



2005

Amway™



At a glance... The year 2005 has been an exciting one for all at Amway (Malaysia) Holdings Berhad and continues to guide the corporation towards achieving future success. This year's annual report cover underpins the notion of such a success by the various products and commodities offered by Amway. The touch of vibrant colours reinforces how Amway enhances the everyday life of all.

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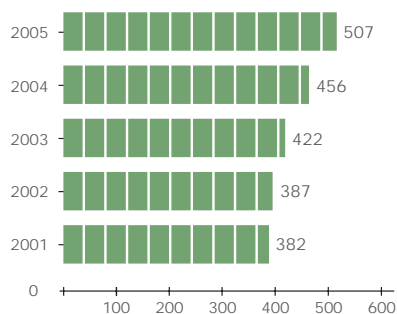
	2001	2002	2003	2004	2005
	RM	RM	RM	RM	RM
	Million	Million	Million	Million	Million
Sales Revenue	382	387	422	456	507
Profit Before Taxation	74	76	74	72	73
Net Profit For The Year	52	56	52	54	52
Net Earnings Per Share (Sen)	31.6*	34.7	31.7	32.6	31.6
Core Distributor Force (in Thousand)	159	157	158	161	165

* Based on enlarged capital after 2 for 3 bonus issue during the year.

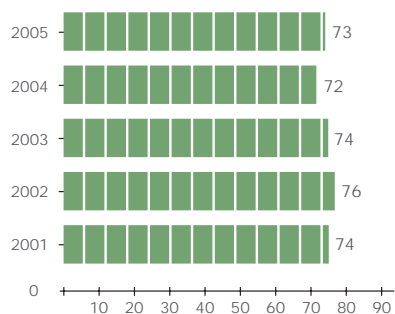


5 Year Financial Highlights

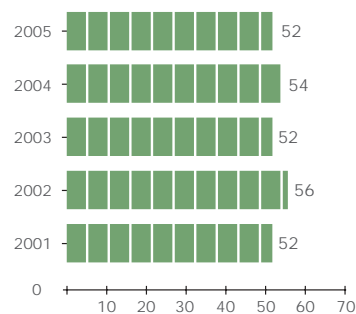
SALES REVENUE
(RM Million)



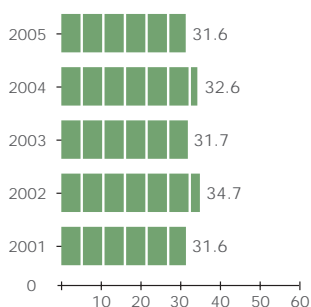
PROFIT BEFORE TAXATION
(RM Million)



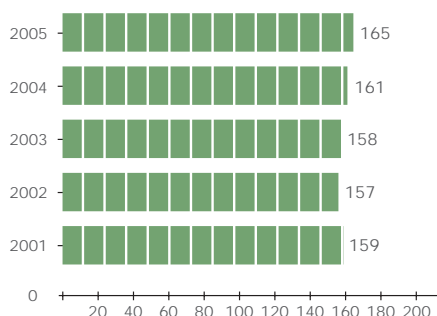
NET PROFIT FOR THE YEAR
(RM Million)



NET EARNINGS PER SHARE
(Sen)



CORE DISTRIBUTOR FORCE
(In Thousand)



DEAR SHAREHOLDER

Ordinarily, this Letter would have come to you from the Chairman, but due to Tan Sri Datuk Ahmad Farouk's ill-health, I've been asked by the Board to assume the responsibility for this year.

Let me begin by sharing with you that Amway performed beyond expectations for Fiscal Year 2005 by exceeding the RM500 million sales revenue mark, one year ahead of our internal target. This accomplishment is even more meaningful as it allows us to enter our 30th year in Malaysia from a position of strength. I'd like to take a moment to congratulate Amway Distributors for their major role in this achievement and to the staff and management team for their dedicated contribution. Never has the partnership between Amway Distributors and your Company been more pivotal in steering the course of our business success. Underpinned by mutual respect, co-operation and the philosophy of helping other people live better lives, this partnership has been the mainstay of your Company's enduring growth year after year.

Against the backdrop of higher oil prices and softening consumer sentiment, Amway Distributors have proven yet again what resilient and loyal advocates they are of the business opportunity and products. Leveraging on the initiatives that your Company had put in place to support them, distributor morale and productivity helped to drive the momentum to a record high. The results for our Fiscal Year 2005 bear testimony to that.

ARTISTRY™

RESULTS

At RM507.03 million, sales revenue was 11.1% higher than the previous year. Profit before tax was up 1.3% from the previous year to RM73.29 million. The marginal increase is in line with our expectations as we have reiterated that the investments we make to enhance the awareness and value of the business opportunity and products will exert pressure on the margins in the short term. However, this is a necessary move to protect our market share in a highly competitive and a slowing economic environment.

For the year in review, I am glad to announce that the Board of Directors is recommending a fourth quarter interim dividend of 7.5 sen per share, giving a total gross dividend of 50 sen for the whole year, including a special dividend of 20 sen announced in the third quarter. This will amount to a total pay-out of RM59,179,000 net of tax.



OPERATIONAL OVERVIEW

Some of the main drivers of last year's growth were initiatives that had proven successful in the last few years such as the strategy to introduce new products and promotions and enhanced Sales Incentive Programmes ("SIPs") and Non-Cash Awards ("NCAs") Programmes to boost distributor productivity. I'm pleased to mention that distributor productivity had increased for the sixth consecutive year by about 8% from the previous year. I believe that there is still room for growth as the per capita income of Malaysians is on the rise. As a result, growing distributor productivity will continue to be one of the key drivers of our sales growth. In this connection, we will encourage Distributors to give greater emphasis on retailing our wide range of over 450 quality products. The fiscal year saw 14 new coreline product launches and revisions which contributed about 3% to total sales, a healthy figure to illustrate that a substantial part of total sales revenue is driven by the existing products. Such sales mix will provide strong stability to the overall business. The new product introductions included two major brands, which provided added opportunities for Distributors to widen their retailing efforts with the trendy E. FUNKHOUSER cosmetic brand and the technologically-advanced iCOOK cookware range. Another key driver of sales growth is to increase the distributor force. There were several initiatives put in place in the recent years which has begun to yield results. The declining trend of applications has reversed in 2005 to show a growth of 13.5% over the previous fiscal year. Such increase in application rates usually translates into an increase in the Core Distributor Force in subsequent years.

During the year in review, the excitement level amongst Distributors remained high, mainly driven by the enhanced SIPs/NCAs which included additional features in conjunction with our 30th Anniversary celebration next year. For the first time in our history, Amway Malaysia recorded its first Founders Crown Ambassador, the highest pin level for an Amway Distributor. There were also 24 new Diamonds and higher qualifiers for the fiscal year, 6 more than the previous year. Additionally, the number of qualifiers for the Amway Leadership Seminar taking place in San Francisco in December of 2005 grew from 790 people the previous year to 908 people. The number of renewed Distributors has also risen to 164,500, reflecting a trend that we have seen in the last few years. This bodes well for your Company as our business continues to appeal to more people, despite having been around for nearly three decades.

There was also a continuation of a few initiatives that were introduced the previous year, notably the brand-building campaigns for NUTRILITE and ARTISTRY. With the clutter of brands in the market and the stiff competition for the same wallet, your Company's strategy to promote the name and efficacy of our power brands will help to create demand and brand loyalty in the long-term whilst supporting the retailing efforts of Distributors, which in turn, will increase distributor productivity.

CORPORATE GOVERNANCE

The Board continues to monitor and review the effectiveness of your Company's corporate governance principles and practices to ensure their relevance. Apart from ensuring that internal controls were in place, the Board maintained regular, timely and adequate disclosure to the authorities and shareholders.

I also draw your attention to an announcement that your Company made to Bursa Malaysia Securities Berhad in October 2005. Specifically, it was announced that the Company and its subsidiaries had changed their financial year end from 31 August to 31 December subsequent to the end of the period to coincide with the financial year end of the ultimate holding company. This will see your Company's next financial period comprise of 16 months instead of 12 months, from 1 September 2005 to 31 December 2006.



AWARDS AND RECOGNITION

For the third consecutive year, your Company emerged as one of three winners in the Consumer Market category of the KPMG Shareholder Value Awards 2004, an award that recognizes companies for producing exemplary value for their shareholders. Amway was also ranked 7th out of the top 100 companies in terms of creating shareholder value. This is no small feat, considering that we were competing against many well-run and profitable companies in Malaysia.

Your Company's consistent good standing amongst the financial community has its roots in the sound direction provided by the Board of Directors, all of whom have personified the highest level of corporate governance with their committed attendance at Board and Board Committee meetings.

CORPORATE SOCIAL RESPONSIBILITY

Community service took on a deeper meaning for your Company as its One By One Campaign for Children touched the hearts of Distributors and staff alike who came together for a common cause - that of creating Happy Healthy Minds among children. Amidst rising concerns that our children today suffer the tendency of low self-esteem and self-confidence which unchecked, could lead to juvenile delinquency and mal-adjusted adults, your Company has pledged a long-term commitment to addressing this problem. With the assistance of a team of child psychologists, Happy Healthy Minds workshops and camps were held to instill positive behaviours among children while their parents/caregivers were taken through talks on how to help their children manifest these behaviours. The feedback from both children and parents were very positive, so much so that responses to these workshops and camps, which were opened to the public for free, have been overwhelming.

A sad blot in the memory of many was the tsunami tragedy that impacted Malaysia and the neighbouring countries. Your Company and Amway Distributors rallied generously to donate a collective amount of nearly half a million Ringgit. Worldwide, Amway Corporation and the other Amway affiliates donated more than USD1 million in cash and kind, staying true to our fundamental philosophy of helping others live better lives.



OUTLOOK

After accelerating 7.1% in 2004, Malaysia's economy is expected to moderate between 5% and 6% for 2005. With the global slowdown resulting from continuing high oil prices and prevailing weak consumer sentiment, consumer demand is expected to remain sluggish.

Your Company has begun to consolidate a comprehensive programme aimed at sustaining our growth momentum, leveraging on the 30th anniversary celebration that presents itself in 2006. A hint of that programme has been worked into the SIPs/NCAs which have been announced. This has created tremendous excitement among Amway Distributors as evidenced in the increased selling, sponsoring and servicing activities currently witnessed.

Your Company also plans to introduce more marketing promotions to induce demand to protect our market share as well as new products, some of which will be brought in especially for the 30th anniversary celebrations. The branding campaigns for NUTRILITE and ARTISTRY will continue to evoke the senses of more consumers to create greater awareness and recall while more product-based activities will signify our continued emphasis on retailing.

With these plans in place, we hope to mitigate the impact of the potential deceleration of the economy. Hence, the Board remains cautiously optimistic about the outlook of the new financial period.



Amway (Malaysia) Holdings Berhad was awarded top recognition by the Reader's Digest SuperBrand Awards for Nutrilite & Amway Water Treatment System.



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KPMG

Amway (Malaysia) Holdings Berhad has emerged as one of three winners in the Consumer Market category of the KPMG Shareholder Value Awards 2004 for the third consecutive year. The award is given in recognition of Amway's ability to provide one of the best shareholder values.



IN MEMORIAM

The Amway world lost one of its founding fathers with the passing of Mr Jay Van Andel in December of last year. He was 80 years old. Together with Mr Richard DeVos, both life-long friends, they founded Amway in 1959. Over four decades, they built their business into a multi-billion dollar international corporation and one of the world's largest direct selling companies.

Personifying Amway's philosophy of helping others achieve better lives, Mr Van Andel's philanthropic nature supported numerous arts, cultural and educational institutions in his hometown of Grand Rapids, Michigan, through the Jay and Betty Van Andel Foundation. He was also a strong supporter of healthcare needs, to which he has donated millions. Apart from these physical entities, Mr Van Andel leaves behind a legacy that will continue to live on through the Amway business opportunity.

APPRECIATION

I'd like to take this opportunity to thank the Board of Directors for their unwavering guidance for the year in review. Their counsel was important, timely and appreciated. At this juncture, I would like to place on record our heartfelt gratitude and appreciation to two of our esteemed Directors who will be leaving the Board, Mr Choong Lai Huat and Mr James Bradley Payne.

Mr Choong joined Amway (Malaysia) Sdn Bhd in 1978 and retired as Managing Director in 1998, after which he continued to serve on the Company's Board. He will not be seeking re-election to pursue other personal commitments. As one of the pioneering staff of Amway Malaysia, Mr Choong contributed greatly to building the foundation for your Company as well as the country's direct selling industry through his leadership role in the Direct Selling Association of Malaysia.

Mr Payne who has been a Director since 1998 will be stepping down as a realignment of market responsibilities will see him concentrating on North America, Europe, Australia, New Zealand, India and Latin America. As the Executive Vice President of Amway Corporation, he had brought to the Board his vast and diverse experience and sound judgement in influencing policy-making. He was always a stalwart supporter of the Malaysian market.

Collectively, both Mr Choong and Mr Payne have provided valuable input and counsel to the Board and their commitment to the Company reflects their unwavering support and dedication. Their contribution has certainly benefited the Company and places it in a good position for further achievement.

Here, I'd like to extend a warm welcome to a new member of the Board, Mrs Eva Cheng. Mrs Cheng is the Executive Vice President of Amway Global Holdings Inc. and the Chief Executive Officer of Amway in Greater China & Southeast Asia. She brings with her a wealth of knowledge and experience in the direct selling industry, having been with Amway since 1977. Mrs Cheng is also active in community and public service in both her birthplace of Hong Kong as well as in China, where she spearheaded the entry of Amway in the 1990s, leading it to become one of the top 100 foreign invested enterprises in China and the largest market for Amway. I am sure we will benefit from her vast experience.

As always, it will not be complete without registering my heartfelt thanks to all who have contributed to yet another record year - Amway Distributors, the Management and staff, our business partners and the relevant government authorities. To you, our shareholders, I thank you for your loyalty and your innate faith in us.

LOW HAN KEE
Managing Director



Children and parents take part in activities that foster communication, teamwork and interaction during the Happy Healthy Minds workshops and camp organized by Amway.



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Creating Happy Healthy Minds Among Our Children



The One by One-sponsored articles in three major language newspapers - Creating public awareness on topics surrounding children's mental health.



The Parenting Seminars allow parents the opportunity to share experiences on fostering better relationships with their children.

PEMEGANG SAHAM SEKALIAN

Perutusan ini lazimnya dibentangkan oleh Pengerusi anda, tetapi memandangkan keadaan kesihatan Tan Sri Datuk Ahmad Farouk kurang mengizinkan, saya telah diminta oleh Lembaga Pengarah untuk memangku tanggungjawab menulis Penyata buat masa ini.

Izinkan saya mulai dengan berkongsi bersama anda sekalian bahawa Amway telah menampilkan prestasi di luar dugaan bagi Tahun Fiskal 2005 dengan hasil jualan melebihi RM500 juta; setahun lebih awal daripada sasaran dalaman kita. Pencapaian ini lebih bermakna kerana ia membolehkan kita memasuki tahun ke-30 di Malaysia pada kedudukan yang teguh. Saya ingin mengambil kesempatan ini untuk mengucapkan tahniah kepada para Pengedar Amway atas peranan penting yang mereka mainkan sehingga membolehkan kita mencapai kejayaan ini dan kepada kakitangan dan pihak pengurusan atas sumbangan penuh dedikasi mereka



selama ini. Tidak pernah perkongsian antara Pengedar Amway dan Syarikat anda menjadi begitu penting sekali dalam mendorong kita menempa kejayaan dalam perniagaan. Perkongsian yang berdasarkan kepada rasa saling menghormati, kerjasama dan falsafah untuk membantu orang lain menikmati hidup yang lebih baik menjadi tunggak pertumbuhan kukuh Syarikat dari setahun ke setahun.

Walaupun berhadapan dengan kemelut harga minyak yang lebih tinggi dan penurunan sentimen pengguna, para Pengedar Amway sekali lagi berjaya membuktikan bahawa mereka sememangnya berdaya tahan dan setia terhadap peluang perniagaan dan produk Amway. Semangat dan produktiviti Pengedar telah membantu mendorong momentum pertumbuhan untuk mencatat rekod tertinggi hasil manfaat daripada inisiatif yang disediakan oleh Syarikat untuk menyokong mereka. Keputusan bagi Tahun Fiskal 2005 kita menjadi bukti pencapaian tersebut.

KEPUTUSAN

Hasil jualan yang mencatat kadar RM507.03 juta, adalah 11.1% lebih tinggi daripada tahun lepas. Keuntungan sebelum cukai meningkat 1.3% daripada RM73.29 juta yang dicapai pada tahun lepas. Peningkatan kecil ini adalah sejajar dengan jangkaan kita kerana kita telah mengulangi bahawa pelaburan yang kita buat untuk meningkatkan kesedaran dan nilai peluang perniagaan dan produk akan memberi tekanan yang semakin hebat terhadap margin dalam jangka masa pendek. Walau bagaimanapun, ini merupakan langkah yang perlu untuk melindungi bahagian pasaran kita di dalam persekitaran ekonomi yang sangat kompetitif dan perlahan.

Bagi tahun yang ditinjau, saya dengan sukacita ingin mengumumkan bahawa Lembaga Pengarah mengesyorkan dividen interim suku tahunan keempat sebanyak 7.5 sen sesaham, menjadikan dividen kasar sebanyak 50 sen bagi seluruh tahun, termasuk dividen khas sebanyak 20 sen yang diumumkan pada suku ketiga. Ini membawa kepada jumlah pembayaran sebanyak RM59,179,000 selepas ditolak cukai.

TINJAUAN OPERASI

Sesetengah daripada pendorong utama pertumbuhan tahun lepas adalah inisiatif yang terbukti berjaya pada beberapa tahun kebelakangan seperti strategi memperkenalkan produk baru dan promosi dan mempergiatkan lagi Program Insentif Jualan ("SIP") dan Program Ganjaran Bukan Tunai ("NCA") yang dipertingkatkan untuk menggalakkan produktiviti Pengedar. Saya berasa sukacita untuk memaklumkan bahawa produktiviti Pengedar telah meningkat untuk enam tahun berturut-turut iaitu sebanyak lebih kurang 8% daripada tahun sebelumnya. Saya yakin bahawa masih terdapat ruang pertumbuhan kerana pendapatan per kapita rakyat Malaysia kini sedang meningkat. Hasilnya, produktiviti Pengedar yang semakin berkembang akan terus menjadi salah satu pendorong utama pertumbuhan jualan kita. Sehubungan itu, kita akan menggalakkan para Pengedar untuk memberi penekanan yang lebih besar terhadap usaha jualan runcit lebih 450 produk berkualiti kita. Tahun fiskal ini menyaksikan 14 pelancaran dan pelancaran semula produk teras yang menyumbangkan kita-kira 3% daripada jumlah jualan, angka yang baik untuk menunjukkan bahawa sebahagian besar daripada jumlah hasil jualan didorong oleh produk sedia ada. Campuran produk sebegini akan menyediakan kestabilan yang kukuh kepada seluruh perniagaan. Pengenalan produk-produk baru termasuk dua jenama utama, yang memberi peluang tambahan kepada Pengedar untuk memperluaskan lagi usaha jualan mereka dengan jenama kosmetik E. FUNKHOUSER yang bergaya dan periuk masak iCook yang mengguna teknologi termaju. Satu lagi pendorong pertumbuhan utama jualan adalah untuk mempertingkatkan bilangan Pengedar Teras. Beberapa inisiatif yang dilaksanakan sejak beberapa tahun kebelakangan telah mula membuahkan hasil. Trend permohonan yang menurun telah pulih pada tahun 2005 untuk menunjukkan pertumbuhan 13.5% berbanding tahun fiskal sebelumnya. Kenaikan permohonan tersebut lazimnya diterjemahkan kepada peningkatan dalam Tenaga Pengedar Teras pada tahun-tahun berikutnya.

Pada tahun yang ditinjau, para Pengedar terus menunjukkan tahap minat yang tinggi, didorong terutamanya oleh SIP/NCA yang dipertingkatkan termasuk ciri-ciri tambahan bersempena dengan perayaan ulang tahun ke-30 kami pada tahun hadapan. Buat pertama kali dalam sejarah kami, Amway Malaysia mencatatkan Duta Mahkota Pengasas, peringkat tertinggi yang boleh dicapai oleh seseorang Pengedar Amway. Terdapat juga 24 Intan baru dan penyandang tertinggi bagi tahun fiskal, tambahan 6 berbanding tahun sebelumnya. Di samping itu, bilangan ahli yang layak untuk Seminar Kepimpinan Amway yang akan berlangsung di San Francisco pada bulan Disember 2005 meningkat daripada 790 orang pada tahun lepas kepada 908 orang. Bilangan Pengedar yang memperbaharui keahlian juga meningkat kepada 164,500, menunjukkan arah aliran yang diperlihatkan sejak beberapa tahun kebelakangan ini. Keadaan ini memberi petanda baik kepada Syarikat anda kerana perniagaan kita terus menarik orang ramai, walaupun telah hampir tiga dekad berada di pasaran.

Terdapat juga perlanjutan beberapa inisiatif telah diperkenalkan pada tahun lepas, khususnya kempen membina jenama bagi NUTRILITE dan ARTISTRY. Kewujudan pelbagai jenama di pasaran serta persaingan sengit untuk menguasai bahagian pasaran yang sama, menyebabkan Syarikat anda melaksanakan strategi untuk mempromosi nama dan kehebatan jenama kita yang akan membantu mencipta permintaan dan kesetiaan jenama dalam jangka masa panjang serta menyokong usaha jualan runcit para Pengedar yang seterusnya akan mempertingkatkan produktiviti mereka.

TADBIR URUS KORPORAT

Lembaga Pengarah terus memantau dan mengkaji keberkesanan prinsip dan amalan tadbir urus korporat Syarikat anda bagi memastikan keberkesanannya. Selain daripada memastikan kawalan dalaman sentiasa dikawal, Lembaga Pengarah anda mengekalkan amalan pendedahan yang tetap, menepati masa dan memadai kepada pelbagai pihak berkuasa dan para pemegang saham.

Saya juga ingin menarik perhatian anda sekalian kepada pengumuman yang telah dibuat oleh Syarikat anda kepada Bursa Malaysia Securities Berhad pada bulan Oktober 2005. Secara khususnya, pengumuman telah dibuat bahawa Syarikat dan anak-anak syarikatnya telah menukar akhir tahun kewangan masing-masing daripada 31 Ogos kepada 31 Disember selepas akhir tempoh supaya serentak dengan akhir tahun kewangan syarikat pemegang saham. Ini akan menyaksikan tempoh kewangan akan datang Syarikat anda meliputi 16 bulan dan bukannya 12 bulan, iaitu dari 1 September 2005 hingga 31 Disember 2006.

ANUGERAH DAN PENGIKTIRAFAN

Untuk tiga tahun berturut-turut, Syarikat anda merupakan salah satu daripada tiga pemenang kategori Pasaran Pengguna KPMG Shareholder Value Awards 2004, anugerah bagi mengiktiraf syarikat-syarikat terbaik yang menghasilkan nilai contoh untuk para pemegang saham mereka. Amway juga berkedudukan tangga ke 7 daripada 100 syarikat terbaik dari segi mencipta nilai pemegang saham. Kejayaan ini bukanlah pencapaian kecil kerana kita bersaing dengan syarikat-syarikat yang diurus dengan baik dan mempunyai tahap keuntungan yang tinggi di Malaysia.

Kedudukan Syarikat anda yang kekal baik di kalangan komuniti kewangan adalah disebabkan oleh arahan bijak yang diberi oleh Lembaga Pengarah. Kesemua mereka menjadi contoh dalam bidang tadbir urus korporat terbaik melalui kehadiran yang komited di mesyuarat-mesyuarat Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah.

TANGGUNGJAWAB SOSIAL KORPORAT

Khidmat masyarakat menjadi lebih bererti bagi Syarikat anda kerana Kempen One By One for Children anjurannya menyentuh hati para Pengedar dan juga kakitangan yang sama-sama menyumbang ke arah mencapai matlamat yang serupa - mewujudkan Minda Sihat Ceria (Happy Healthy Minds) di kalangan kanak-kanak. Di sebalik kebimbangan bahawa kanak-kanak hari ini diselubungi masalah harga diri dan keyakinan diri rendah yang jika tidak diatasi, boleh membawa kepada jenayah juvana dan golongan remaja yang berkembang menjadi orang dewasa yang gagal menyesuaikan diri. Syarikat anda telah memberi komitmen jangka masa panjang untuk menangani masalah ini. Bengkel dan kem Minda Sihat Ceria diadakan dengan bantuan pakar psikologi kanak-kanak untuk menyemai tabiat positif di kalangan kanak-kanak sementara ibu bapa / penjaga mereka digalakkan menghadiri ceramah tentang bagaimana kanak-kanak lazimnya menunjukkan tabiat-tabiat ini. Maklum balas yang diterima daripada kanak-kanak dan ibu bapa amat positif, sehingga menyebabkan sambutan terhadap bengkel-bengkel yang disediakan secara percuma untuk orang ramai ini sangat menggalakkan.

Tragedi sedih tsunami yang melanda Malaysia dan juga negara jiran akan kekal terpahat di ingatan kita. Syarikat anda dan Pengedar Amway berganding bahu menderma wang berjumlah hampir setengah juta Ringgit. Di seluruh dunia, Amway Corporation dan syarikat gabungan Amway telah menderma lebih USD1 juta dalam bentuk wang dan barangan, sejajar dengan falsafah kami membantu orang lain menikmati hidup yang lebih baik.

HARAPAN MASA HADAPAN

Ekonomi Malaysia dijangka akan mencatat perkembangan sederhana antara 5% dan 6% pada tahun 2005 selepas mencapai pertumbuhan teguh 7.1% pada tahun 2004. Dengan kelembapan ekonomi global akibat kenaikan berterusan harga minyak dan sentimen pengguna yang lemah, permintaan pengguna dijangka kekal rendah.



Syarikat anda telah mula merangka program komprehensif yang bermatlamat untuk mengekalkan momentum pertumbuhan kita, dengan memanfaatkan sambutan ulang tahun ke-30 pada tahun 2006 nanti. Sedikit gambaran program tersebut telah dimasukkan di dalam SIP/NCA yang telah diumumkan. Ini menimbulkan minat yang mendalam di kalangan Pengedar Amway seperti yang dapat dilihat dalam peningkatan aktiviti jualan, penajaan dan perkhidmatan semasa.

Syarikat anda juga merancang untuk memperkenalkan lebih banyak promosi pemasaran untuk melonjakkan permintaan bagi melindungi bahagian pasaran kita serta produk-produk baru, sesetengah daripadanya akan dibawa masuk khusus bagi sambutan ulang tahun ke-30. Kempen penjenamaan bagi NUTRILITE dan ARTISTRY akan terus membangkitkan kesedaran yang lebih mendalam di kalangan lebih ramai pengguna sementara lebih banyak aktiviti berasaskan produk akan mengukuhkan lagi penekanan berterusan kita terhadap jualan produk.

Dengan tersedianya rancangan ini, kita berharap dapat meringankan kesan kemungkinan penurunan ekonomi. Justeru itu, Lembaga Pengarah kekal optimistik namun berhati-hati tentang harapan masa hadapan bagi tempoh kewangan yang baru.

DALAM KENANGAN

Amway kehilangan salah seorang pengasasnya dengan kematian Encik Jay Van Andel pada bulan Disember tahun lepas. Beliau berusia 80 tahun. Bersama-sama dengan Encik Richard DeVos, teman rapat beliau, mereka mengasaskan Amway pada tahun 1959. Sepanjang tempoh empat dekad mereka membina perniagaan ini menjadi sebuah syarikat antarabangsa bernilai berbilion dollar dan salah sebuah syarikat jualan langsung terbesar di dunia.

Sebagai lambang falsafah Amway untuk membantu orang lain menikmati kehidupan yang lebih baik, sikap dermawan semula jadi Encik Van Andel menyaksikan beliau menyokong pelbagai institusi kesenian, kebudayaan dan pendidikan di bandar kelahiran beliau iaitu Grand Rapids, Michigan, melalui Yayasan Jay and Betty Van Andel. Beliau juga merupakan penyokong kuat keperluan penjagaan kesihatan, yang mana beliau telah menderma berjuta-juta dollar. Selain daripada entiti-fisikal ini, Encik Van Andel meninggalkan warisan yang berkekalan melalui peluang perniagaan Amway.

PENGHARGAAN

Saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada Lembaga Pengarah atas panduan yang telah mereka berikan pada tahun yang ditinjau. Nasihat mereka sangat penting, menepati masa dan amat dihargai. Justeru itu, saya ingin merakamkan ucapan setinggi-tinggi terima kasih dan penghargaan kepada dua Pengarah kita yang akan meninggalkan Lembaga Pengarah iaitu Encik Choong Lai Huat dan Encik James Bradley Payne.

Mr. Choong mula berkhidmat di Amway (Malaysia) Sdn Bhd pada tahun 1978 dan beliau telah bersara sebagai Pengarah Urusan pada tahun 1998. Mr. Choong seterusnya telah menyambung perkhidmatannya sebagai ahli Lembaga Pengarah syarikat. Beliau tidak akan meminta perlantikan semula untuk menumpukan perhatian terhadap komitmen peribadi. Sebagai salah seorang kakitangan terawal Amway Malaysia, Encik Choong telah memberi sumbangan yang sangat besar dalam usaha membina asas yang teguh bagi Syarikat anda serta industri jualan langsung negara ini melalui peranan kepimpinan beliau dalam Persatuan Jualan Langsung Malaysia.

Encik Payne yang menjadi Pengarah sejak tahun 1998 pula akan meninggalkan Lembaga Pengarah berikutan penyusunan semula tanggungjawab pasaran yang akan menyaksikan beliau memberi tumpuan terhadap pasaran Amerika Utara, Eropah, Australia, New Zealand, India dan Amerika Latin. Sebagai Naib Presiden Eksekutif Amway Corporation, beliau telah membawa pengalaman yang luas dan pertimbangan yang bijaksana dalam proses membuat keputusan berkaitan pembentukan polisi. Beliau sentiasa menjadi penyokong setia pasaran Malaysia.

Encik Choong dan Encik Payne telah menyumbangkan input dan nasihat yang tidak ternilai kepada Lembaga Pengarah dan komitmen mereka terhadap Syarikat menggambarkan sokongan dan dedikasi yang tidak pernah luntur. Sumbangan mereka sememangnya telah memberi manfaat kepada Syarikat anda dan meletakkannya pada kedudukan yang sesuai untuk mencapai kecemerlangan masa hadapan.

Di sini, saya juga ingin mengalu-alukan kedatangan ahli Lembaga Pengarah yang baru, Puan Eva Cheng. Puan Cheng merupakan Naib Presiden Eksekutif Amway Global Holdings Inc. dan Ketua Pegawai Eksekutif di Amway China & Asia Tenggara. Beliau memiliki pengetahuan dan pengalaman yang sangat luas dalam industri jualan langsung, setelah berkhidmat dengan Amway sejak tahun 1977. Puan Cheng juga aktif dalam pelbagai khidmat masyarakat sama ada di tempat lahir beliau iaitu Hong Kong mahupun di China. Beliau menjadi perintis kemasukan Amway ke China pada tahun 1990-an, dan menjadikannya salah sebuah daripada 100 syarikat pelaburan asing terbaik dan pasaran Amway yang terbesar di China. Saya yakin kita akan mendapat manfaat daripada pengalaman luas yang beliau miliki.

Seperti tahun-tahun lepas, penghargaan ini tidak akan lengkap tanpa merakamkan ucapan setinggi-tinggi terima kasih kepada semua pihak yang telah memberi sumbangan ke arah satu lagi tahun pencapaian yang terbaik - para Pengedar Amway, Pengurusan dan kakitangan, rakan perniagaan kita dan juga pihak berkuasa yang berkenaan. Kepada anda sekalian, para pemegang saham, saya ingin mengucapkan terima kasih atas kesetiaan dan kepercayaan teguh anda terhadap kami.

LOW HAN KEE
Pengarah Urusan

Penyata
Pengarah
Urusan

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Brands and we have a few powerful ones, are intangible assets. Developed and nurtured, they can become significant assets. Our commitment to creating brand awareness and brand value underscores our vision to be more innovative, progressive and dynamic.



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Operations Review

Key initiatives to increase distributor productivity and protect the Company's market share amidst increasing competition introduced in the previous fiscal year were carried through Fiscal Year 2005. The positive results of these initiatives attributed to the Company's record sales revenue in excess of the milestone RM500 million internal target. This achievement reflects a continuing growth trend that has typified the Company's financial performance in the last 5 years. On the threshold of its 30th year anniversary celebrations, this puts Amway in a solid position as one of the leading direct selling companies in Malaysia.

PRODUCTS LEAD THE WAY

A major initiative revolved around one of the Company's assets - its products. New product introductions and attractive promotions worked side by side with the existing range of products to drive sales, resulting in sales surpassing the budget for the year by 5.1%. This strong performance attested to the multi-pronged efforts of the Company to support the retailing efforts of Amway Distributors.

Befitting its position as the major power brand under Amway's range of brands, NUTRILITE's sales continued to be among the Company's major contributors. The Nutrition and Wellness coreline, of which NUTRILITE falls under, grew by 13.7%, an astounding figure considering the intense competition in the health food supplement industry. Two new products under NUTRILITE were introduced during the fiscal year, NUTRILITE TRIPLE GUARD ECHINACEA and NUTRILITE MILK THISTLE and DANDELION PLUS. The implementation of successful promotions featuring high-quality, high-value premiums also contributed to the strong performance of the Nutrition and Wellness category. In Fiscal Year 2005, three major promotions were implemented with each promotion exceeding normal monthly sales by at least 60%.

To encourage a holistic approach towards good nutrition through proper supplementation, the Right Start Pack was reintroduced. The Pack, consisting of NUTRILITE DAILY, Bio C Plus and Protein Powder together with a booklet on nutrition and a free shaker, received very positive response as Distributors encouraged the usage of these essential supplement products towards achieving optimal health. The branding campaign for NUTRILITE, into its second year, continued to elevate the awareness level of the brand with high visibility outdoor media in the form of strategically-located billboards on the Federal Highway and along the North South Highway. In addition to this, NUTRILITE also sponsored a Putra LRT-train for a period of six months beginning mid-August. This sponsorship allowed the NUTRILITE brandname to be featured in the exterior and interior of the train as well as in light boxes in selected high traffic stations. A testimony of the effectiveness of the branding campaign was when the 7th annual Reader's Digest SuperBrand survey awarded NUTRILITE the Platinum SuperBrand award in Malaysia and the Gold award in Asia under the Vitamin/Health Supplement category. This survey is an intensive consumer poll that measures a





broad spectrum of brand preferences amongst consumers in six Asian countries, including Malaysia. The Platinum status, where the recipient's score is double that of its nearest competitor, speaks volume of NUTRILITE's strong brand equity as there were no Gold winners in the same category. The AMWAY Water Treatment System ("WTS") won a Gold award for Asia under the water purifier category in the same survey.

Artistry, Amway's Cosmetic and Skincare coreline, experienced its best ever year in sales since its introduction in Malaysia 29 years ago. The coreline saw an almost 20% growth over last year. The ARTISTRY Versatile Face Collection comprising of two sets of Face Kits for Night and Day use respectively, received overwhelming response as did two other limited ARTISTRY Collections, the Dreamscape Collection and Pamper Your Feet Collection.

An innovative promotion in October 2004 met with unprecedented positive response. This led to ARTISTRY achieving its highest monthly sales, and almost doubling regular monthly sales figure. The exciting sponsorship of the dance drama extravaganza from Shanghai, China - Wild Zebra - kick-started the brand-building campaign for ARTISTRY. This helped to push the Artistry name to the forefront of the public's recollection as The Star provided extensive coverage of the event while the people who attended the shows at Istana Budaya from July 29 to August 3 came up close and personal with the brand. More than ten thousand people watched the performances, and millions more were exposed to the brandname through the publicity generated from The Star's coverage of the sponsorship.

The year in review also saw an exciting new addition to Amway's Cosmetic range with the introduction of the E. FUNKHOUSER cosmetics. The E. FUNKHOUSER range comprises of a professional grade of colour cosmetics specially targeted for women with trendy lifestyles. E. FUNKHOUSER was launched in a grand affair, attended by no less than the creator of the brand himself, New York-based make-up extraordinaire Eddie Funkhouser.

Home Tech's growth of 6% over last year reaffirmed the acceptability of AMWAY's WTS, Air Treatment System ("ATS") and the Home Alarm System ("HAS") among Malaysian consumers. To further incentivise distributors in retailing the WTS, the company implemented a WTS Retailing Campaign from December 2004 to March 2005 with the reward of a 4Day/3Night trip to Hong Kong and Shenzhen. Adding to that excitement was the WTS Trade-In campaign.

In Houseware, the QUEEN Cookware range was discontinued after being available in Malaysia for more than twenty years. In its place, a new cookware range called icook was launched in June. The icook range, available in a 21-piece Deluxe set or in 5 smaller subsets to cater to the smaller households and changes in lifestyles had improved technological features and performances. Local celebrity chef, Chef Wan, was engaged as its brand ambassador, endorsing the cookware in his inimitable style.

In the area of product training, the objective of building a knowledgeable distributor force continued to be pursued. To this end, a total of 370 product training sessions were held with a total participation of over 38,000 distributors. Included in these workshops was the newly introduced Amway Foundation Programme which trains the Distributors about the Company and its products. Another new training programme was the Wellness Certification Programme. Developed together with the Malaysian Healthy Aging Society and the Thompson Rivers University of Canada, this programme is conducted by a group of medical professionals and academicians to teach and equip Distributors about optimal health and wellness. The Expert Speakers programme brought various scientists from the Nutrilite Health Institute and Amway's Headquarters in Michigan into Malaysia.

The Personal Shoppers Catalogue ("PSC") continued to provide Distributors the opportunity to market third-party local and international brands. In the year under review, 22 new products, 16 promotions and 10 Easy Payment Plans ("EPPs") were introduced. A new innovative product introduced was the Sharp Healsio Water Oven. An oven that cooks, grills and roasts through the use of superheated steam met with very encouraging response from both Distributors and customers.

Continuing to elevate the awareness level of the Nutrilite brand via billboards on the Federal and North-South Highways and sponsorship of a Putra LRT train.



Kick-starting the Artistry brand building campaign with the sponsorship of the Wild Zebra dance drama extravaganza.





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Operations Review



DISTRIBUTORS SHOW STRONG MOMENTUM

The capacity 18,000 crowd at the National Convention underlined the tremendous excitement and dedication of Amway Distributors in their retail and recruitment activities. Their focused business activities were reflected in the higher distributor productivity. The Core Distributor Force increased to 164,500 distributorships during the year. The Company had its first Founders Crown Ambassador, the highest pin level for an Amway Distributor. There was also 1 new Crown Ambassador, 1 new Crown, 2 new Founders Double Diamonds, 2 new Founders Executive Diamonds, 3 new Executive Diamonds, 3 new Founders Diamonds and 10 new Diamonds.

The year also saw the introduction of a programme called Acquire, Commit, Earn and Share or in short, ACES, which provided the relevant training and motivation especially targeted at the Bumiputera Distributors. Recognising that the potential of the Bumiputera market has relatively been untapped by Amway Distributors, the Company was prepared to invest through ACES to increase Bumiputera Distributors' productivity.

INFRASTRUCTURAL SUPPORT

Our web-site, www.Amway2u.com, continued to provide convenience and accessibility to information as well as ease to conduct business around the clock for Distributors. Into its fifth year, the web-site remains a popular business tool with 52% of annual sales revenue transacted through the site. This is a 15% increase over the previous year.

The opening of the Alor Star Regional Distribution Center ("RDC") in April also increased our geographical footprint and made our products more accessible to the Northern part of the country, bringing our total RDCs in Malaysia and Brunei to 13. Together with upgrades to three RDCs, we are leveraging on our physical presence in key cities in this country to increase accessibility to Amway.

HELPING CHILDREN LEAD BETTER LIVES, ONE BY ONE

Reinforcing the Company's strong social commitment, the Company took on the cause of promoting positive mental health amongst children, an area of growing concern for the lack of social skills, self-esteem and self-confidence in children today. Through its One By One Campaign for Children, the Company worked with a team of clinical psychologists known for their work with children to conduct 28 children's workshops and one camp and 5 parenting seminars. These activities were aimed at engaging the children and their parents in a series of fun role-plays and games which were underpinned by messages of inculcating positive social behaviours. The Company took the message wider to the public by sponsoring in three major newspapers a series of articles written by the University Sunway College's Head of Psychology, Dr Teoh Hsien-Jin, also the lead psychologist in the One By One Campaign for Children.

LIVING THE EXCELLENCE CULTURE

As the Company focused on the key initiatives mentioned above to drive growth, it also recognized that its human assets are important in ensuring that the same values and goals are met. Into its second year, the Service Excellence Road Map continued to pave the way for employees to embrace and exhibit a set of service qualities that will be the main differentiator for Amway amidst the competition. The Company recognized that a sound infrastructure and strategic growth initiatives will go further if supported by a dedicated and dynamic staff force who provide an unparalleled experience for our strongest advocates, Amway Distributors. Together, this is a powerful combination that will take the Company to further heights as it stands on the brink of another milestone year.

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Fax: 03-79555002
E-mail: myhelpdesk@amway.com
Web-site: www.amway2u.com

COMPANY SECRETARIES

Tai Yit Chan (MAICSA No. 7009143)
Saw Bee Lean (MAICSA No. 0793472)

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Fax: 03-40426352

AUDITORS

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Chartered Accountants
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

PRINCIPAL BANKERS

Public Bank Berhad
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad
AmMerchant Bank Berhad
Commerce International Merchant Bankers Berhad

SOLICITORS

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No 1 Leboh Ampang
50100 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 6351

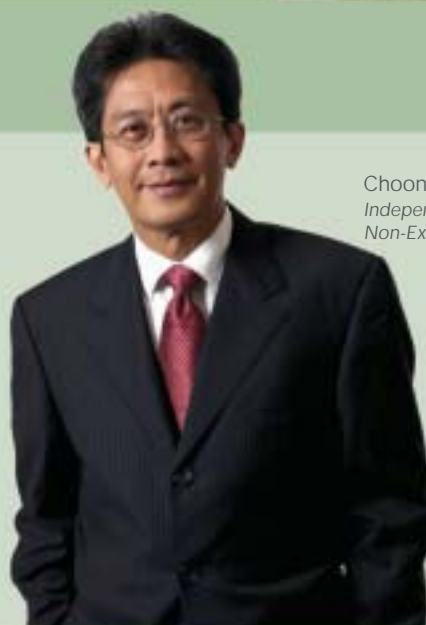


Board of
Directors

TAN SRI DATUK AHMAD FAROUK
BIN HAJI SM ISAHAK
*Independent
Non-Executive Chairman*



Choong Lai Huat
*Independent
Non-Executive Director*



Abdul Wahab Bin Nasir
@ Mohd Nasir AMN
*Non-Independent
Non-Executive Director*



Low Han Kee
Managing Director



Dato' Ab. Halim Bin
Mohyiddin DPMS
*Independent
Non-Executive Director*



Scott Russell Balfour
*Non-Independent
Non-Executive Director*



Yee Kee Bing
Executive Director



Cheng Li Kam Fun, Eva
*Non-Independent
Non-Executive Director*





TAN SRI DATUK AHMAD FAROUK BIN HAJI SM ISAHAK

Independent Non-Executive Chairman

Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak, a Malaysian, aged 67 was appointed Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 6 June 1996. He was appointed the Chairman of AMHB on 31 March 2002. He also serves as the Chairman of Nomination Committee and member of the Remuneration Committee and Audit Committee.

He graduated with a Bachelor of Science (Honours) Degree in Economics and Politics from Queens University, Belfast, Northern Ireland in 1962 and obtained his Master's degree in Business Administration from the University of Pennsylvania, United States of America in 1971. He pursued a career in the Malaysian Administrative and Diplomatic Service and the Malaysian Rubber Research and Development Board. He served as the Assistant Secretary in the Ministry of Commerce and Industry from 1962 to 1966, and as Principal Assistant Secretary in the Budget and Finance Divisions of the Ministry of Finance from 1966 to 1969, and Under-Secretary and Deputy Secretary-General in the Ministry of Primary Industries from 1972 to 1976. In 1976, he was appointed Deputy Chairman of the Malaysian Rubber Research and Development Board and became its Chairman from 1984 to 1994.

Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak, attended two out of the four Board meetings which were held during the financial year ended 31 August 2005.

Profile of Directors

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LOW HAN KEE

Managing Director

Low Han Kee, a Malaysian, aged 46, was appointed Director of AMHB and Amway (Malaysia) Sdn Bhd ("AMSB") on 6 June 1996 and 16 October 1995 respectively. On 1 September 1998, he took over the helm as the Managing Director of AMHB. He is also a Director of Amway (B) Sdn Bhd ("ABSB"), a subsidiary of AMSB since 1998.

He joined AMSB in 1990 as Divisional Manager, Finance & Administration and was promoted to General Manager responsible for Amway operations in Malaysia and Brunei, in January 1993. He qualified as a Certified Public Accountant in 1984 whilst serving in Ernst & Whinney (now known as Ernst & Young), an international accounting firm. He has since accumulated more than 15 years of financial expertise, having held senior positions in finance in companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), including Mulpha International Trading Corporation Berhad, a group involved in trading, construction and engineering, where he last held the position of Group Chief Accountant, from 1985 to 1990 before leaving to join AMSB.

Low Han Kee is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Low Han Kee attended all the four Board meetings which were held during the financial year ended 31 August 2005.





DATO' AB. HALIM BIN MOHYIDDIN, DPMS
Independent Non-Executive Director

Dato' Ab. Halim Bin Mohyiddin, a Malaysian, aged 59, was appointed Director of AMHB on 25 November 2002. He also serves as the Chairman of the Audit Committee and member of the Remuneration Committee and Nomination Committee.

He graduated with a Bachelor of Economic (Accounting) from the University of Malaya in 1971 and thereafter joined Universiti Kebangsaan Malaysia as a Faculty member of the Faculty of Economics. He obtained his Masters of Business Administration degree from University of Alberta, Edmonton, Alberta, Canada in 1973. He retired from KPMG/KPMG Desa Megat & Co. on 1 October 2001, a firm he joined in 1977 and had his early accounting training in both Malaysia and United States of America. He was made partner of the Firm in 1985. At the time of his retirement, he was Partner in Charge of the Assurance and Financial Advisory Services Divisions and was also looking after the Secured e-Commerce Practice of the Firm. He has extensive experience in tax, audit, corporate turnaround and financial restructuring of various companies and has also acted as receiver and manager and liquidator for several companies during his tenure with KPMG.

He is currently the President of the Malaysian Institute of Certified Public Accountants ("MICPA"), a Council Member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Malaysian Institute of Taxation. He sits on the Education Committee of the International Federation of Accountants ("IFAC").

Presently, he is a Board member of Arab-Malaysian Corporation Berhad, Kumpulan Perangsang Selangor Berhad, MCM Technologies Berhad, HeiTech Padu Berhad, Utusan Melayu (Malaysia) Berhad, DiGi.Com Berhad, Idris Hydraulic (Malaysia) Berhad, KNM Group Berhad, Idaman Unggul Berhad and Bank Pembangunan & Infrastruktur Malaysia Berhad.

Dato' Ab. Halim Bin Mohyiddin is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Dato' Ab. Halim Bin Mohyiddin attended all the four Board meetings which were held during the financial year ended 31 August 2005.



CHOONG LAI HUAT
Independent Non-Executive Director

Choong Lai Huat, a Malaysian, aged 58, was appointed Director of AMHB on 6 June 1996. He also serves as a member of the Nomination Committee, Remuneration Committee and Audit Committee.

He joined AMSB in 1978 as the Marketing Manager and was promoted to General Manager in 1979 before being promoted as the Managing Director in 1981, the position he retired from in 1998. He was the Executive Vice President/Director of Amway Asia Pacific Ltd. from 1993 to 2001. He served as Managing Director of AMHB from 1996 till he retired in 1998. Following his retirement, he was appointed Advisor to AMSB from 1 September 1998 to 31 August 2000. During his tenure with AMSB, he was also a Director of ABSB and was responsible for the operations and performance of Amway Worldwide's markets in Thailand, Indonesia, Malaysia and Brunei. Prior to joining AMSB, he was attached to Esso Malaysia Berhad in Sales and Marketing from 1970 to 1974, as Product Manager in Diethelm (Malaysia) Sdn Bhd from 1974 to 1976 and as New Product Manager in Colgate Palmolive (Malaysia) Sdn Bhd from 1976 to 1978. He was appointed by the Minister of National Unity and Social Development to serve as a pioneer committee member of the National Advisory Council for the Elderly from 1996 to 1998. A former Secretary of Direct Selling Association of Malaysia ("DSAM") from 1984 to 1985, he has served as President of DSAM from 1986 to 1989 and from 1994 to 2000. He received his tertiary education from the University of Malaya where he graduated with an Honours Degree in Economics in 1970.

Choong Lai Huat is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Choong Lai Huat attended three out of the four Board meetings which were held during the financial year ended 31 August 2005.



SCOTT RUSSELL BALFOUR

Non-Independent Non-Executive Director

Scott Russell Balfour, an American, aged 44, was appointed Director of AMHB on 15 January 2004. He also serves as a member of the Audit Committee. He is a member of the American Bar Association, the Grand Rapids Bar and the Michigan Bar Association. He has authored several articles regarding Korean and Asian jurisprudence and co-authored the book entitled "Korean Labor and Employment Laws".

Currently, he is also the Associate General Counsel and Director - International for Alticor Inc. Through the International Legal Group, he coordinates and oversees Alticor's diverse legal issues for over 50 markets, including 13 Asian affiliates in Australia, China, Korea, India, Indonesia, Malaysia, Philippines, Singapore, Taiwan and Thailand.

Prior to joining Alticor in 1999, he spent 8 years as a Senior Foreign Legal Consultant for the law firm of Kim & Chang in Seoul, South Korea. His clients included Amway, Citibank, Pepsico, Morgan Stanley, Nike, McDonald, Gerber, Unilever, P&G and Duracell to name a few.

He graduated with a Bachelor of Science Degree from the Michigan State University in 1983. After serving in the US military, he attended the University of Detroit where he received a Juris Doctorate Degree cum laude in 1990.

Scott Russell Balfour is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Scott Russell Balfour attended all the four Board meetings which were held during the financial year ended 31 August 2005.

Profile of Directors

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ABDUL WAHAB BIN NASIR @ MOHD NASIR AMN

Non-Independent Non-Executive Director

Abdul Wahab Bin Nasir @ Mohd Nasir, a Malaysian, aged 53, was appointed Director of AMHB on 18 June 2004.

He graduated with a Bachelor of Social Science (Hons), Sociology & Anthropology from Universiti Sains Malaysia, Pulau Pinang in 1983. He obtained a Master of Development Administration from Western Michigan University, Kalamazoo, United States of America in 1995.

He is currently the Senior General Manager in Human Resource Department of Employees Provident Fund Malaysia ("EPF"). Prior to his current position, he held various positions in the Government sector, including the Education Ministry, Fisheries Department, Department of Inland Revenue and National Institute of Public Administration ("INTAN") from 1972 till 1983.

Since 1983, he joined EPF Malaysia in the Training and Career Development Division as an Administrative Officer before becoming the Senior Manager of that Division in 1992. He was promoted to General Manager of Corporate Services Department in 1996 and thereafter the General Manager of Human Resource Department in 1999.

Abdul Wahab Bin Nasir @ Mohd Nasir is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Abdul Wahab Bin Nasir @ Mohd Nasir attended all the four Board meetings which were held during the financial year ended 31 August 2005.





YEE KEE BING

Non-Independent Executive Director

Yee Kee Bing, a Malaysian, aged 46, was appointed Director of AMSB on 28 November 2000. He was appointed Executive Director of AMHB on 16 July 2004. On 1 September 2004, he assumed his responsibility as the General Manager of AMSB.

He started his career as the Accounts Servicing Executive at Art Beat Communications Sdn Bhd in July 1983. He joined AMSB as Communications Executive, in November 1984 before being promoted to Communications Co-ordinator in 1988.

In 1990, he was promoted to Communications Manager before becoming the Group Product Manager in June 1992. He became the Manager of Business Development Department in January 1993. He was subsequently promoted to Divisional Manager - Marketing Division in August 1994.

In 1999, he was promoted to Assistant General Manager for Marketing & Business Development before being promoted to General Manager (Operations) in January 2000.

He is currently the President of DSAM and was appointed to the board since June 2000. He is also the Chairman of the Malaysia Chapter of the Asia Pacific Economic Cooperation Consumer Education and Protection Initiative ("APEC CEPI") Committee and a member of the Board of Directors of the World Federation of Direct Selling Associations.

He graduated with a Bachelor's Degree in Social Science (Major : Communications) from Universiti Kebangsaan Malaysia in 1983.

Yee Kee Bing is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences.

Yee Kee Bing attended three out of the four Board meetings which were held during the financial year ended 31 August 2005.



CHENG LI KAM FUN, EVA

Non-Independent Non-Executive Director

Cheng Li Kam Fun, Eva, a British National (Overseas), aged 53, was appointed Director of AMHB on 19 October 2005. She also serves as the Chairman of the Remuneration Committee, member of the Nomination Committee and an alternate member of Audit Committee. Cheng Li Kam Fun, Eva currently serves as Executive Vice President of Amway Global Holdings Inc, the ultimate holding company, and is part of its senior management team responsible for Amway's global business development. Cheng Li Kam Fun, Eva is also the Chairman of Amway (China) Co. Ltd and CEO of Amway in Greater China and Southeast Asia. Amway Greater China and Southeast Asia encompasses Mainland China, Taiwan, Hong Kong SAR, Macau SAR, Thailand, Malaysia, Singapore, Indonesia, the Philippines and Brunei.

Since the beginning of her career with Amway in 1977, Cheng Li Kam Fun, Eva has held senior management positions within the Amway Group. Prior to joining Amway in 1977, she spent 2 years as an Executive Officer with the Hong Kong Government.

Her leadership was well recognized in the business community. She was selected as one of "China's Top 10 Talents in Doing Business in Year 2004" and "Top 10 Best Marketing Executives in Year 2004" by a group of influential Chinese media. She has also earned many awards for her work, and was named "Honorary Citizen of Guangzhou City" by the Guangzhou Municipal Government.

In Mainland China, she is a member of the National Council of China Children and Teenagers' Fund; the Chinese People's Political Consultative Conference, Guangdong Commission; the Standing and Executive Committees of The Federation of Industry and Commerce; Guangdong Province (Guangdong Provincial General Chamber of Commerce). She is also the Honorary Chairman of the Guangdong Women's Association for Overseas Friendly Contact; Honorary Council Member of the Shanghai Charity Fund and a member of the Hopkins-Nanjing Council of the John Hopkins University-Nanjing University Center for Chinese and American Studies.

In Hong Kong, she is President of the Hong Kong Women Professionals and Entrepreneurs Association and Honorary President of the Hong Kong Federation of Women. She is also a Council Member of the Open University of Hong Kong, and a member of the Hong Kong Cantonese Opera Development Advisory Council. From 1997 to 2002, she was a member of the Board of Governors for the Hong Kong Art Center and the Council of the Hong Kong Institute of Education. She helped found the Hong Kong Direct Selling Association and was Chairman for four terms from 1990 to 1993 and in 1996.

Cheng Li Kam Fun, Eva graduated with a Bachelor of Arts Degree with honours in 1975. She obtained a Master's Degree in Business Administration from the University of Hong Kong in 1989.

Cheng Li Kam Fun, Eva is not a shareholder of the Company. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no convictions for offences.

Cheng Li Kam Fun, Eva was appointed subsequent to the financial year ended 31 August 2005.

Statement on Corporate Governance

Amway (Malaysia) Holdings Berhad ("AMHB") fully subscribes to the recommendations of the Malaysian Code on Corporate Governance ("Code") and is committed to ensure that good governance is practised to maximise shareholders value.

In view of this, AMHB has in place measures to ensure compliance with the Code as follows:

BOARD OF DIRECTORS

The Board

The Directors recognise the key role they play in charting the strategic direction, development and control of the Group and have adopted the six specific responsibilities as listed in the Code.

Board balance

The Board currently has eight members, comprising six Non-Executive Directors, including the Chairman, and two Executive Directors. Of the six Non-Executive Directors, three are independent, satisfying the requirement of the Code for Independent Non-Executive Directors to make up at least one third of the Board membership.

There is clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Managing Director implements the policies and decisions of the Board, overseeing the operations and business development. He also has the responsibility of reporting, clarifying and communicating matters to the Board.

The Independent Directors bring to bear objective and independent judgement on various issues dealt with at the Board and Board Committees, with Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak as the Chairman and Senior Independent Director to whom concerns may be conveyed. They play a strong and vital role in entrenching good governance practices in the affairs of the Group and through their participation in the Audit, Remuneration and Nomination Committees.

Independent Directors together with the other Non-Executive Directors also contribute significantly in the areas of policy, performance monitoring and allocation of resources and enhancement of controls and governance.

Supply of information

The Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of their responsibilities.

Procedures have been established for timely dissemination of such information and reports for the Board or Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. Directors may obtain independent professional advice in accordance with established procedure which has been communicated to them in furtherance of their duties.

The Directors have access to the advice and services of both Company Secretaries.

Appointments to the Board

A selection process for new appointees to the Board as recommended by the Nomination Committee has been adopted by the Board. The Nomination Committee, comprises wholly Non-Executive Directors, with the majority consisting of Independent Non-Executive Directors as follows:

1. Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak (Chairman; Independent Non-Executive Director)
2. Choong Lai Huat (Independent Non-Executive Director)
3. Dato' Ab. Halim Bin Mohyiddin (Independent Non-Executive Director; appointed on 19 October 2005)
4. Cheng Li Kam Fun, Eva (Non-Independent Non-Executive Director; appointed on 19 October 2005)
5. James Bradley Payne (Non-Independent Non-Executive Director; resigned on 19 October 2005)

The Committee is responsible for making recommendation to the Board on the optimum size of the Board, formalising a transparent procedure for proposing new nominees to the Board and Board Committees and ensuring that the investment of the minority shareholders are fairly reflected on the Board. The Committee will also assist the Board in reviewing, on an annual basis, the required mix of skills and experience amongst its members. During the year, the Committee met to deliberate and recommend candidates to the Board on the nomination of Directors.

Re-election

All Directors shall submit themselves for re-election at regular intervals in accordance with the Company's Articles of Association and regulatory requirements.

Board meetings

The Board meets at least quarterly to review and approve the quarterly results for announcement. Due notice is given of scheduled meetings and matters to be dealt with. Additional meetings are convened when urgent and important decisions need to be taken between scheduled meetings.

The Board has in place a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Group are firmly in its hand. To promote business and corporate efficacy and efficiency, specific responsibilities or authorities are also delegated to its Board Committees and Management where appropriate. Key matters reserved for the Board include approving strategic plans, annual operating and capital budgets, quarterly and annual financial statements and monitoring of financial and operating performance.

For financial year ended 31 August 2005, the Board met four times with details and attendance as follows:

Directors	Total number of meetings	Meetings attended by directors
Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak	4	2
Dato' Ab. Halim Bin Mohyiddin	4	4
Low Han Kee	4	4
Choong Lai Huat	4	3
James Bradley Payne (resigned on 19 October 2005)	4	2
Scott Russell Balfour	4	4
Abdul Wahab Bin Nasir @ Mohd Nasir	4	4
Yee Kee Bing	4	3

Directors' training

All Board members have attended the Mandatory Accreditation Programme ("MAP") save for the newly appointed director, Cheng Li Kam Fun, Eva, who would attend the MAP within the timeframe stipulated by Bursa Malaysia Securities Berhad ("Bursa Securities"). All Directors will, where relevant complete the Continuing Education Programme ("CEP") conducted by approved institutions of Bursa Securities. As an integral part of the orientation and education programme for new Directors, the Management will brief the new Directors on the business aspects of the Group.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Directors' reference and will brief the Board members on these updates quarterly.

Further, all Directors attend training that may be required from time to time keeping abreast with latest changes in laws, regulations and the business environment.

DIRECTORS' REMUNERATION

Level and make up of remuneration

The Group has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Group attracts and retains the Directors needed to run the Group successfully. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Statement on Corporate Governance

Procedures

The Remuneration Committee comprises wholly Non-Executive Directors as follows:

1. Cheng Li Kam Fun, Eva (Chairman; Non-Independent Non-Executive Director; appointed on 19 October 2005)
2. Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak (Independent Non-Executive Director)
3. Choong Lai Huat (Independent Non-Executive Director)
4. Dato' Ab. Halim Bin Mohyiddin (Independent Non-Executive Director; appointed on 19 October 2005)
5. James Bradley Payne (Non-Independent Non-Executive Director; resigned on 19 October 2005)

The Committee is responsible for recommending to the Board, the remuneration of Executive Directors. Executive Directors concerned play no part in the decision of their own remuneration but may attend the committee meetings on the invitation of the Chairman of the Committee if their presence is required. The determination of remuneration of Non-Executive Directors, including Non-Executive Chairman is a matter for the Board as a whole, with individual Director abstaining from discussion of their own remuneration. The Company's Articles of Association provides that any increase in Directors' fees should be approved at a general meeting.

During the financial year, the Remuneration Committee meeting was held on 20 October 2004 and attended by James Bradley Payne (Chairman; resigned on 19 October 2005) and Choong Lai Huat.

Disclosure

The details of the remuneration of the Directors of the Company for the financial year ended 31 August 2005 are as follows:

	GROUP		COMPANY	
	Executive RM'000	Non-Executive RM'000	Executive RM'000	Non-Executive RM'000
Director fees	–	170	–	159
Salaries	779	–	–	–
Bonuses	357	–	–	–
EPF (Employer)	189	–	–	–
Allowances	46	11	–	11
Benefits-in-kind	36	–	–	–
Total	1,407	181	–	170

Bonuses are performance based and related to individual and Company achievement of specific goals. Non-Executive Directors do not receive any performance related remuneration.

The number of directors in each remuneration band are as follows:

	GROUP		COMPANY	
	Executive	Non-Executive	Executive	Non-Executive
RM0 - RM 50,000	–	6	–	5
RM50,001 - RM100,000	–	1	–	1
RM450,001 - RM500,000	1	–	–	–
RM900,001 - RM950,000	1	–	–	–
Total	2	7	–	6

SHAREHOLDERS, INVESTORS AND FINANCIAL COMMUNITY**Relationship with Shareholders, Investors and Financial Community**

The Company recognises the importance of being accountable to its investors and as such has maintained an active and constructive communication policy that enables the Board and management to communicate effectively with its investors, stakeholders and the public generally. The various channel of communications are through the website www.amway2u.com, quarterly announcements to Bursa Securities, bi-annually briefings to the financial community and Annual General Meetings.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with public shareholders. There is an open question and answer session in which shareholders may ask about the resolutions being proposed at the meeting, the financial performance and business operations in general. Notice of the AGM is circulated at least 21 days prior to the meeting.

ACCOUNTABILITY AND AUDIT**Audit Committee**

The Audit Committee comprises wholly Non-Executive Directors with Dato' Ab. Halim Bin Mohyiddin as Chairman. The composition of the Audit Committee is set out on page 31 of the annual report. The Audit Committee met four times during the financial year.

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements to shareholders, the Board aims to present a clear, balanced and understandable assessment of the Group's position and prospects. The Statement of Directors pursuant to section 169 of the Companies Act, 1965 is set out on page 42 of the Financial Statements.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets by identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, and reviewing the adequacy and integrity of the system of internal control. A Statement on Internal Control is set out on page 36.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is stated on pages 31 to 35 of the annual report.

Compliance with the Code

The Group has complied with the Code throughout the financial year ended 31 August 2005.

Statement on Corporate Governance

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors have prepared the annual financial statements in compliance with the Companies Act, 1965.

Recognition and Awards

The Company has been honoured over the years with numerous prestigious awards and recognitions, amongst them:

- Top 10 Overall Best Managed Company in Malaysia in 2000 by Asia Money magazine.
- Finalist in the KLSE Corporate Awards 2000.
- Top 10 in the Overall Best Managed Company, Corporate Governance and Treatment of Minority Shareholders categories in 2001 by Asia Money magazine.
- Finalist in the KLSE Corporate Awards 2001.
- Top 5 under the KPMG Shareholder Value Awards 2002 for the Consumer Markets category.
- Finalist in the KLSE Corporate Awards 2002.
- Ranked 27th among 132 companies in Latin America, Asia & Eastern Europe for Corporate Governance by Euromoney in 2003, a global financial magazine.
- Finalist in the KLSE Corporate Awards 2003.
- Top 5 under the KPMG Shareholder Value Awards 2003 for the Consumer Markets category.
- Ranked 8th for both Best Managed Company and Best Corporate Governance categories for Asia's Best Companies 2004 Award.
- Top 5 under the KPMG Shareholder Value Awards 2004 for the Consumer Markets category.
- 2005 Reader's Digest SuperBrand Platinum Award in Malaysia for Vitamin/Health Supplement category.
- 2005 Reader's Digest SuperBrand Gold Award in Asia for Vitamin/Health Supplement category.
- 2005 Reader's Digest SuperBrand Gold Award in Asia for Water Purifier category.



KPMG
Shareholder Value Awards
2003, Top 5 Consumer
Markets category

KPMG
Shareholder Value Awards
2004, Top 5 Consumer
Markets category

2005 Reader's Digest
SuperBrand Platinum Award
in Malaysia for Vitamin/Health
Supplement category

MEMBERSHIP

The composition of the Company's Audit Committee, appointed by the Board from amongst its members, comprises four members of whom three are Independent Non-Executive Directors.

COMPOSITION**Chairman of Audit Committee**

Dato' Ab. Halim Bin Mohyiddin - appointed on 25 November 2002	(Independent Non-Executive Director)
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Members of the Audit Committee

i) Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak - appointed on 12 July 1996	(Independent Non-Executive Director)
ii) James Bradley Payne - resigned on 19 October 2005	(Non-Independent Non-Executive Director)
iii) Scott Russell Balfour - appointed on 19 October 2005	(Non-Independent Non-Executive Director)
iv) Choong Lai Huat - appointed on 12 October 2004	(Independent Non-Executive Director)
v) Cheng Li Kam Fun, Eva - alternate to Scott Russell Balfour - appointed on 19 October 2005	(Non-Independent Non-Executive Director)

TERMS OF REFERENCE**1. OBJECTIVES**

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall:

- oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- determine the adequacy of the Group's administrative, operating and accounting controls.

2. COMPOSITION

The Audit Committee shall be appointed by the Directors from among their number (pursuant to a resolution of the Board of Directors) which fulfils the following requirements:

- the Audit Committee must be composed of no fewer than 3 members;
- a majority of the Audit Committee must be independent directors; and
- at least one member of the Audit Committee:
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 2 (a) to (c) above, the vacancy must be filled within 3 months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

3. FUNCTIONS

The functions of the Audit Committee are as follows:

- a) review the following and report the same to the Board of Directors:
 - i) with the external auditors, the audit plan;
 - ii) with the external auditors and the internal auditors, his evaluation of the system of internal controls;
 - iii) with the external auditor, his audit report;
 - iv) the assistance given by the Company's employees to the external auditors; and
 - v) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- b) to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- c) to discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) to review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - i) any changes in accounting policies and practices;
 - ii) significant adjustments arising from the audit;
 - iii) the going concern assumption; and
 - iv) compliance with accounting standards and other legal requirements;
- e) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- f) to review the external auditor's management letter and management's response;
- g) to do the following in respect of the internal audit function:
 - i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - ii) review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - iii) review any appraisal or assessment of the performance of members of the internal audit function;
 - iv) approve any appointments or termination of senior staff members of the internal audit function; and
 - v) inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- h) to consider the major findings of internal investigations and management's response;
- i) to consider other areas as defined by the Board.

4. RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

5. MEETINGS

The Audit Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least once a year the Audit Committee shall meet with the external auditors without executive Board members present.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Company's Chief Executive, or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting.

During the financial year, the Committee held four (4) meetings:

Date :

20 October 2004

31 January 2005

27 April 2005

26 July 2005

Attendance	Total number of meetings	Meetings attended by directors
Dato' Ab. Halim Bin Mohyiddin	4	4
Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak	4	2
James Bradley Payne (resigned on 19 October 2005)	4	2
Scott Russell Balfour (Alternate to James Bradley Payne)	4	4
Choong Lai Huat	4	3

SUMMARY OF ACTIVITIES

During the financial year 2005, the Audit Committee carried out the following activities in discharging its responsibilities in accordance with its terms of reference. The Committee:

- reviewed the audit plan, audit strategy and scope of work presented by the external auditors prior to commencement of annual audit;
- reviewed with the external auditors the result of the audit, their audit report and management letter including management's responses;
- reviewed and approved the internal audit plan for 2005 - 2007 which was based on the risk profiles of all functional divisions;
- deliberated on the internal audit reports that were tabled and appraised the adequacy of management's response;
- reviewed the updates of the Risk Register and the Risk Management team's plans to mitigate all business risks identified;
- reviewed quarterly unaudited financial results announcements and proposed interim dividends before recommending for the Board's approval;
- reviewed the quarterly financial results and annual audited financial statements to ensure the Company's compliance, in particular with the Listing Requirements of Bursa Malaysia Securities Berhad, applicable approved accounting standards in Malaysia and other relevant legal and regulatory requirements;
- reviewed the circular to shareholders in relation to proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue nature and a statement to the shareholders in relation to purchase of own shares;
- reviewed with the external auditors the Statement on Internal Control for inclusion in the annual report;
- reviewed Board's statements on compliance with the Malaysian Code on Corporate Governance for inclusion in the annual report;
- reviewed the annual Audit Committee report for inclusion in the annual report.

INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by an independent professional services firm to carry out internal audit services for the Group. Internal audit reports are presented, together with Management's response and proposed action plans to the Audit Committee quarterly.

To further complement the above in maintaining a sound system of internal control, the Internal Audit team from Alticor Inc. (the parent Company of the Group) carries out rotational audits guided by the global Internal Audit Programme and enterprise risks assessment of the Group. This team is staffed by highly competent personnel with wide knowledge of the industry to assess business and operational risks of the Group and benchmark global affiliates efficiencies and controls. The findings from this team are also shared with the Audit Committee after the visits.

Both teams of Internal Auditors undertake internal audit functions based on the operational, compliance and risk-based audit plan that is reviewed by the Audit Committee and approved by the Board. The risk-based audit plan covers the review of key operational and financial activities including the efficacy of risk management practices, efficiency and effectiveness of operational controls and compliance with relevant laws and regulations.

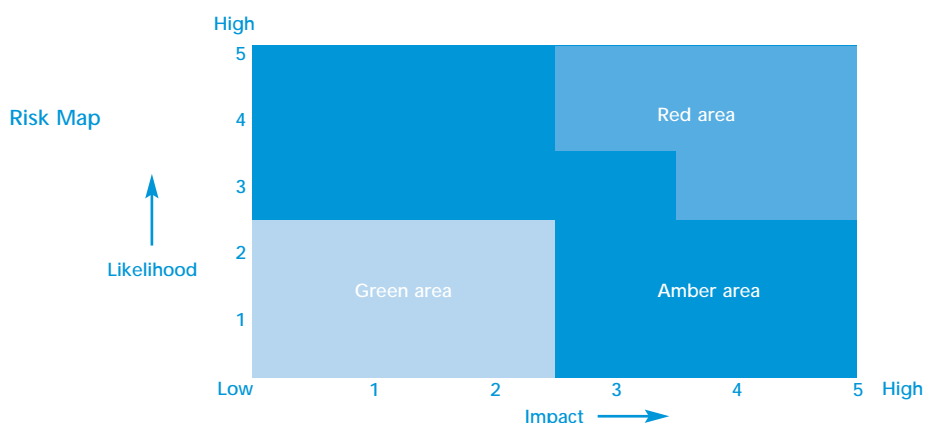
ENTERPRISE RISK MANAGEMENT

During the year, the Risk Management Committee ("RMC") reassessed all the existing risks and discussed the potential of any additional risks that might arise due to changes in the business environment. The RMC comprising departmental heads, monitored significant risks through review of risk-related performance measures.

These risks were assessed with due consideration given to existing control strategies. Where current controls are deemed ineffective, appropriate control improvements and action plans will be developed by Management. The results/responses of the discussion were analysed and consolidated to achieve a shared understanding of risks and impact.

A risk map depicting the positioning of the risks in terms of the impact and likelihood of occurrence was updated accordingly after the meeting. The location of the risks in each quadrant depicts the following:

- | | | |
|----------------|---|---|
| Red quadrant | - | high possibility of occurring; significant impact |
| Amber quadrant | - | low possibility of occurring; significant impact |
| Green quadrant | - | high possibility of occurring; insignificant impact |
| | - | low possibility of occurring; insignificant impact |



BUSINESS CONTINUITY PLAN

The Company implemented a Business Continuity Plan ("BCP") in 2004 to minimise the impact from potential internal and external disaster disruptions to the Company's operations. In this respect, the Company has formulated a comprehensive plan that will cover all actions to be taken before, during and after a disaster. This will be achieved through a combination of efforts, which includes:

- advance preparation and preventive controls;
- early detection and impact minimisation procedures;
- effective organisation and communication;
- operational business recovery procedures and minimisation of operational downtime;
- mobilisation of human and information resources; and
- working towards restoring full processing capabilities as soon as possible.

These efforts can be categorized into three components, namely:

- a) the Site Emergency Plan;
- b) the Disaster Recovery Plan; and
- c) the Crisis Management Plan.

The BCP has been designed to manage the Group's risk based on the risk assessment of each of the departments. These include the following key areas:

- key business processes;
- information technology-related systems and infrastructure used; and
- facilities, utilities and external party dependencies.

Selected business continuity plans were reviewed, updated and/or tested during the year. In addition, the departmental heads and the managers who owned the respective business continuity plan informed the Audit Committee on their crisis preparedness, through the reports from the Risk Register.

The BCP will continuously be updated to be in line with the implementation of the Group's business operations.

Statement on Internal Control

Board Responsibilities

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its adequacy and integrity.

The Board has an established on-going process for identifying, evaluating and managing the significant risks encountered by the Group. The Board through its Audit Committee regularly reviews this process.

The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. The systems can therefore only provide reasonable, and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board to review the adequacy and integrity of the system of internal controls in the Group and to ensure that an appropriate mix of techniques is used to obtain level of assurance required by the Board.

Risk Management Framework and Enterprise Risk Management

The Group embarked on the establishment of a formal Enterprise Risk Management in 2003. The process is on-going and has resulted in compilation of a Corporate Risk Register with specific risk profiles and action plans for mitigating the identified risks. The risk responses and internal controls that the Management have taken and/or are taking are documented in the minutes of the Risk Management Committee's ("RMC") meetings. For each of the risks identified, the divisional head or manager is assigned to ensure appropriate risk response actions are carried out.

During the year, the RMC met to review the Risk Register in accordance with the terms of reference of Enterprise Risk Management framework. Existing risks were addressed and new risks were identified during these meetings, after which the Risk Register was updated.

This process is regularly reviewed by the Board through the Audit Committee which is being informed of the progress of plans for mitigation of all business risks identified.

Other key elements of internal control:

- Clearly defined delegation of responsibilities to the Board and the management including charters, organisation structures and appropriate authority limits;
- Clearly defined documented internal policies and procedures which are in place and updated to reflect changing risks or resolve operational deficiencies;
- Comprehensive information provided to management for monitoring of performance against strategic plan, covering all key financial and operational indicators;
- Established strategic planning and budgeting process requiring all functional divisions to prepare annual operating and capital budgets which are discussed and approved by the Board;
- A reporting system in place to generate monthly performance and variance reports for review by management and action taken, where necessary;
- Established capital expenditure approval process with set authority limits and Board's approval;
- Established management information systems with documented processes, including change request to computer programmes and access to data files;
- Established Business Continuity Plan to ensure that the essential business functions are able to continue in the event of unforeseen circumstances;
- Independent internal audit functions that provide assurance to the Audit Committee through the execution of internal audit visits based on an approved risk-based internal audit plan. Findings arising from these visits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. Further details of the activities of the internal audit functions are provided in the Audit Committee's Report.

The system of internal control is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Group continues to take measures to strengthen the internal control environment.

The Company's external auditors, Messrs KPMG, have reviewed the above statement made by the Board of Directors via a resolution dated 19 October 2005 in accordance with Auditing Technical Release ("ATR") 5, Guidance for Auditors on the Review of Directors' Statement of Internal Control pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and reported the results thereof to the Board of Directors of the Company.

Compliance with Bursa Malaysia Securities Berhad Listing Requirements**Share Buy-Back**

There was no share buy-back effected during the financial year.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company in respect of the financial year.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions / Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management, by the relevant authorities.

Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year amounted to not more than RM30,000. This is in respect of services rendered by the audit firm on tax matters as well as reviewing the Statement of Internal Control.

Profit Guarantees

During the year, there were no profit guarantees given by the Company.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 August 2005 or entered into since the end of the previous financial year.

Contracts Relating to Loans

There were no contracts relating to loans by the Company involving Directors' and major shareholders' interests.

Recurrent Related Party Transaction of a Revenue or Trading Nature

At an Annual General Meeting ("AGM") held on 31 January 2005, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of recurrent related party transactions conducted during the financial year ended 31 August 2005 pursuant to the shareholders' mandate obtained on 31 January 2005 is set out on page 68 of the Annual report.

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 August 2005.

PRINCIPAL ACTIVITIES

The Company is the parent company of Amway (Malaysia) Sdn. Bhd. and Amway (B) Sdn. Bhd. The principal activities of the subsidiaries consist of the distribution of consumer products principally under the "Amway" trademark. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	51,899	60,108

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a fourth quarter interim dividend of 7.5 sen per share less tax at 28% totalling RM8,877,000 in respect of the year ended 31 August 2004 on 30 November 2004;
- ii) a first quarter interim dividend of 7.5 sen per share less tax at 28% totalling RM8,877,000 in respect of the year ended 31 August 2005 on 9 March 2005;
- iii) a second quarter interim dividend of 7.5 sen per share less tax at 28% totalling RM8,877,000 in respect of the year ended 31 August 2005 on 31 May 2005;
- iv) a third quarter interim dividend of 7.5 sen per share less tax at 28% totalling RM8,877,000 in respect of the year ended 31 August 2005 on 26 August 2005; and
- v) a special interim dividend of 20.0 sen per share less tax at 28% totalling RM23,671,000 in respect of the year ended 31 August 2005 on 26 August 2005.

The fourth quarter interim dividend declared by the Directors for the year ended 31 August 2005 is 7.5 sen per share less tax at 28% totalling RM8,877,000.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak
Low Han Kee (Managing Director)
Choong Lai Huat
Dato' Ab. Halim Bin Mohyiddin
Scott Russell Balfour
Abdul Wahab Bin Nasir @ Mohd Nasir
Yee Kee Bing
Cheng Li Kam Fun, Eva (appointed on 19.10.2005)
James Bradley Payne (resigned on 19.10.2005)

In accordance with Article 87.1 of the Company's Articles of Association, Low Han Kee and Choong Lai Huat retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, Low Han Kee offers himself for re-election. However, Choong Lai Huat does not offer himself for re-election.

In accordance with Article 94 of the Company's Articles of Association, Cheng Li Kam Fun, Eva retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares of RM1 each			
	At 1.9.2004	Bought	Sold	At 31.8.2005
Shareholdings in which Directors				
have direct interests in the Company				
Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak	16,666	–	–	16,666
Low Han Kee	20,000	–	–	20,000
Choong Lai Huat	18,000	–	(8,000)	10,000
Dato' Ab. Halim Bin Mohyiddin	1,000	–	–	1,000

None of the other Directors holding office at 31 August 2005 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

SHARES BUY-BACK

The shareholders of the Company at the conclusion of the previous authority given to the Board of Directors to buy back its own shares, by a resolution passed in the Annual General Meeting held on 31 January 2005, approved the Company's proposal to repurchase its own shares and to authorise the Company to purchase up to 16,438,000 shares of RM1 each representing not more than 10% of its issued and paid-up share capital of 164,385,000 shares of RM1 each on that date, for an amount not exceeding the unappropriated profits and/or share premium of the Company. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchased proposal can be applied in the best interest of the Company and its shareholders. Nevertheless, the Company did not buy-back any of its shares during the year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors of the Company are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 August 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 19 October 2005, the Company and its subsidiaries announced that their financial year end will be changed from 31 August to 31 December to be co-terminous with its ultimate holding company, Alticor Global Holdings Inc., a company incorporated in the United States of America.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Dato' Ab. Halim Bin Mohyiddin

.....
Low Han Kee

Kuala Lumpur,
Date: 19 October 2005

Statement by Directors

pursuant to Section
169(15) of the
Companies Act, 1965

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In the opinion of the Directors, the financial statements set out on pages 44 to 66 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 August 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Dato' Ab. Halim Bin Mohyiddin

.....
Low Han Kee

Kuala Lumpur,
Date: 19 October 2005

Statutory Declaration

pursuant to Section
169(16) of the
Companies Act, 1965

I, **Lim Ai Lin**, the officer primarily responsible for the financial management of Amway (Malaysia) Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 66 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 19 October 2005.

.....
Lim Ai Lin

Before me:
E RADAKRISHNAN
Commissioner for Oaths
Petaling Jaya

We have audited the financial statements set out on pages 44 to 66. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 August 2005 and of the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary audited by us have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors is identified in Note 3 to the financial statements and we have considered its financial statements and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Tang Seng Choon
Partner
Approval Number: 2011/12/05(J)

Kuala Lumpur,
Date: 19 October 2005

Balance sheets

at 31 August 2005

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	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	37,316	28,314	–	–
Investments in subsidiaries	3	–	–	86,202	86,202
Goodwill arising on consolidation	4	4,782	5,087	–	–
Deferred tax assets	5	11,672	10,938	–	–
Current assets					
Inventories	6	45,192	53,282	–	–
Trade and other receivables	7	9,347	10,989	561	522
Investments	9	10,110	10,199	5,003	5,047
Cash and cash equivalents	10	164,636	171,505	85,349	84,427
		229,285	245,975	90,913	89,996
Current liabilities					
Trade and other payables	11	78,772	80,235	254	278
Taxation		5,288	3,854	179	167
		84,060	84,089	433	445
Net current assets		145,225	161,886	90,480	89,551
		198,995	206,225	176,682	175,753
Financed by:					
Capital and reserves					
Share capital	12	164,386	164,386	164,386	164,386
Reserves	13	34,609	41,839	12,296	11,367
Shareholders' funds		198,995	206,225	176,682	175,753

The financial statements were approved and authorised for issue by the Board of Directors on 19 October 2005.

The notes set out on pages 50 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

Income statements

for the year ended
31 August 2005

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	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue - sale of goods		507,030	456,350	-	-
- dividends		-	-	81,648	83,423
Cost of goods sold		(376,493)	(339,377)	-	-
Gross profit		130,537	116,973	81,648	83,423
Distribution costs		(18,095)	(15,858)	-	-
Selling and administration expenses		(45,768)	(36,511)	(628)	(677)
Other operating income		1,096	1,997	-	-
Other operating expenses		(160)	(86)	(42)	(41)
Operating profit	14	67,610	66,515	80,978	82,705
Interest income	16	5,679	5,839	2,748	2,373
Profit before taxation		73,289	72,354	83,726	85,078
Tax expense	17	(21,390)	(18,760)	(23,618)	(24,013)
Net profit for the year		51,899	53,594	60,108	61,065
Earnings per ordinary share (sen)	19	31.6	32.6		
Dividends per ordinary share (sen) - Net	20	36.0	36.0	36.0	36.0

The notes set out on pages 50 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated statement of changes in equity

for the year ended
31 August 2005

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Group	Note	Share capital RM'000	Share premium RM'000	Non-distributable		Distributable	
				Capital redemption reserve RM'000	Exchange difference account RM'000	Unappropriated profits RM'000	Total RM'000
At 1 September 2003		164,386	685	1,365	(12)	45,352	211,776
Exchange differences on translation of the financial statements of foreign subsidiary		-	-	-	34	-	34
Net profit for the year		-	-	-	-	53,594	53,594
Dividends							
- 2003 fourth quarter interim	18	-	-	-	-	(8,877)	(8,877)
- 2004 interim	18	-	-	-	-	(26,631)	(26,631)
- 2004 special interim	18	-	-	-	-	(23,671)	(23,671)
At 31 August 2004/ 1 September 2004		164,386	685	1,365	22	39,767	206,225
Exchange differences on translation of the financial statements of foreign subsidiary		-	-	-	50	-	50
Net profit for the year		-	-	-	-	51,899	51,899
Dividends							
- 2004 fourth quarter interim	18	-	-	-	-	(8,877)	(8,877)
- 2005 interim	18	-	-	-	-	(26,631)	(26,631)
- 2005 special interim	18	-	-	-	-	(23,671)	(23,671)
At 31 August 2005		164,386	685	1,365	72	32,487	198,995

Note 12

Company	Note	___ Non-distributable___			Distributable	
		Share capital RM'000	Share premium RM'000	Capital redemp- tion reserve RM'000	Unappro- priated profits RM'000	Total RM'000
At 1 September 2003		164,386	685	1,365	7,431	173,867
Net profit for the year		–	–	–	61,065	61,065
Dividends						
- 2003 fourth quarter interim	18	–	–	–	(8,877)	(8,877)
- 2004 interim	18	–	–	–	(26,631)	(26,631)
- 2004 special interim	18	–	–	–	(23,671)	(23,671)
At 31 August 2004/ 1 September 2004		164,386	685	1,365	9,317	175,753
Net profit for the year		–	–	–	60,108	60,108
Dividends						
- 2004 fourth quarter interim	18	–	–	–	(8,877)	(8,877)
- 2005 interim	18	–	–	–	(26,631)	(26,631)
- 2005 special interim	18	–	–	–	(23,671)	(23,671)
At 31 August 2005		164,386	685	1,365	10,246	176,682
		Note 12			Note 13	

The notes set out on pages 50 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

Cash flow statements

for the year ended
31 August 2005

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	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	73,289	72,354	83,726	85,078
Adjustments for:				
Amortisation of premium on investments	89	86	44	41
Amortisation of goodwill	305	305	–	–
Depreciation	3,273	3,247	–	–
Gain on sale of property, plant and equipment	(266)	(201)	–	–
Interest income	(5,679)	(5,839)	(2,748)	(2,373)
Property, plant and equipment written off	34	24	–	–
Unrealised loss on foreign exchange	51	100	–	–
Operating profit before working capital changes	71,096	70,076	81,022	82,746
(Increase)/Decrease in working capital:				
Inventories	8,104	(20,426)	–	–
Trade and other receivables	705	(2,194)	(39)	(280)
Trade and other payables	(1,491)	3,211	(38)	125
Cash generated from operations	78,414	50,667	80,945	82,591
Income taxes paid	(20,692)	(26,634)	(23,606)	(23,937)
Net cash generated from operating activities	57,722	24,033	57,339	58,654
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	270	201	–	–
Purchase of property, plant and equipment	(12,313)	(3,657)	–	–
Interest received	5,679	5,839	2,748	2,373
Net cash (used in)/ generated from investing activities	(6,364)	2,383	2,748	2,373

Cash flow statements

for the year ended
31 August 2005

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	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Repayments of advances by subsidiary	–	–	–	39,998
Dividends paid to shareholders of the Company	(59,179)	(59,179)	(59,179)	(59,179)
Payments made on behalf by/(of) related companies	969	(879)	–	–
(Repayments of)/payments made on behalf by penultimate holding company	(69)	113	–	–
Payments made on behalf by subsidiary	–	–	14	–
Net cash used in financing activities	(58,279)	(59,945)	(59,165)	(19,181)
Net (decrease)/increase in cash and cash equivalents	(6,921)	(33,529)	922	41,846
Cash and cash equivalents at beginning of year				
Balance brought forward	171,505	205,001	84,427	42,581
Reversal of previous year's unrealised loss on foreign exchange	–	(10)	–	–
	171,505	204,991	84,427	42,581
Foreign exchange differences	52	43	–	–
Cash and cash equivalents at end of year	164,636	171,505	85,349	84,427
Cash and cash equivalents comprise:				
Deposits placed	156,790	163,301	85,285	84,421
Cash and bank balances	7,846	8,204	64	6
	164,636	171,505	85,349	84,427

The notes set out on pages 50 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Amway (Malaysia) Sdn. Bhd. ("AMSB") is consolidated using the merger method of accounting. The acquisition of AMSB in 1996 was part of an integral group reorganisation undertaken in conjunction with the listing and quotation of the entire issued and paid-up share capital of the Company on the main board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The ultimate shareholder of AMSB remained the same before and after the reorganisation prior to the listing.

Amway (B) Sdn. Bhd. is consolidated using the acquisition method of accounting.

Under the merger method of accounting, the results of the subsidiary are presented as if the Group had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiary is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, the results of the subsidiary acquired or disposed during the year is included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary's net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Goodwill arising on consolidation

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair values of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised from the date of initial recognition over its estimated useful life of twenty five (25) years.

(d) Subsidiaries

Investments in subsidiaries are stated at cost in the Company less impairment loss where applicable.

1. Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment

Freehold land are stated at cost less accumulated impairment losses. All other property, plant and equipments are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land are not amortised. Long term leasehold land are amortised in equal instalments over the period of the respective leases, which range from seventy four (74) to ninety nine (99) years.

Leasehold fixture and improvements are amortised over the lives of the leases of three (3) years or their estimated useful lives, whichever is shorter.

Furniture, fittings and equipment costing RM1,000 or less are written off in the month of purchase.

The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%
Building improvements	10%
Furniture, fittings and equipment	10% - 33 1/3%
Motor vehicles	25%

(f) Inventories

Inventories are stated at the lower of cost and net realisable value with the first-in-first-out (FIFO) basis being the main basis for cost. Cost comprises actual purchase price plus the cost of bringing the inventories to their present location and condition.

(g) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(h) Investments

Marketable securities are stated at the lower of cost and market value, which are determined on a portfolio basis. Malaysian Government Securities held to maturity are stated at cost adjusted for amortisation of premium or accretion of discount to maturities. An allowance is made when the Directors are of the view that there is a diminution in their value, which is other than temporary.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(j) Liabilities

Trade and other payables are stated at cost.

1. Summary of significant accounting policies (cont'd)

(k) Impairment

The carrying amounts of assets, other than inventories, deferred tax assets and financial assets (financial assets in this context exclude investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(l) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(m) Repurchase of shares

When shares are repurchased and cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted to share premium or any other suitable reserve.

When shares are repurchased and held as treasury shares, the cost of the shares repurchased is debited to treasury shares. Where treasury shares are subsequently distributed as share dividends, the cost of treasury shares is adjusted to share premium or any other suitable reserve. Where treasury shares are subsequently reissued by re-sale in the open market, the credit difference, which arises when the sale consideration is more than the cost of the shares repurchased, is adjusted to share premium. Conversely, the debit difference, which arises when the sale consideration is less than the cost of the shares repurchased, is adjusted to share premium or any other suitable reserve.

1. Summary of significant accounting policies (cont'd)

(n) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Financial statements of foreign operations

The operations of the Group's overseas subsidiary are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of the overseas subsidiary are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of the overseas subsidiary are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are taken to Exchange Difference Account in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of the overseas subsidiary are as follows:

USD1	to	RM3.77	(2004 : RM3.80)
BND1	to	RM2.24	(2004 : RM2.19)

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plan

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

(p) Revenue

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(q) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

2. Property, plant and equipment

Group	Freehold land	Long term leasehold land	Buildings	Building improvements	Leasehold fixture and improvements	Furniture, fittings and equipment	Motor vehicles	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2004	20,016	2,637	7,781	2,819	1,172	19,581	1,803	55,809
Additions	–	8,262	–	61	118	3,160	712	12,313
Disposals	–	–	–	–	–	(19)	(606)	(625)
Written off	–	–	–	–	–	(564)	(2)	(566)
Exchange differences	–	–	–	–	3	4	–	7
At 31 August 2005	20,016	10,899	7,781	2,880	1,293	22,162	1,907	66,938
Depreciation and impairment loss								
Accumulated depreciation	–	280	1,970	1,327	849	15,636	1,208	21,270
Accumulated impairment loss	6,225	–	–	–	–	–	–	6,225
At 1 September 2004	6,225	280	1,970	1,327	849	15,636	1,208	27,495
Charge for the year	–	142	156	221	177	2,183	394	3,273
Disposals	–	–	–	–	–	(15)	(606)	(621)
Written off	–	–	–	–	–	(530)	(2)	(532)
Exchange differences	–	–	–	–	3	4	–	7
Accumulated depreciation	–	422	2,126	1,548	1,029	17,278	994	23,397
Accumulated impairment loss	6,225	–	–	–	–	–	–	6,225
At 31 August 2005	6,225	422	2,126	1,548	1,029	17,278	994	29,622
Net book value								
At 31 August 2005	13,791	10,477	5,655	1,332	264	4,884	913	37,316
At 31 August 2004	13,791	2,357	5,811	1,492	323	3,945	595	28,314
Depreciation charge for the year ended 31 August 2004	–	35	156	198	182	2,297	379	3,247

3. Investments in subsidiaries

	Company	
	2005	2004
	RM'000	RM'000
Unquoted shares, at cost	86,202	86,202

The principal activities of the subsidiaries, their places of incorporation and the interest of Amway (Malaysia) Holdings Berhad are as follows:

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2005 %	2004 %
Amway (Malaysia) Sdn. Bhd.	Distribution of consumer products principally under the "AMWAY" trademark.	Malaysia	100	100
Amway (B) Sdn. Bhd.*#	Distribution of consumer products principally under the "AMWAY" trademark.	Negara Brunei Darussalam	100	100

* The entire equity interest of Amway (B) Sdn. Bhd. is held by Amway (Malaysia) Sdn. Bhd.

Audited by a member firm of KPMG International in Negara Brunei Darussalam

4. Goodwill arising on consolidation

	Group RM'000
Cost	
At 1 September 2004/31 August 2005	7,630
Amortisation	
At 1 September 2004	2,543
Amortisation for the year	305
At 31 August 2005	2,848
Net book value	
At 31 August 2005	4,782
At 31 August 2004	5,087
Amortisation charge for the year ended 31 August 2004	305

This represents the unamortised balance of the goodwill arising on consolidation of Amway (B) Sdn. Bhd.

5. Deferred tax

	Group	
	2005	2004
	RM'000	RM'000
Deferred tax assets	11,672	10,938

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group	
	2005	2004
	RM'000	RM'000
Property, plant and equipment		
- capital allowances	(958)	(803)
Accruals	12,630	11,741
	11,672	10,938

6. Inventories

	Group	
	2005	2004
	RM'000	RM'00
Consumer products	45,192	53,282

Consumer products of the Group of RM4,000 (2004 - RM482,000) are carried at net realisable value.

In the previous year, there was a reversal of a write down of inventories of RM100,000. The reversal arose from an increase in net realisable value.

7. Trade and other receivables

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	1,897	3,458	-	-
Less: Allowance for doubtful debts	(430)	(855)	-	-
	1,467	2,603	-	-
Other receivables, deposits and prepayments	6,121	5,745	561	522
Amount due from related companies	1,759	2,641	-	-
	9,347	10,989	561	522

7. Trade and other receivables (cont'd)*Trade and other receivables**Group*

During the year, bad debts of RM50,000 (2004 - RM94,000) were written off against allowance for doubtful debts.

Included in other receivables, deposits and prepayments of the Group are RM882,000 (2004: RM1,685,000) being the deposits paid for the purchase of a (2004: two) piece(s) of land to facilitate the construction of the new corporate headquarter.

Amount due from related companies

	Group	
	2005	2004
	RM'000	RM'000
The amount due from related companies comprise the following:		
- Trade	347	291
- Non-trade	1,412	2,350
	<u>1,759</u>	<u>2,641</u>

The non-trade amounts due from related companies are mainly in respect of payments made on behalf, which are unsecured, interest free and have no fixed terms of repayment.

8. Holding companies

The ultimate and penultimate holding companies are Alticor Global Holdings Inc. and Alticor Holdings Inc. respectively. Both companies are incorporated in the United States of America.

Amway Global Development BV, a company incorporated in the Netherlands became the immediate holding company during the year. The previous immediate holding company was Amway Asia Pacific Ltd., a company incorporated in Bermuda.

9. Investments

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Marketable securities, at cost:				
Malaysian Government Securities	10,662	10,662	5,270	5,270
Less: Amortisation of premium	(552)	(463)	(267)	(223)
	<u>10,110</u>	<u>10,199</u>	<u>5,003</u>	<u>5,047</u>
Market value of investments:				
Malaysian Government Securities	<u>10,140</u>	<u>10,599</u>	<u>5,015</u>	<u>5,246</u>

10. Cash and cash equivalents

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits are placed with:				
Licensed banks	156,621	117,515	85,285	45,773
Finance companies	–	45,781	–	38,648
Other corporations	169	5	–	–
	<u>156,790</u>	<u>163,301</u>	<u>85,285</u>	<u>84,421</u>
Cash and bank balances	7,846	8,204	64	6
	<u><u>164,636</u></u>	<u><u>171,505</u></u>	<u><u>85,349</u></u>	<u><u>84,427</u></u>

11. Trade and other payables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	13,231	9,751	–	–
Other payables and accrued expenses	63,020	53,147	240	278
Amount due to penultimate holding company	64	133	–	–
Amount due to subsidiary	–	–	14	–
Amount due to related companies	2,457	17,204	–	–
	<u>78,772</u>	<u>80,235</u>	<u>254</u>	<u>278</u>

Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are RM159,000 (2004 - RM159,000) being the remaining purchase consideration for the freehold land acquired in 1997 by a subsidiary and accruals for Distributors' bonuses and seminars of RM49,217,000 (2004 - RM39,415,000).

Amount due to penultimate holding company

Group

The amount due to penultimate holding company is in respect of support charges payable, which are unsecured and bear interest at federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding ninety (90) days from the date of invoice.

11. Trade and other payables (cont'd)

Amount due to subsidiary

Company

The amount due to subsidiary is in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

Amount due to related companies

	Group	
	2005	2004
	RM'000	RM'000
The amount due to related companies comprise the following:		
- Trade	2,367	17,145
- Non-trade	90	59
	<u>2,457</u>	<u>17,204</u>

The amount due to related companies are unsecured and bear interest at federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding ninety (90) days from the date of invoice. The non-trade amounts due to related companies are mainly in respect of payments made on behalf.

12. Share capital

	Company	
	2005	2004
	RM'000	RM'000
Ordinary shares of RM1 each		
Authorised	<u>250,000</u>	<u>250,000</u>
Issued and fully paid	<u>164,386</u>	<u>164,386</u>

13. Reserves

Unappropriated profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its unappropriated profits at 31 August 2005, if paid out as dividends.

14. Operating profit

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	-	253	-	-
Amortisation of goodwill (Note 4)	305	305	-	-
Amortisation of premium on investments	89	86	44	41
Auditors' remuneration	73	73	11	11
Depreciation (Note 2)	3,273	3,247	-	-
Directors remuneration				
- Emoluments				
Directors of the Company	1,382	1,222	12	16
- Fees				
Directors of the Company	159	157	159	157
Director of the subsidiary	11	11	-	-
Property, plant and equipment written off	34	24	-	-
Inventories written down	818	-	-	-
Inventories written off	339	-	-	-
Rental of premises	787	613	-	-
Support charges paid/payable	818	2,136	-	-
Unrealised loss on foreign exchange	51	100	-	-
Realised loss on foreign exchange	67	-	-	-
	<u>1,382</u>	<u>1,222</u>	<u>12</u>	<u>16</u>
and after crediting:				
Gross dividends from a subsidiary	-	-	81,648	83,423
Gain on sale of property, plant and equipment	266	201	-	-
Realised gain on foreign exchange	-	63	-	-
Reversal of allowance for doubtful debts	375	-	-	-
Reversal of inventories written down	-	100	-	-
Support charges receivable	775	760	-	-
	<u>775</u>	<u>760</u>	<u>-</u>	<u>-</u>
The estimated monetary value of benefits-in-kind received by the:				
- Directors of the Company	36	35	-	-
	<u>36</u>	<u>35</u>	<u>-</u>	<u>-</u>

15. Employee information

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Defined contribution plan -				
Employees' Provident Fund	2,349	2,133	-	-
Other staff costs	15,806	14,575	-	-
	<u>18,155</u>	<u>16,708</u>	<u>-</u>	<u>-</u>

The average number of employees of the Group (including Directors) during the year was 331 (2004 - 313).

16. Interest income

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Interest income from deposits placed and investments	5,679	5,839	2,748	2,373

17. Tax expense

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
Malaysian				
- current year provision	23,061	19,930	23,618	24,013
- over provision in prior years	(1,124)	(1,210)	-	-
Overseas				
- current year provision	198	175	-	-
- over provision in prior years	(11)	(23)	-	-
	22,124	18,872	23,618	24,013
Deferred tax expense				
- origination and reversal of temporary differences	(2,325)	626	-	-
- Over/(under) recognition of deferred tax assets in prior years	1,591	(738)	-	-
	21,390	18,760	23,618	24,013

Reconciliation of effective tax rate/expense

Group	2005		2004	
	%	RM'000	%	RM'000
Profit before taxation		73,289		72,354
Income tax using Malaysian tax rate	28.0	20,521	28.0	20,259
Effect of different tax rate in foreign jurisdiction	-	14	-	12
Non-deductible expenses	0.6	453	0.7	472
Tax exempt income	(0.1)	(56)	-	(9)
Other items	-	2	-	(3)
	28.5	20,934	28.7	20,731
Over provision of tax expense in prior years	(1.5)	(1,135)	(1.7)	(1,233)
Over/(under) recognition of deferred tax assets in prior years	2.2	1,591	(1.0)	(738)
Tax expense	29.2	21,390	26.0	18,760
Company				
Profit before taxation		83,726		85,078
Income tax using Malaysian tax rate	28.0	23,443	28.0	23,822
Non-deductible expenses	0.2	175	0.2	191
	28.2	23,618	28.2	24,013

18. Dividends

	Company	
	2005	2004
	RM'000	RM'000
Interim paid:		
First quarter interim dividend of 7.5 sen (2004 - 7.5 sen) per share less tax at 28%	8,877	8,877
Second quarter interim dividend of 7.5 sen (2004 - 7.5 sen) per share less tax at 28%	8,877	8,877
Third quarter interim dividend of 7.5 sen (2004 - 7.5 sen) per share less tax at 28%	8,877	8,877
Special interim dividend of 20 sen (2004 - 20 sen) per share less tax at 28%	23,671	23,671
	<u>50,302</u>	<u>50,302</u>
Declared:		
Fourth quarter interim dividend of 7.5 sen (2004 - 7.5 sen) per share less tax at 28%	8,877	8,877
	<u>59,179</u>	<u>59,179</u>

The fourth quarter interim dividend in respect of the year ended 31 August 2005 has not been accounted for in the financial statements for the year ended 31 August 2005, as it was declared after balance sheet date.

The fourth quarter interim dividend in the respect of the year ended 31 August 2004 was accounted for in the financial statements for the year ended 31 August 2005, as it was declared after the previous balance sheet date.

19. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM51,899,000 (2004 - RM53,594,000) and the number of ordinary shares outstanding during the year of 164,386,000 (2004 - 164,386,000).

20. Net dividends per ordinary share

Group and Company

The net dividends per ordinary share is calculated based on dividends of RM59,179,000 (2004 - RM59,179,000) divided by the number of ordinary shares in issue at year end of 164,386,000 (2004 - 164,386,000).

21. Segmental information

The Group operates solely in the direct selling industry and distribution of its products is principally in Malaysia. 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.

22. Commitments

	Group	
	2005	2004
	RM'000	RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	33,620	32,871
Contracted but not provided for in the financial statements	8,315	15,804

23. Operating leases

Leases as lessee

Total future minimum lease payments under non cancellable operating leases are as follows:

	Group	
	2005	2004
	RM'000	RM'000
Less than one year	712	700
Between one and five years	1,040	566
	<u>1,752</u>	<u>1,266</u>

The Group leases a number of shop offices cum warehouse and shop lots under operating leases. The leases typically run for initial periods ranging from three (3) to five (5) years with the following options upon expiry of the initial lease periods:

- One (1) lease - renew the lease for a period of twelve (12) months by notifying the lessor in writing at least two (2) months before expiry.
- Two (2) leases - renew the lease for a period of twenty four (24) months by notifying the lessor in writing at least three (3) months before expiry or the lease will be renewed automatically in absence of written notice.
- Three (3) leases - renew the lease for a period of twenty four (24) months by notifying the lessor in writing at least three (3) months before expiry.
- Two (2) leases - renew the lease for a period of thirty six (36) months by notifying the lessor in writing at least three (3) months before expiry.
- One (1) lease - renew the lease for a period of forty eight (48) months by notifying the lessor in writing at least three (3) months before expiry.
- Four (4) leases - renew the lease for a further term by notifying the lessor in writing at least three (3) months before expiry.

24. Related parties

Identity of related parties

Controlling related party relationships are as follows:

- i) The holding companies as disclosed in Note 8; and
- ii) Its subsidiaries as disclosed in Note 3.

The Company also has related party relationships with its related companies.

24. Related parties (cont'd)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Penultimate holding company				
Support charges paid/payable	110	57	–	–
Subsidiary				
Gross dividends received/receivable	–	–	(81,648)	(83,423)
Related companies				
- Access Business Group International LLC				
Purchases	155,257	164,395	–	–
Royalties paid	475	240	–	–
- Amway Corporation				
Support charges paid/payable	708	2,079	–	–
- Amway (Singapore) Pte. Ltd.				
Sales	(3,583)	(2,208)	–	–

Balances with holding companies, subsidiaries and related companies at balance sheet date are disclosed in Note 7 and Note 11 respectively.

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

25. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest, foreign currency and liquidity risks arises in the normal course of the Group and the Company's business. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The Group and the Company's exposure to market risk for changes in interest rates relates primarily to fixed deposits and amount due to related companies.

The Group and the Company place excess funds with licensed banks, finance companies and other corporations for certain periods during which the interest rates are fixed. The management monitors the rates at regular intervals.

As for the amount due to related companies, interest is charged on overdue balances exceeding ninety (90) days based on federal rate as defined by the United States Treasury Regulation and Internal Revenue Code. However, there were no such interest incurred during the year.

In addition, the Group and the Company do not have any other borrowing.

25. Financial instruments (cont'd)**Foreign currency risk**

The Group incurs foreign currency risk on sales, purchases, services and foreign deposits that are denominated in currencies other than Ringgit Malaysia. Most of the foreign currency transactions are denominated in US Dollars. Transactions in other foreign currencies are insignificant.

The Group enters into forward foreign currency exchange contracts where appropriate to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. The unrecognised gains associated with anticipated future transactions is RM4,000. (2004: Nil)

The Group is also exposed to foreign currency risk in respect of their investment in a foreign subsidiary. The Group does not hedge this exposure by having foreign currency borrowings in view of the insignificant amount of investment in the foreign subsidiary.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effect of fluctuation in cash flows.

The following table shows information about the Group and the Company's exposure to interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprise or mature, whichever is earlier.

	2005				2004			
	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000
Group								
Financial assets								
Marketable securities held to maturity:								
Malaysian Government Securities	2.80	10,110	10,007	103	2.89	10,199	–	10,199
Deposits placed with licensed banks, finance companies and other corporations	2.86	156,790	156,790	–	2.82	163,301	163,301	–
Company								
Financial assets								
Marketable securities held to maturity:								
Malaysian Government Securities	3.19	5,003	5,003	–	3.19	5,047	–	5,047
Deposits placed with licensed banks, finance companies and other corporations	2.76	85,285	85,285	–	2.81	84,421	84,421	–

25. Financial instruments (cont'd)

Fair values

Recognised financial instruments

In respect of trade and other receivables, cash and cash equivalents and trade and other payables, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial assets carried on the balance sheet date as at 31 August are shown below:

Group	2005 Carrying amount RM'000	2005 Fair value RM'000	2004 Carrying amount RM'000	2004 Fair value RM'000
Quoted debt securities				
Malaysian Government Securities	10,110	10,140	10,199	10,599
Company				
Quoted debt securities				
Malaysian Government Securities	5,003	5,015	5,047	5,246

The fair values of quoted Malaysian Government Securities are their quoted bid price at the balance sheet date.

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 August 2005 are:

	Group	
	2005 RM'000	2004 RM'000
Forward foreign exchange contracts - purchases		
- contractual value	1,161	-
- unrealised gains	4	-
	1,165	-

26. Event subsequent to the balance sheet date

On 19 October 2005, the Company and its subsidiaries announced that their financial year end will be changed from 31 August to 31 December to be co-terminous with its ultimate holding company, Alticor Global Holdings Inc., a company incorporated in the United States of America.

HEADQUARTERS

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BUTTERWORTH

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JOHOR BAHRU

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Taman Perindustrian Sri Plentong,
81750 Masai, Johor
Tel : 07-3885 111 Fax : 07-3875 111

IPOH

34, Hala Rapat Baru 22,
Taman Perusahaan Ringan Kinta Jaya,
Off Jalan Gopeng, 31350 Ipoh, Perak
Tel : 05-3138 222 Fax : 05-3133 111

KUANTAN

Lot 48/4, 48/5 & 48/6
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MALACCA

18, 18-1, 20 & 22
Jalan PPM2, Plaza Pandan
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ALOR STAR

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MIRI

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Brunei Darussalam
Tel : 00-673-2-236164,
00-673-2-236165
Fax : 00-673-2-236167

Particulars of
Properties

31 August 2005

The properties held by the Group and the Company as at 31 August 2005 are as follows:-

Location	Usage	Land Area (Sq. Metres)	Land Tenure	Year Of Expiry	Net Book Value RM '000	Approx. Age (Years)	Date of Acquisition
10, Lorong Nagasari 4, Taman Nagasari, 13600 Prai, Penang	Office & Warehouse	975	Freehold	–	480	14	19/06/91
34, Jalan 223, 46100 Petaling Jaya Selangor Darul Ehsan	Office & Warehouse	5,940	Leasehold expiring 22 August 2070	2070	5,933	17	14/06/88
34, Hala Rapat Baru 22, Taman Perusahaan Ringan Kinta Jaya, Off Jalan Gopeng, 31350 Ipoh, Perak	Office & Warehouse	1,271	Leasehold expiring 18 August 2094	2094	637	10	21/08/95
1, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor	Office & Warehouse	3,841	Freehold	–	2,348	5	06/03/00
No. 6 Persiaran A, Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	In Progress	25,287	Freehold	–	12,370*	N/A	21/12/96
No. 26 & 26A, Jalan 223, Section 51A, 46100 Petaling Jaya Selangor Darul Ehsan	In Progress	7,934	Leasehold expiring 26 March 2069	2069	8,155	N/A	19/11/04

*after impairment loss of RM6.2m

At the Tenth Annual General Meeting held on 31 January 2005, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transaction of a revenue or trading nature.

In accordance with Paragraph 4.1.5 of Practice Note No. 12/2001 of Listing Requirements of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 August 2005 pursuant to the shareholders' mandate are disclosed as follows:

<----- Transacting Parties ----->		Name of other Related Parties	Amount transacted during the financial year RM'000	Nature of transactions by companies within the Group
Related Parties	Companies within the Group			
Access Business Group International LLC ("ABGIL")	Amway (Malaysia) Sdn Bhd ("AMSB") and Amway (B) Sdn Bhd ("ABSB")	Amway Global Holdings Inc ("AGH"), Amway Holdings Inc ("AHI"), Alticor Inc ("Alticor"), Amway Corporation, Amway Nederland Ltd ("Amway Nederland") and Amway Global Development BV ("AGD")	14	1) Payment of royalties on any Substitute Product incorporating or manufactured using any ABGIL Intellectual Property to ABGIL
			14	2) Payment of sublicense fees on Substitute Products and/or Additional Products bearing the sublicensed trademarks to ABGIL
			438	3) Payment of sublicense fees on Substitute Products and/or Additional Products that are distributed under the "AMWAY" trade name but without the sublicensed trademarks and are not manufactured using any ABGIL Intellectual Property to ABGIL
ABGIL	AMSB	AGH, AHI, Alticor, Amway Corporation, Amway Nederland and AGD	155,257	Purchase of consumer products from ABGIL
Alticor and Amway Corporation	AMSB and ABSB	AGH, AHI, Amway Nederland and AGD	818	Procurement of administrative and marketing support services from Alticor and Amway Corporation
Amway (Singapore) Pte Ltd ("Amway (S)")	AMSB	AGH, AHI, Alticor, Amway Corporation, Amway Nederland and AGD	3,583	Sale of products to Amway (S)

Notes :

- 1) ABGIL, a company incorporated in the United States of America, is effectively a wholly-owned subsidiary of AGH which is also the ultimate holding company of the Company.
- 2) Alticor, a company incorporated in the United States of America, is a wholly-owned subsidiary of AHI which is in turn a wholly-owned subsidiary of AGH.
- 3) Amway Corporation, a company incorporated in the United States of America, is a wholly-owned subsidiary of Alticor.
- 4) Amway (S), a company incorporated in Singapore, is a wholly-owned subsidiary of Amway Corporation.
- 5) The Company is a 51.70%-owned subsidiary of AGD, a company incorporated in the Netherlands, which in turn is wholly-owned by Amway Nederland. Amway Nederland, a company incorporated in the United States of America, is a wholly-owned subsidiary of Amway Corporation, which in turn is wholly-owned by Alticor. Further, Alticor is an indirect holding company of ABGIL.

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of AMWAY (MALAYSIA) HOLDINGS BERHAD will be held at the Ballroom (Mezzanine Floor), Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 9 February 2006 at 2.00 p.m. for the following purposes:

AGENDA

As Ordinary Business

- | | |
|---|-----------------------|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 August 2005 together with the Directors' and the Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. To re-elect Mr Low Han Kee who is retiring pursuant to Article 87.1 and Article 128 of the Company's Articles of Association. | Ordinary Resolution 2 |
| 3. To re-elect Mrs Cheng Li Kam Fun, Eva who is retiring pursuant to Article 94 of the Company's Articles of Association. | Ordinary Resolution 3 |
| 4. To approve the increase of Directors' Fees from RM170,000 for the financial year ended 31 August 2005 to RM261,000 for the 16 months financial period ending 31 December 2006. | Ordinary Resolution 4 |
| 5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their fees. | Ordinary Resolution 5 |

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions:

- | | |
|---|-----------------------|
| 6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International LLC ("ABGIL"), Alticor Inc. ("Alticor"), Amway Corporation and Amway (Singapore) Pte Ltd ("Amway (S)"). | Ordinary Resolution 6 |
| 7. Proposed Renewal of Authority for Purchase of Own Shares. | Ordinary Resolution 7 |

(The detailed text and the rationale on Items 6 and 7 are contained in the Circular and the Statement respectively, both dated 29 December 2005 which are enclosed together with the Annual Report.)

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
SAW BEE LEAN (MAICSA 0793472)
Company Secretaries

Kuala Lumpur
29 December 2005

NOTE:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
4. The instrument appointing a proxy must be deposited with the Share Registrar of the Company at Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

Explanatory Notes on the Special Business

5. Ordinary Resolution 6, if passed, will allow the Group to enter into the recurrent related party transactions with ABGIL, Alticor, Amway Corporation and Amway (S) in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related transactions occur would not arise. Besides facilitating a smoother and more efficient conduct of business, this would substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings and would place the Group in a better position to take advantage of business opportunities as and when they may arise, without compromising the corporate objectives of the Group. The shareholders' mandate is subject to renewal on an annual basis.
6. Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the forthcoming Annual General Meeting, the authority to purchase such amount of ordinary shares of RM1.00 each ("Shares") in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of Shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company and that at the discretion of the Directors of the Company, the Shares to be purchased and/or held may be cancelled and/or retained as treasury shares, and in the case of the latter, may be distributed as dividends or resold on Bursa Securities or subsequently cancelled. This authority will, unless the period within which the next Annual General Meeting is required by law to be held expires; or the Proposed Share Buy-Back is revoked or varied by resolution passed by the shareholders in general meeting before the next Annual General Meeting; expire at the conclusion of the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

Pursuant to the Paragraph 8.28(2) of the Bursa Securities Listing Requirements appended hereunder are:

1. Directors who are standing for re-election at the Eleventh Annual General Meeting of the Company are:

- a. Mr Low Han Kee
- b. Mrs Cheng Li Kam Fun, Eva

Mr Choong Lai Huat who is retiring pursuant to Article 87.1 of the Articles of Association of the Company at the forthcoming Eleventh Annual General Meeting does not wish to seek for re-election as a Director.

2. Details of attendance of Directors at Board Meetings

There were four Board Meetings held during the financial year ended 31 August 2005. Details of attendance of the Directors are set out in the Statement on Corporate Governance on page 26 of the Annual Report.

3. Place, Date and Hour of the Eleventh Annual General Meeting of the Company

The Eleventh Annual General Meeting of the Company will be held at the Ballroom (Mezzanine Floor), Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 9 February 2006 at 2.00 p.m.

4. Further details of Directors standing for re-election at the Eleventh Annual General Meeting are as follows:

Mr Low Han Kee
Managing Director

- Malaysian, aged 46.
- Qualified as a Certified Public Accountant in 1984 whilst serving in Ernst & Whinney (now known as Ernst & Young).
- Took over the helm as the Managing Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 1 September 1998.
- Currently a Director of Amway (Malaysia) Sdn Bhd ("AMSB") and Amway (B) Sdn Bhd, a subsidiary of AMSB.
- Joined AMSB in 1990 as Divisional Manager, Finance & Administration. Promoted to General Manager responsible for Amway operations in Malaysia and Brunei in January 1993. Prior to his appointment with the Group, he held senior positions in finance in companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), including Mulpha International Trading Corporation Berhad, a group involved in trading, construction and engineering, where he last held the position of Group Chief Accountant, from 1985 to 1990 before leaving to join AMSB.
- Appointed Director of AMHB on 6 June 1996. No directorship in other public listed companies.
- Holds 20,000 shares, directly in the Company, however does not hold shares in any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No convictions for offences.

Mrs Cheng Li Kam Fun, Eva

Non-Independent Non-Executive Director

- British National (Overseas), aged 53.
- Graduated with a Bachelor of Arts Degree with honours in 1975. Obtained a Master's Degree in Business Administration from the University of Hong Kong in 1989.
- Currently the Executive Vice President of Amway Global Holdings Inc, the ultimate holding company, and is part of its senior management team responsible for Amway's global business development.
- She is also the Chairman of Amway (China) Co. Ltd. and CEO of Amway in Greater China and Southeast Asia. Amway Greater China and Southeast Asia encompasses Mainland China, Taiwan, Hong Kong SAR, Macau SAR, Thailand, Malaysia, Singapore, Indonesia, the Philippines and Brunei. Since the beginning of her career with Amway in 1977, she has held senior management positions within the Amway Group.
- Prior to joining Amway in 1977, she spent two years as an Executive Officer with the Hong Kong Government.
- A member of the National Council of China Children and Teenagers' fund; the Chinese People's Political Consultative Conference, Guangdong Commission; the Standing and Executive Committees of The Federation of Industry and Commerce; Guangdong Province (Guangdong Provincial General Chamber of Commerce).
- Honorary Chairman of the Guangdong Women's Association for Overseas Friendly Contact; Honorary Council Member of the Shanghai Charity Fund and a member of the Hopkins-Nanjing Council of the John Hopkins University-Nanjing University Center for Chinese and American Studies.
- President of the Hong Kong Women Professionals and Entrepreneurs Association and Honorary President of the Hong Kong Federation of Women.
- Council Member of the Open University of Hong Kong, and a member of the Hong Kong Cantonese Opera Development Advisory Council.
- A member of the Board of Governors for the Hong Kong Art Center and the Council of the Hong Kong Institute of Education from 1997 to 2002.
- She helped found the Hong Kong Direct Selling Association and was Chairman for four terms from 1990 to 1993 and in 1996.
- Appointed Director of AMHB on 19 October 2005. No directorship in other public listed companies.
- Does not hold shares in the Company or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No convictions for offences.

Analysis of Shareholdings

as at

30 November 2005

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Authorised Share Capital	:	RM250,000,000
Issued and Paid-Up Share Capital	:	RM164,385,645
Class of Shares	:	Ordinary Share of RM1.00 each
Voting Rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Distribution of shareholdings according to size:

Size Of Holdings	No. Of Shareholders/ Depositors	% Of Shareholders/ Depositors	No. Of Shares Held	% Of Issued Capital
1 - 99	98	2.6968	3,239	0.0020
100 - 1,000	1,104	30.3797	956,892	0.5821
1,001 - 10,000	2,193	60.3467	7,042,292	4.2840
10,001 - 100,000	188	5.1734	6,136,548	3.7330
100,001 - 8,219,281	49	1.3484	45,300,858	27.5577
8,219,282 and above	2	0.0550	104,945,816	63.8412
Total	3,634	100.0000	164,385,645	100.0000

SUBSTANTIAL SHAREHOLDERS

Name Of Shareholders	<----- Direct ----->		<----- Indirect ----->	
	No. Of Shares Held	%	No. Of Shares Held	%
Amway Global Development BV ("AGD")	84,990,283	51.7018	–	–
Amway Nederland Ltd	–	–	* ⁱ 84,990,283	51.7018
Amway Corporation	–	–	* ⁱⁱ 84,990,283	51.7018
Alticor Inc	–	–	* ⁱⁱⁱ 84,990,283	51.7018
Alticor Holdings Inc ("AHI")	–	–	* ^{iv} 84,990,283	51.7018
Alticor Global Holdings Inc ("AGH") * ^{vi}	–	–	* ^v 84,990,283	51.7018
Employees Provident Fund Board	20,910,933	12.7207	–	–

Notes:

*ⁱ Deemed interested by virtue of interest in AGD pursuant to Section 6A of the Companies Act, 1965.

*ⁱⁱ Deemed interested by virtue of interest in Amway Nederland Ltd pursuant to Section 6A of the Companies Act, 1965.

*ⁱⁱⁱ Deemed interested by virtue of interest in Amway Corporation pursuant to Section 6A of the Companies Act, 1965.

*^{iv} Deemed interested by virtue of interest in Alticor Inc pursuant to Section 6A of the Companies Act, 1965.

*^v Deemed interested by virtue of interest in AHI pursuant to Section 6A of the Companies Act, 1965.

*^{vi} The equity interests in AGH are wholly held by certain trusts established by Jay Van Andel and Richard M. DeVos, the co-founders of the AGH group of companies.

SHAREHOLDING OF DIRECTORS

Name Of Directors	No. Of Shares Held	% Of Issued Capital
1. Tan Sri Datuk Ahmad Farouk Bin Haji SM Isahak	16,666	0.0101
2. Low Han Kee	20,000	0.0122
3. Dato' Ab. Halim Bin Mohyiddin	1,000	**
4. Choong Lai Huat	10,000	0.0061
5. Scott Russell Balfour	–	–
6. Abdul Wahab Bin Nasir @ Mohd Nasir	–	–
7. Yee Kee Bing	–	–
8. Cheng Li Kam Fun, Eva	–	–

** Negligible

THIRTY LARGEST SHAREHOLDERS

	No. Of Shares Held	% Of Issued Capital
1. Amway Global Development BV	84,990,283	51.7018
2. Employees Provident Fund Board	19,955,533	12.1395
3. Valuecap Sdn Bhd	6,600,000	4.0149
4. Lembaga Tabung Haji	4,961,231	3.0180
5. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	3,162,300	1.9237
6. Pertubuhan Keselamatan Sosial	2,583,700	1.5717
7. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Malaysia	2,394,166	1.4564
8. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Didik	2,292,500	1.3946
9. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Prudential Assurance Malaysia Berhad	2,110,866	1.2841
10. Takaful Nasional Sdn Berhad	2,018,100	1.2277
11. Permodalan Nasional Berhad	1,850,666	1.1258
12. Lembaga Tabung Angkatan Tentera	1,833,333	1.1153
13. Malaysia National Insurance Berhad	1,635,500	0.9949
14. Amanah Raya Nominees (Tempatan) Sdn Bhd - Dana Al-Aiman	1,009,800	0.6143
15. Cartaban Nominees (Tempatan) Sdn Bhd - Amanah SSCM Nominees (Tempatan) Sdn Bhd For Employees Provident Fund Board (JF404)	955,400	0.5812
16. MCIS Zurich Insurance Berhad	930,400	0.5660
17. Amanah Raya Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Am	868,900	0.5286
18. Kurnia Insurans (Malaysia) Berhad	833,300	0.5069
19. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL PAR)	654,566	0.3982
20. AMMB Nominees (Tempatan) Sdn Bhd - Amanah SSCM Asset Management Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund (7/893-1)	619,600	0.3769
21. Manulife Insurance (Malaysia) Berhad	539,999	0.3285
22. Malaysian Reinsurance Berhad	500,000	0.3042
23. Bumiputra-Commerce Trustee Berhad - Amanah Saham Darul Iman	490,000	0.2981
24. ECM Libra Securities Nominees (Tempatan) Sdn. Bhd. - Petroleum Research Fund	480,333	0.2922
25. Universal Trustee (Malaysia) Berhad - SBB Emerging Companies Growth Fund	421,000	0.2561
26. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	396,700	0.2413
27. Amanah Saham Mara Berhad	389,500	0.2369
28. Universal Trustee (Malaysia) Berhad - Alliance Optimal Income Fund	384,000	0.2336
29. AMMB Nominees (Tempatan) Sdn Bhd - AmTrustee Berhad for HLG Dividend Fund (HLGDF)	345,000	0.2099
30. MCIS Zurich Insurance Berhad	318,700	0.1939
	146,525,376	89.1352

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Proxy Form

No. of Shares held

AMWAY (MALAYSIA) HOLDINGS BERHAD (Company No. 340354-U)
(Incorporated in Malaysia)

I/We _____

of _____

being a member/members of AMWAY (MALAYSIA) HOLDINGS BERHAD, hereby appoint _____

of _____

or failing him, _____

of _____

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at the Ballroom (Mezzanine Floor), Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 9 February 2006 at 2.00 p.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
Ordinary Resolution 1	Adoption of Audited Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 August 2005		
Ordinary Resolution 2	Re-election of Mr Low Han Kee as Director		
Ordinary Resolution 3	Re-election of Mrs Cheng Li Kam Fun, Eva as Director		
Ordinary Resolution 4	Approval on the increase and payment of Directors' Fees for the 16 months financial period ending 31 December 2006		
Ordinary Resolution 5	Re-appointment of Messrs KPMG as Auditors of the Company		
Ordinary Resolution 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International LLC, Alticor Inc., Amway Corporation and Amway (Singapore) Pte Ltd		
Ordinary Resolution 7	Proposed Renewal of Authority for Purchase of Own Shares		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

.....
Signature:
Shareholder or Common Seal

Dated this _____ day of _____, 2005/2006

NOTES:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply.
- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The instrument appointing a proxy must be deposited with the Share Registrar of the Company at Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

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Stamp

The Share Registrars
Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur

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