

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

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

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 dividends were paid on 16 December 2009 in respect of the financial year ended 31 December 2009:

- i. interim single tier dividend of 7.0 sen net per share amounting to RM11,506,995
- ii. special interim single tier dividend of 20.0 sen net per share amounting to RM32,877,129

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 31 December 2009 to 24 February 2010.

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 24 February 2010.

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

1. Performance Review

The Group had a pre-price increase buy up for selected products in November 2008 and as a result the 4th quarter 2008 sales revenue was higher in comparison to average quarterly sales revenue. The sales revenue for the 4th quarter 2009 achieved favourable performance mainly due to well received product promotions, although a marginal increase from the higher 4th quarter last year.

Despite the challenging operating environment, the Group's sales revenue recorded an increase of 2.9% for the year ended 31 December 2009 as compared to the preceding year mainly due to successful sales and marketing programs.

The Group's pre-tax profit decreased by 26.3% for the quarter under review as compared to same period last year, mainly due to unfavourable foreign exchange rate of Ringgit against US Dollar and higher advertising and promotional expenses incurred in the quarter under review.

Pre-tax profit decreased by 23.5% for the year ended 31 December 2009 as compared to same period last year, mainly due to unfavourable foreign exchange rate of Ringgit against US Dollar coupled with higher advertising and promotional expenses incurred, lower interest rate income, and investment in consumer access driven strategies.

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

The Group's sales revenue decreased marginally by 1.7% as compared to the preceding quarter.

The Group's pre-tax profit decreased by 21.2% mainly due to higher advertising and product promotional expenses in line with the Group's initiatives to promote brand awareness in conjunction with the opening of the new headquarters.

3. Prospect for the Financial Year Ending 2010

The Malaysian economy is projected to recover in 2010 in tandem with global economic scenario. With this, the Board expects the Group to achieve single digit 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 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	Financial Year-To-Date RM'000
Current quarter/year provision	3,366	31,915
Deferred tax	2,587	(5,584)
Total	5,953	26,331

The effective tax rates for the current quarter and 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 24 February 2010.

9. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 31 December 2009.

10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 31 December 2009. As at 20 February 2010, (the latest practicable date which shall not be earlier than 7 days from the date of this announcement), the Group has entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange arising from purchases.

The details of the open forward foreign exchange contracts are as follows:-

Currency	Contract Amount (‘000)	Equivalent amount in RM’000	Expiry date	Average rate
USD	6,000	20,120	03 March 2010 – 17 March 2010	3.3533

Any exchange differences arising from these transactions are recognised in income statement in the same period as the underlying hedged transactions.

The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparties risks are minimal. There is no cash requirement for these contracts.

11. Material Litigation

There was no material litigation as at 24 February 2010.

12. Dividend

- (a) i) A fourth interim single tier dividend of 7.0 sen net per share has been declared on 24 February 2010, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each.
- ii) For the previous corresponding quarter, 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.
- iii) In respect of deposited securities, entitlements to the fourth interim single tier dividend will be determined based on shareholders registered in the record of depositors as at 12 March 2010. The payment date is 26 March 2010.
- (b) The total dividend declared to date for the current financial year ended 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.
- iii) Third interim single tier dividend of 7.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
- iv) Special interim single tier dividend of 20.0 sen net per share, 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, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.

13. Earnings Per Share

The earnings per share (basic) for the current quarter is calculated by dividing the net profit attributable to shareholders of RM16,380,000 by the number of shares in issue of 164,385,645.