

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

1. Basis of Preparation

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134: Interim Financial Reporting, International Accounting Standards 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. The audited financial statements of the Group for the year ended 31 December 2023 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted by the Group for the condensed consolidated financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7 ‘Supplier Finance Arrangements’	1 January 2024

The adoption of the above amendments to published standards above did not have any material financial impact to the Group.

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 2023 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 current quarter and financial period ended 31 March 2024.

5. Changes in Estimates

There were no changes in the nature and estimates of amounts reported in prior financial years that have had any material effect in the current quarter and financial period ended 31 March 2024.

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

There were no issuances, repurchases, or repayments of debt and equity securities during the current quarter and financial period ended 31 March 2024.

7. Dividends Paid

Dividends paid during the financial period ended 31 March 2024 are as follows:

- i) Fourth single tier interim dividend of 5.0 sen net per share and a special single tier interim dividend of 40.0 sen net per share totalling RM73,974,000 in respect of financial year ended 31 December 2023 was paid on 27 March 2024.

8. Operating Segment Information

As in the prior financial year, the Group operates solely in the direct selling industry and distributes 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 is not presented.

9. Events after the Interim Period

There was no material event subsequent to the current quarter and the financial period ended 31 March 2024 up to the date of this report.

10. Effects of Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, or discontinued operations during the current quarter and the financial period ended 31 March 2024.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 31 March 2024 are as follows:

	31.03.2024
	RM'000
Development costs and property, plant and equipment:	
- Approved and contracted for	954
- Approved and not contracted for	18,434
	<u>19,388</u>
Contracted commitments are analysed as follows:	
- Purchase of equipment, building improvement and system development costs	<u>954</u>

12. Related Party Transactions

Significant related party transactions with related companies are as follows:

RM'000	Quarter and Year-to-date ended	
	31.03.2024	31.03.2023
Sales of goods	3	19
Purchases of goods	(112,492)	(92,653)
Royalties expense	(873)	(1,079)

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

1. Performance Review

RM'000	Quarter and Year-to-date ended		Changes
	31.03.2024	31.03.2023	
Revenue	322,064	372,815	(13.6%)
Cost of Sales	(235,012)	(300,037)	(21.7%)
Gross Profit	87,052	72,778	19.6%
Profit Before Tax	43,196	25,759	67.7%
Profit After Tax	32,738	19,566	67.3%

Group revenue for the quarter ended 31 March 2024 was lower than the same period last year by 13.6% mainly due to softer consumer demand coupled with higher comparison in the previous year's quarter resulted from a pre-price increase buy up for home appliances.

The Group's profit before tax for the quarter ended 31 March 2024 was higher by 67.7% compared to the same period last year due to lower ABO incentives provision in line with lower sales.

2. Comparison with the Preceding Quarter's Results

RM'000	Current	Preceding	Changes
	quarter ended 31.03.2024	quarter ended 31.12.2023	
Revenue	322,064	358,278	(10.1%)
Cost of Sales	(235,012)	(263,570)	(10.8%)
Gross Profit	87,052	94,708	(8.1%)
Profit Before Tax	43,196	42,837	0.8%
Profit After Tax	32,738	32,405	1.0%

Group revenue for the current quarter ended 31 March 2024 was 10.1% lower than the preceding quarter mainly due to higher base in the last quarter driven by home appliances promotion campaign.

The Group's profit before tax for the current quarter ended 31 March 2024 increased by 0.8% mainly attributed to higher selling expenses in the preceding quarter.

3. Commentary on Prospects

The first quarter of 2024 saw a decline in the Group's sales on the back of a challenging business landscape, compounded by persistent inflationary pressures that dampened consumer sentiment and spending ability. The Group is vigilantly monitoring these macroeconomic challenges while reaffirming its commitment to long-term success. The Group is transitioning from its traditional focus on physical health by embracing a more comprehensive "Health and Wellbeing" approach, reflecting Amway's commitment to providing holistic solutions for diverse consumer needs. Given the continued headwinds, the Group foresees a reduction in revenue for the full year.

While the Group reported improved profits in the first quarter of 2024 largely attributable to lower ABO incentives compared to the same quarter in 2023. The broader focus on "Health & Wellbeing" requires targeted investments in ABO-centric programs, innovative product launches, cultivating health-centric communities, and the necessary infrastructure and technology upgrades, which coupled with rising product costs due to inflation are expected to exert downward pressure on profitability for the full year.

4. Financial Forecast or Profit Guarantee

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

5. Revenue

Set out below is the disaggregation of the Group's revenue from contract with customers:

RM'000	Quarter and Year-to-date ended	
	31.03.2024	31.03.2023
Sales of consumer products	317,059	368,241
Sign up and renewal fees and other service fees	5,005	4,574
Total	322,064	372,815
Timing of revenue recognition:		
At point in time	318,217	369,374
Over time	3,847	3,441
Total	322,064	372,815

6. Income Tax Expense

RM'000	Quarter and Year-to-date ended	
	31.03.2024	31.03.2023
Tax charges/(credits) comprise:		
Current income tax	12,170	8,359
Deferred tax	(1,712)	(2,166)
Total	10,458	6,193

The effective tax rate of the Group for the current quarter ended 31 March 2024 is higher than the statutory tax rate due to certain expenses are not deductible for tax purposes.

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 May 2024.

8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 31 March 2024.

9. Material Litigation

There was no material litigation as at 23 May 2024.

10. Dividends proposed or declared

- i) A first single tier interim dividend of 5.0 sen net per share has been declared on 23 May 2024.

In respect of deposited securities, entitlement to the first single tier interim dividend will be determined based on shareholders registered in the record of depositors as at 10 June 2024. The payment date will be on 21 June 2024.

- ii) In the previous year corresponding quarter, a first single tier interim dividend of 5.0 sen net per share was declared on 24 May 2023.

The total dividend declared for the financial year ending 31 December 2024 is as follows:

- i) First single tier interim dividend of 5.0 sen net per share.

11. Earnings Per Share

	Quarter and Year-to-date ended	
	31.03.2024	31.03.2023
Profit after tax attributable to owners of the parent (RM'000)	32,738	19,566
Numbers of shares in issue ('000)	164,386	164,386
Basic earnings per share (sen)	19.92	11.90

12. Notes to the Condensed Consolidated Statement of Comprehensive Income

RM'000	Quarter and Year-to-date ended	
	31.03.2024	31.03.2023
Depreciation of property, plant and equipment	1,569	1,016
Property, plant and equipment written off	1	-
Amortisation of intangible assets	202	1,931
Intangible assets written off	-	13
Depreciation of right-of-use assets	1,011	912
Finance costs	204	145
Interest income	(2,439)	(1,407)
Net allowance for expected credit loss	141	403
Net (reversal of allowance)/allowance for inventory obsolescence	(1,127)	1,674
Inventories written off	554	670
Net changes in provision for assurance-type warranties	(36)	614
Net realised loss on foreign exchange	41	272
Net unrealised gain on foreign exchange	(93)	(147)

No other income including investment income, gain/(loss) on disposal of quoted or unquoted investments or properties, impairment of assets and gain/(loss) on derivatives was recognised for the current quarter and financial period ended 31 March 2024.