June 2009 as compared to the corresponding periods in the preceding year. The growth in sales revenue trends were due to successful promotions and increase in distributors' productivity driven by enhanced sales and marketing program implemented in the periods under review.

The Group's pre-tax profit decreased by 24.4% for the quarter under review and 16.5% for the six months ended 30 June 2009 as compared to the corresponding periods in the preceding year, mainly due to unfavorable foreign exchange rate of Ringgit against US Dollar and increase in promotional expenses resulting from implementation of sales and marketing program in the periods under review.

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

The Group's sales revenue decreased by 6.4% as compared to the preceding quarter. The decrease was mainly due to the weakening consumer sentiment that continues in the current quarter. The Group's pre-tax profit decreased by 14.6% mainly due to the decrease in sales revenue and the unfavorable foreign exchange rate of Ringgit against US Dollar.

3. Current Year Prospect

Global economic slowdown together with other uncertainties in the marketplace continue to have an unfavorable impact on consumer sentiment. Barring further significant deterioration in the economic environment, the Board is cautiously optimistic that the Group will achieve marginal growth in sales revenue in this 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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/period provision	2,724	17,181
Deferred tax	3,202	(4,664)
Total	5,926	12,517

The effective tax rates for the current quarter and current financial year-to-date of the Group are 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 quarter under review and financial year-to-date.

8. Status of Corporate Proposal

There were no corporate proposals announced but not completed as at 19 August 2009.

9. Group Borrowings and Debt Securities

There were no borrowings nor debt securities as at 30 June 2009.

10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 19 August 2009.

11. Material Litigation

There was no material litigation as at 19 August 2009.

12. Dividend

- (a)
 - i) A second interim single tier dividend of 7.0 sen net per share by election has been declared on 19 August 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 30 July 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 second interim single tier dividend will be determined based on shareholders registered in the record of depositors as at 4 September 2009. The payment date is 17 September 2009.
- (b) The total dividend declared to date for the current financial year ending 31 December 2009 are as follows:
 - i) First 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.
 - ii) Second 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 RM16,276,000 by the number of shares in issue of 164,385,645.