

Amway (Malaysia) Holdings Berhad (Company No : 340354-U)
Notes to the Interim Financial Report - 3rd Quarter ended 30 September 2011.

**A. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS (“FRS”) 134,
INTERIM FINANCIAL REPORTING AND BURSA LISTING
REQUIREMENTS**

1. Accounting Policies and Methods of Computation

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards(FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101 FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of the financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

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 2010 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 financial year-to-date ended 30 September 2011.

5. Changes in Estimates

There were no changes in the nature and amount of estimates reported in prior interim period of current or prior financial years.

6. Issues, Repurchases, and Repayments of Debt and Equity Securities

There were no issues, repurchases, or repayments of debt and equity securities during the financial year-to-date ended 30 September 2011.

7. Dividend Paid

During the quarter ended 30 September 2011, the second interim single tier dividend of 9.0 sen net per share amounting to RM14,795,000 was paid on 15 September 2011 in respect of the financial year ending 31 December 2011.

8. Operating Segment Information

As in prior financial year, the Group operates solely in the direct selling industry and distribution of its products in Malaysia and Brunei. The results and total assets of the subsidiary in Negara Brunei Darussalam are insignificant to the Group. Accordingly, information on geographical and business segments of the Group's operations are not presented with the adoption of FRS 8.

9. Events after the interim Period

There had been no events affecting the earnings of the Group and the Company between 30 September 2011 to 16 November 2011.

10. Effects of Changes in the Composition of the Group

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 financial year-to-date ended 30 September 2011.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 30 September 2011 are as follows:

	RM'000
Approved and contracted for	84
Approved and not contracted for	5,770

	5,854
	=====
Contracted Commitments are analysed as follows:	
Purchase of Furniture, Fittings and Equipment	76
Purchase of Motor Vehicle	8
	=====

12. Related Party Transactions

Significant related party transactions are as follows:

RM'000	Quarter ended		Year-to-date ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
Sales of goods	449	709	1,871	2,294
Purchases of goods	(57,635)	(45,124)	(143,811)	(148,527)
Services provided	1,415	-	2,345	91
Services received	(3,332)	(1,229)	(5,658)	(4,745)
Royalties expense	(430)	(371)	(1,054)	(880)

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 10.5% for the quarter under review and 3.4% for the nine months ended 30 September 2011 as compared to the corresponding periods in the preceding year. The growth in sales revenue was supported by the various sales and marketing program implemented during the periods under review.

The Group's profit before tax increased by 19.5% for the quarter under review and 7.8% for the nine months ended 30 September 2011 as compared to the corresponding periods in the preceding year mainly due to higher sales revenue and improved gross margin arising from the favorable foreign exchange impact.

2. Comparison with Preceding Quarter's Results

The Group's sales revenue increased by 25% as compared to the preceding quarter mainly due to higher distributor productivity driven by sales and marketing program implemented in the period under review.

The Group's profit before tax increased by 34.2% as compared to the preceding quarter in line with higher sales revenue in the period under review.

3. Commentary on Prospects for the Current Financial Year

Despite the strong third quarter sales performance, the fourth quarter operating environment is expected to be more challenging due to weaker consumer sentiment arising from continuous uncertainty in global economic outlook. As a result, the Group expects to achieve minimal growth in sales revenue for the current financial year.

The Board of Directors is of the opinion that this outlook is realistic 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. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued by the Group.

5. Income Tax Expense

RM'000	Quarter ended		Year-to-date ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
Tax charges/(credits) comprise:				
Malaysian taxation based on profit for the period				
Current income tax	7,308	8,437	24,766	23,511
Deferred tax	1,340	(1,142)	(2,392)	(2,341)
Total	8,648	7,295	22,374	21,170

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

6. Realised and Unrealised Profits/(Losses)

RM'000	As at	
	30/9/2011	31/12/2010
Realised	58,632	44,219
Unrealised	11,982	5,719
	70,614	49,938
Less: Consolidation adjustments	(5,748)	(5,748)
Total Group Retained Profits	64,866	44,190

7. Profit/ Loss on Sale of Unquoted Investments and/or Properties

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

8. Quoted Securities

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

9. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 16 November 2011.

10. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 30 September 2011.

11. Derivative Financial Instruments

There were no Derivative Financial Instruments for the quarter ended 30 September 2011.

12. Gains and Losses arising from Fair Value Changes of Financial Liabilities

Not Applicable.

13. Material Litigation

There was no material litigation as at 16 November 2011.

14. Dividend

- (a)
 - i) A third interim single tier dividend of 9.0 sen net per share has been declared on 16 November 2011, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each. A special interim single tier dividend of 30.0 sen net per share has also been declared on 16 November 2011, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - ii) For the previous corresponding quarter, an interim single tier dividend of 9.0 sen net per share has been declared on 15 November 2010, based on the existing share capital of 164,385,645 ordinary shares of RM1.00 each. A special interim single tier dividend of 30.0 sen net per share has also been declared on 15 November 2010, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - iii) In respect of deposited securities, entitlement to the third interim single tier dividend will be determined based on shareholders registered in the record of depositors as at 2 December 2011. The payment date is 21 December 2011.
- (b) The total dividend declared for the financial year ending 31 December 2011 are as follows:
 - i) First interim single tier dividend of 9.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - ii) Second interim single tier dividend of 9.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.
 - iii) Third interim single tier dividend of 9.0 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 30.0 sen net per share, based on the share capital of 164,385,645 ordinary shares of RM1.00 each.

15. Earnings Per Share

The basic earnings per share for the current quarter is calculated by dividing the profit for the period amounting RM25,773,000 by the number of shares in issue of 164,385,645.