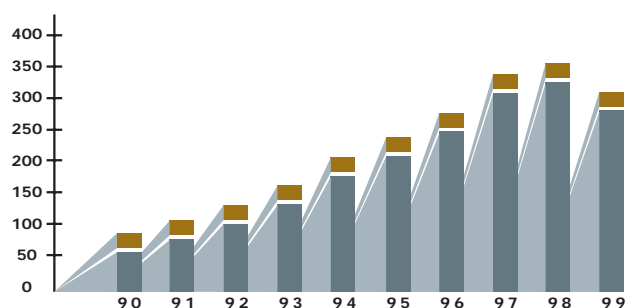


Five Year Financial Highlights

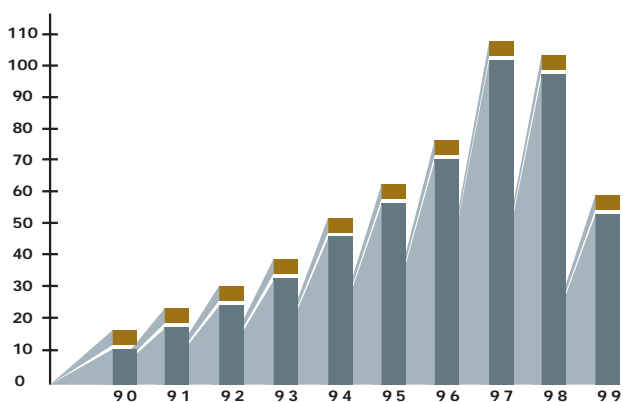
	1995	1996	1997	1998	1999
	RM Million	RM Million	RM Million	RM Million	RM Million
Turnover	242	281	342	352	315
Profit Before Taxation	62	77	109	103	59
Profit After Taxation	42	53	71	71	59
Net Earnings Per Share (Sen)	48.7	61.3	71.1	70.9	59.4
Core Distributor Force (in Thousand)	79	95	115	123	137

Note : Financial year 1995 represents proforma group figures, prepared on the assumption that the current structure of the group had been in existence throughout that financial year.

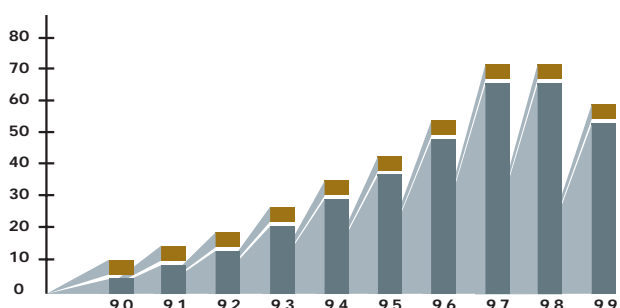
Turnover
RM Million



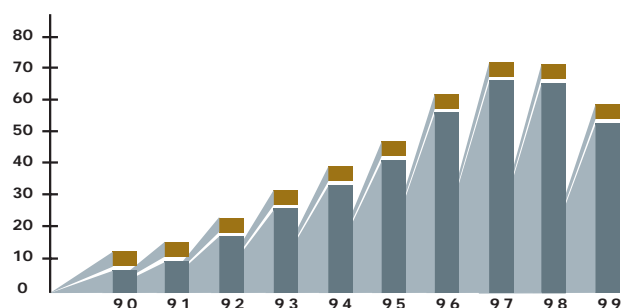
Profit Before Taxation
RM Million



Profit After Taxation
RM Million



Net Earnings Per Share
Sen



"As we predicted, fiscal year 1999 was extremely challenging and your Company was thoroughly put to the test. However, because we anticipated the challenges well, your Company was able to appropriately respond on all fronts. This, coupled with the strong distributor resilience, lessened the impact of damaged consumer confidence and a weakened Ringgit, and made 1999 a year that far exceeded expectations."

O

VIEW

The Asian economic crisis continued into the first half of fiscal year 1999, further affecting consumer confidence and causing a drastic contraction in private consumption, particularly in the area of high ticket items. Your Company was not spared the onslaught of the crisis and had to pool all its resources to continue to respond to the unfavourable economic environment. Working in partnership with the Distributor leadership, your Company undertook several initiatives aimed at defending its market share and maintaining distributor morale. They included such efforts as aggressive product promotions to stimulate demand, new product introductions to increase sales, absorbing product cost increases at the expense of operating margins to maintain price competitiveness and implementing incentive programmes to encourage distributor productivity. With these initiatives in place, the business recovered extremely well when the economy improved in the second half.

RESULTS

Turnover for the year under review was RM314.9 million, a decline of 11% over the previous year, a relatively minor retreat considering the very difficult operating environment. The decline was primarily attributable to a drop in business volume particularly in the first half of the fiscal year due to the unfavourable business climate. In fact, the first six months of the year under review saw a severe 32% contraction in business volume as households continued to cutback on spending and consumers remained cautious. The turnover of high ticket items namely the Water Treatment System and QUEEN* Cookware, suffered the steepest decline. Consumer sentiments however, improved during the second half of the fiscal year. The Malaysian government's aggressive policy initiatives to

stimulate economic recovery also began to show positive results. Your Company's business experienced a strong rebound in the second half of the year under review. Turnover for the second half recorded a remarkable growth of 39% compared to the first half of the fiscal year.

The Group's pre-tax profit however, declined by 42% to RM59.3 million. The sharp decline in profits was primarily due to the full impact of the Ringgit devaluation which resulted in a significant increase in cost of sales and the lower interest income from your Company's investment of its surplus cash. The decline was, however, mitigated by the Group's focus on various cost saving measures which were taken since the onset of the economic crisis in 1997. On a brighter note, the Group's after-tax profit of RM58.6 million posted a relatively less significant decline of 17% compared to that of last fiscal year due to the Government's decision of a one year tax waiver.

BUSINESS ENVIRONMENT

The business environment during the year was extremely competitive with players doing more than their fair share to enhance distributor productivity and motivation. As a result of lower disposable incomes, the Direct Selling Association of Malaysia (DSAM), which celebrated its 20th anniversary during the year, estimated lower sales for the industry and noted a softening in demand for "big ticket" items. Besides this contraction, the year also saw fewer companies entering the market, in part due to the temporary freeze on issuance of new licenses imposed by the Government in September.

During the year, the Government continued to promote the marketing of local products among direct sellers. The industry reciprocated positively to the call with many companies



including your Company, stepping up efforts to manufacture and package their products locally. As a form of incentive to keep healthy businesses on track, the Government announced that direct selling companies which are public-listed, with good track record of business and consumer satisfaction, will be issued three-year licenses. In this respect, I am pleased to announce that your Company received its three year license renewal in July 1999, the first ever by any multi-level direct selling company since the Direct Sales Act was enacted.

OPERATIONS

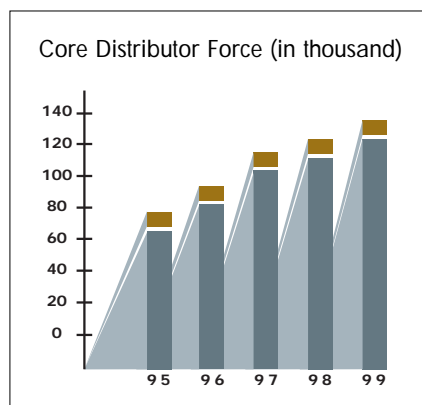
Despite the adverse market conditions, the year was busy to say the least. A total of 12 new product introductions kept distributor excitement percolating at a high level. One of the most significant new product introductions was, of course, the technologically advanced AMWAY* Air Treatment System which received overwhelming response. Also of significance, was your Company's strong debut into the relatively untapped herbal market, through the launch of two new products – the NUTRILITE Siberian Ginseng and Ginkgo Biloba and NUTRILITE Passion Flower and Chamomile.

Judging by the number of record breaking achievements during the year, I must say your Company did remarkably well, notwithstanding the profit decline. After almost 10 years of tremendous sales, Amway mooncakes continue to gain market share, hitting a new record high of more than 800,000 mooncakes sold in the year under review with turnover contribution in excess of RM5.7 million. This is certainly a strong indication of the resilience of the business and the strength of your Company's business franchise.

The marketing highlight however, was undoubtedly the launch of the Amway Distributor Benefit Programme (DBP) which accorded Amway Distributors special privileges and exclusive discounts and benefits when they purchase products and services from participating business partners. A runaway success from day one, this programme was instrumental in helping your Company achieve an impressive increase of 50% and 18% in distributor applications and renewals respectively since the launch of the DBP. Consequently, the year saw a significant increase in Core Distributor Force (CDF) to 137,000 from the previous year's high of 123,000, up 11%. At the same time, distributor retention reached a new record high of 61% versus 54% last fiscal year. These records, I must emphasise, will pose a significant impact in future years as the size of the CDF has direct bearing on your Company's market penetration rate.

To support the country's economic recovery efforts, your Company continued the local contract manufacturing and local re-packaging of some of its coreline products during the year while aggressively sourcing new partnerships with local manufacturers under its Personal Shoppers Catalogue programme. I am pleased to announce that as a result of such concerted efforts, local sourcing as a percentage

of your Company's turnover, recorded an increase of close to 50% compared to last year. In addition, over 91% of items offered in your Company's Personal Shoppers Catalogue are now locally manufactured – an increase of more than 20% over the previous year. We are extremely happy with the significant achievement and reiterate our commitment to enhancing local content in our product offerings, in tandem with government aspirations.



Anticipating a softening of sales trend, your Company adopted a cautious

approach in all operational areas – realigning, rationalising and improving processes and re-evaluating plans for capital expenditure – these moves carried out as a matter of cost control, but never at the expense of customer service and efficiency. Capital spending, particularly for the new Headquarters in Bukit Jelutong and acquisition of Regional Distribution Centres (RDCs), has been deferred and we will review our decision when appropriate.

Moving ahead into the new millennium, the Board believes that technology, especially Internet technology, will be the way forward. We will take steps to ensure that the business infrastructure in this respect is enhanced. However, the extent or speed by which we embrace Internet technology will be greatly dependent on whether there is rapid increase in Internet usage in Malaysia.

The Board believes that all issues relating to Y2K have been resolved and the Group has been Y2K ready since October 1999. In addition to suppliers' written assurances of full compliance, the Group has performed its own tests. Notwithstanding this, the Board cannot exclude unforeseen developments as well as potential issues arising from third party suppliers' inability to meet their contractual obligations to the Group.

Your Company maintained its commitment of caring and good corporate citizenship with a pledge of RM700,000 towards a new community project during the year. The project called Tunas Budi, involves among others, the construction of four units of homes for the elderly in Kuala Selangor.

OUTLOOK

While it was not too difficult to spot much of what was coming last year, taking the steps that were right for the Company to address the situation were more difficult, as many corporates would attest. In essence, your Company consciously took short term pains to ensure that its long term fundamentals and market share remained intact. I am pleased to say that this strategy paid off and we successfully weathered the storm, emerging relatively unscathed under the circumstances.

As the latest economic data reveals, the country is on firm footing to emerge from recession. Looking ahead therefore, FY2000 holds much promise with the Group well poised to benefit from the country's economic recovery. Having said that, there is still much to be done to support the current sales momentum and distributor motivation during this fragile stage of recovery. In the new year, we will focus on enhancing our capability to compete in the future through investments in information technology. At the same time, the Group will continue to support Distributors through the implementation of aggressive promotions and incentives, expansion of new partners in its local sourcing programme, provision of excellent logistic services and building of reputation so that the environment remains conducive for Amway Distributors to build their business.

Sales trend over recent months has in fact been most encouraging reflecting an overall improvement in market sentiments and domestic consumption. The Group will continue to adopt pragmatic and prudent measures to meet new challenges as we lead the industry and partner with Amway Distributors into the next millennium. Based on all these and barring any serious reversal in the economic climate, we view the year ahead with optimism.

APPRECIATION

On behalf of the Board, I wish to welcome Mr Lynn J. Lyall, who has been appointed Alternate Director to Mr. Lawrence M. Call effective 22 October 1999. In addition, our deepest appreciation to Amway Corporation for the significant amount of promotional assistance rendered to the Group which has enabled us to implement aggressive product promotions to stimulate demand during the economic crisis. My thanks also go out to Amway Distributors for their dedication and commitment to the business and to the partnership that exists between us. Their support and loyalty have been most instrumental in achieving the year's favourable outcome. To the management and staff, I commend you for your keen sense of responsibility and diligence in the course of this difficult year. Your contribution is no less significant in bringing about the better than expected operational performance. I congratulate each and everyone of you. To our shareholders, business associates and customers, thank you for your continued support and confidence in the Company.

I take this opportunity to urge all parties to stay true to our unique partnership as we brace ourselves to face the new and exciting challenges in the year 2000 and the new millennium!

TAN SRI AZMI WAN HAMZAH
Chairman

“Seperti mana yang telah kami ramalkan, tahun fiskal 1999 memang sungguh mencabar dan Syarikat anda telah benar-benar diuji. Namun, oleh kerana kami telah menjangkakan cabaran tersebut dengan baik sekali, Syarikat anda telah berjaya bertindak menangani kesemuanya dengan begitu sempurna. Hal ini, digandingkan pula dengan semangat pengedar yang padu, telah dapat meringankan kesan keruntuhan keyakinan pengguna dan Ringgit yang lemah, lalu menjadikan tahun 1999 sebagai tahun yang jauh melebihi jangkaan.”

TINJAUAN

Krisis ekonomi Asia yang berlarutan ke separuh pertama tahun fiskal 1999, terus menjejaskan keyakinan pengguna dan menyebabkan penguncupan drastik dalam penggunaan peribadi, khasnya pembelian barangan mahal. Syarikat anda turut tidak ketinggalan dilanda terpaan krisis tersebut dan terpaksa mengumpulkan segala sumbernya untuk terus mengatasi suasana ekonomi yang tidak menggalakkan. Dalam bekerja dengan kepimpinan Pengedar secara rakan kongsi, Syarikat anda mengambil beberapa inisiatif bagi mempertahankan bahagian pasarannya dan mengekalkan moral pengedar. Ini termasuklah mengadakan promosi barangan secara agresif untuk merangsang permintaan, mengenalkan barangan baru bagi meningkatkan jualan, menyerap kenaikan kos barangan walaupun ia menjejaskan margin operasi agar dapat mengekalkan persaingan harga dan melaksanakan program insentif untuk menggalakkan produktiviti pengedar. Dengan kesemua inisiatif ini, perniagaan telah pulih dengan cemerlang sekali apabila ekonomi bertambah baik pada separuh kedua tahun fiskal tersebut.

KEPUTUSAN

Perolehan bagi tahun semakan ialah RM314.9 juta, iaitu penurunan sebanyak 11% berbanding tahun yang sebelumnya. Namun, penurunan ini dianggap agak kecil memandangkan suasana operasi yang sangat sukar. Punca utama penurunan ini adalah disebabkan kejatuhan jumlah perniagaan terutamanya dalam separuh pertama tahun fiskal akibat keadaan perniagaan yang tidak memuaskan. Malah, enam bulan yang pertama pada tahun semakan memperlihatkan pengurangan jumlah perniagaan yang teruk iaitu sebanyak 32% kerana suri rumah terus mengurangkan belanjawan mereka dan pengguna masih bersikap berhati-hati. Jualan barangan berharga tinggi seperti Sistem Rawatan Air dan Periuk Masak QUEEN*, mengalami penurunan yang paling menjunam. Walau bagaimanapun, sentimen pengguna bertambah baik pada separuh kedua tahun fiskal tersebut.

Inisiatif polisi kerajaan Malaysia yang agresif bagi merangsang pemulihan ekonomi juga mula menunjukkan kesan yang positif. Perniagaan Syarikat anda mengalami lantunan yang kuat dalam separuh kedua tahun semakan di mana perolehannya telah mencatatkan pertumbuhan yang pesat iaitu sebanyak 39% jika dibandingkan dengan separuh pertama tahun fiskal tersebut.

Namun begitu, keuntungan sebelum cukai Kumpulan menurun sebanyak 42% kepada RM59.3 juta. Pada asasnya, penurunan keuntungan yang menjunam adalah disebabkan impak sepenuhnya penurunan nilai Ringgit yang telah menyebabkan peningkatan yang ketara dalam kos jualan dan juga pendapatan faedah yang rendah daripada pelaburan lebih tunai Syarikat anda. Walaupun begitu, pelbagai langkah penjimatan kos yang diambil sejak mula berlakunya krisis ekonomi pada tahun 1997 telah dapat mengurangkan kesan penurunan ini. Keuntungan selepas cukai bagi Kumpulan sebanyak RM58.6 hanya mengalami penurunan sebanyak 17% jika dibandingkan dengan tahun fiskal yang lalu. Ini disebabkan keputusan pihak kerajaan untuk mengeneipkan cukai selama satu tahun.

PERSEKITARAN PERNIAGAAN

Persekitaran perniagaan sepanjang tahun memang sukar dengan para pesaing bersungguh-sungguh meningkatkan produktiviti dan motivasi pengedar. Disebabkan pendapatan boleh guna yang lebih rendah, Persatuan Jualan Langsung Malaysia (DSAM) yang meraikan ulang tahunnya ke-20 pada tahun tersebut, telah menganggarkan pengurangan jualan bagi industri ini dan memperlihatkan permintaan yang berkurangan terhadap barangan yang mahal. Di samping penguncupan ini, tahun tersebut juga memperlihatkan kurangnya jumlah syarikat baru yang menceburi pasaran ini. Antara sebab-sebabnya ialah pembekuan pengeluaran lesen jualan langsung baru buat sementara pada bulan September oleh pihak kerajaan.

Sepanjang tahun tersebut, pihak Kerajaan terus mempromosikan pemasaran barangan tempatan di kalangan syarikat jualan langsung. Industri jualan langsung menyambut seruan tersebut secara positif dan banyak syarikat, termasuk Syarikat anda telah meningkatkan usaha-usaha untuk mengilang dan membungkus barangan mereka dalam negara. Sebagai insentif kepada syarikat jualan langsung supaya mengendalikan perniagaan dengan baik, kerajaan mengumumkan bahawa syarikat jualan langsung yang disenaraiawamkan, dengan rekod perniagaan yang baik dan kepuasan dikalangan pengguna, akan diberi lesen tiga tahun. Berkenaan hal ini, saya dengan sukacitanya mengumumkan bahawa Syarikat anda telah menerima lesen pembaharuan tiga tahunnya pada Julai 1999. Syarikat anda merupakan syarikat jualan langsung pelbagai peringkat yang pertama untuk menerima lesen sedemikian semenjak Akta Jualan Langsung diaktakan.

OPERASI

Di sebalik keadaan pasaran yang amat sukar, tahun tersebut tetap begitu sibuk. Sebanyak 12 barangan baru diperkenalkan untuk memastikan minat pengedar sentiasa berada di tahap yang tinggi. Satu daripada pengenalan barangan baru yang paling bermakna sudah tentulah Sistem Rawatan Udara AMWAY* berteknologi tinggi yang telah menerima maklum balas yang meberangsangkan. Yang tidak kurang pentingnya, Syarikat anda telah menembusi pasaran herba, yang agak kurang diceburi, melalui pelancaran dua barangan baru – NUTRILITE Siberian Ginseng dan Ginkgo Biloba dan NUTRILITE Passion Flower dan Chamomile.

Melihat kepada jumlah pencapaian yang memecahkan rekod sepanjang tahun tersebut, saya akui bahawa prestasi Syarikat anda memang cemerlang walaupun keuntungan menurun. Setelah hampir 10 tahun menghasilkan jualan yang hebat, kuih bulan Amway terus mendapat pasaran, dengan mencapai rekod penjualan yang baru iaitu lebih daripada 800,000 kuih bulan telah dijual dalam tahun semakan dengan sumbangan perolehan melebihi RM5.7 juta. Ini sememangnya satu tanda yang jelas menunjukkan kebangkitan perniagaan ini dan kekuatan francais perniagaan Syarikat anda.

Namun, acara penting di bahagian pemasaran merupakan pelancaran Program Faedah Pengedar (DBP) yang memberi keistimewaan khusus dan diskaun serta faedah yang eksklusif kepada Pengedar Amway apabila mereka membeli barangan dan perkhidmatan daripada rakan niaga yang menyertai program ini. Program ini yang berjaya daripada hari pertama lagi banyak membantu Syarikat anda

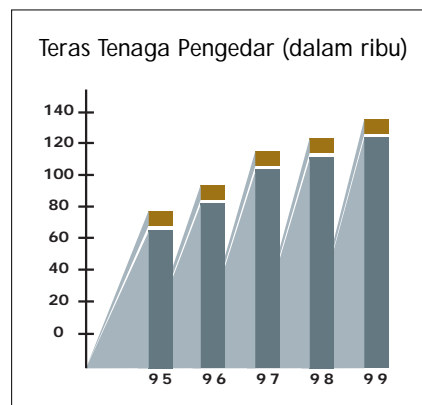
mencapai kenaikan yang impresif sebanyak 50% dalam permohonan menjadi pengedar dan 18% dalam pembaharuan pengedaran semenjak pelancarannya. Seterusnya, tahun ini memperlihatkan peningkatan yang ketara dalam jumlah Teras Tenaga Pengedar (CDF) menjadi 137,000 daripada 123,000 pada tahun sebelumnya iaitu kenaikan sebanyak 11%. Pada masa yang sama, pengekal pengedar mencapai rekod baru sebanyak 61% berbanding 54% pada tahun fiskal yang lepas. Saya mesti menekankan bahawa rekod-rekod ini akan memberi kesan yang ketara pada tahun-tahun yang akan datang kerana saiz CDF ada kaitan langsung dengan kadar penembusan pasaran bagi Syarikat anda.

Bagi menyokong usaha pemulihan ekonomi negara, Syarikat anda telah meneruskan usaha pengilangan kontrak tempatan dan pembungkusan semula tempatan beberapa barangan utamanya sepanjang tahun ini, di samping meninjau secara agresif perkongsian baru dengan

pengilang tempatan di bawah program Personal Shoppers Catalogue. Saya dengan sukacitanya mengumumkan bahawa hasil daripada usaha-usaha yang giat ini, sumber tempatan sebagai peratusan daripada perolehan Syarikat anda, telah merekodkan peningkatan hampir 50% dibandingkan dengan tahun lepas. Selain itu, lebih daripada 91% barangan yang ditawarkan dalam Personal Shoppers Catalogue Syarikat anda kini dikilang dalam negara – suatu peningkatan yang melebihi 20% daripada tahun sebelumnya. Kami sangat gembira dengan pencapaian yang cemerlang ini dan mengulangi komitmen kami untuk meningkatkan kandungan tempatan dalam barangan yang ditawarkan, sejajar dengan aspirasi kerajaan.

Setelah meramalkan trend penjualan yang lemah, Syarikat anda mengambil pendekatan berwaspada dalam segala segi operasi – menjajarkan semula, merasional dan memperbaiki proses-proses serta menilai semula rancangan untuk perbelanjaan modal – kesemuanya adalah langkah kawalan kos, tetapi tidak sesekali menjejaskan khidmat pelanggan dan kecekapan. Perbelanjaan modal, terutamanya untuk Ibu pejabat baru di Bukit Jelutong dan pembelian Pusat Pengedaran Daerah (RDC), telah ditangguhkan dan kami akan mengkaji semula keputusan apabila wajar.

Dalam menuju ke alaf baru ini, pihak Lembaga percaya bahawa teknologi, terutamanya teknologi Internet, adalah cara untuk maju ke hadapan. Kami akan bertindak sewajarnya bagi memastikan infrastruktur perniagaan dalam hal ini turut dimajukan. Namun, takat atau betapa cepatnya kami melaksanakan teknologi Internet amat bergantung pada kadar peningkatan penggunaan Internet di Malaysia.



Pihak Lembaga percaya bahawa semua isu yang berkaitan dengan Y2K telah diselesaikan dan pihak Kumpulan telah sedia Y2K sejak Oktober 1999. Selain daripada jaminan bertulis pihak pembekal tentang pematuhan sepenuhnya, Kumpulan telah menjalankan ujiannya sendiri. Walaupun begitu, pihak Lembaga tidak boleh mengecualikan sama sekali berlakunya perkembangan yang tidak dijangka atau kebangkitan isu yang mungkin wujud daripada pembekal pihak ketiga yang tidak mampu memenuhi kewajipan kontrak kepada Kumpulan.

Sepanjang tahun tersebut, Syarikat anda meneruskan komitmennya sebagai ahli korporat yang prihatin dan bertanggungjawab dengan menyumbangkan RM700,000 kepada projek kemasyarakatan yang baru, iaitu projek Tunas Budi. Projek ini melibatkan antaranya, pembinaan empat unit rumah untuk warga tua di Kuala Selangor.

MASA HADAPAN

Walaupun tidak terlalu sukar untuk menjangkakan apa yang berlaku tahun lepas, mengambil langkah yang betul bagi Syarikat mengatasi situasi tersebut adalah lebih sukar. Ini memang sesuatu yang diakui oleh banyak syarikat. Pada dasarnya, Syarikat anda sanggup bersusah payah dalam jangka pendek untuk memastikan bahawa asas jangka masa panjang dan bahagian pasaran tetap utuh. Saya dengan sukacitanya menyatakan bahawa strategi ini mendatangkan hasil dan kita berjaya menempuhi halangan tanpa kesan negatif yang ketara.

Seperti yang ditunjukkan dalam data ekonomi yang terkini, negara kita kian pulih daripada kemelesetan. Oleh itu, TF2000 menjanjikan masa depan yang cerah dan Kumpulan cukup bersedia untuk mendapat faedah daripada pemulihan ekonomi negara. Namun demikian, masih banyak lagi yang harus dilakukan untuk menyokong momentum jualan sekarang dan meningkatkan motivasi pengedar sepanjang jangka masa pemulihan yang rapuh ini. Pada tahun yang baru, kita akan menumpukan pada meningkatkan kemampuan kita untuk bersaing pada masa hadapan melalui pelaburan dalam teknologi maklumat. Pada masa yang sama, Kumpulan akan terus menyokong Pengedar melalui pelaksanaan promosi dan insentif yang agresif, pengembangan rakan kongsi yang baru dalam program sumber tempatan, peruntukan perkhidmatan logistik yang cemerlang dan membina reputasi supaya suasana tetap menggalakkan untuk para Pengedar

Amway memajukan perniagaan mereka. Trend jualan sepanjang bulan-bulan kebelakangan ini sangat menggalakkan dan menggambarkan pemulihan keseluruhan sentimen pasaran dan penggunaan domestik. Kumpulan akan terus mengamalkan langkah-langkah pragmatik dan waspada untuk memenuhi cabaran baru dalam memimpin industri ini dan menjadi rakan kepada Pengedar Amway ke arah alaf baru. Berdasarkan kesemua ini dan sekiranya tiada perubahan yang serius dalam keadaan ekonomi, kita memandang tahun yang mendatang dengan optimis.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin mengalu-alukan kehadiran En. Lynn J. Lyall, yang telah dilantik sebagai Pengarah Gantian kepada En. Lawrence M. Call berkuatkuasa 22 Oktober 1999. Selain itu, setinggi-tinggi penghargaan kepada Amway Corporation atas sumbangan bantuan promosi kepada Kumpulan yang membolehkan kami melaksanakan promosi barangan yang agresif untuk merangsang permintaan sepanjang krisis ekonomi. Terima kasih juga kepada Pengedar Amway atas dedikasi dan komitmen mereka terhadap perniagaan ini dan atas perkongsian yang wujud antara kita. Sokongan dan kesetiaan mereka adalah sangat penting untuk mencapai hasil yang menggalakkan pada tahun tersebut. Kepada pihak pengurusan dan kakitangan, saya memuji atas sikap anda yang bertanggungjawab dan tekun dalam mengharungi tahun yang sukar ini. Sumbangan anda tidak kurang pentingnya dalam membawakan prestasi operasi yang lebih baik daripada yang dijangkakan. Tahniah saya ucapkan kepada anda semua. Kepada para pemegang saham kita, rakan perniagaan dan pelanggan, terima kasih atas sokongan dan keyakinan anda yang berterusan terhadap syarikat ini.

Saya mengambil peluang ini untuk menggesa semua pihak agar terus mengekalkan perkongsian kita yang unik sambil kita menyiapkan diri untuk menempuhi cabaran yang baru lagi hebat dalam tahun 2000 dan pada alaf baru!

TAN SRI AZMI WAN HAMZAH
Pengerusi



1999

with all its challenges, was a year that truly tested the tenacity and resilience of the Amway business. The Company left no stones unturned to protect its market share, adopting a strategic, aggressive and focused approach to many of the business issues that confronted it. To this end, Amway Distributor organisations rallied in support of every initiative taken by the Company, reinforcing their commitment to the business despite the difficult market environment. The Company's proactive measures coupled with the strong Distributor partnership, mitigated the impact of the economic crisis that prevailed for a good half of the fiscal year and reaped results that far exceeded our expectations. Today, Amway, in partnership with Amway Distributors, continue to lead the Malaysian direct selling industry, offering a time-tested business opportunity that delivers quality, value for money products at all times.



PARTNERING INTO THE NEW MILLENNIUM: EXPANDED PRODUCT RANGE

One of the key success factors for this fiscal year was the overwhelming Distributor response to our new product launches. We significantly expanded our product range with the introduction of 12 exciting products to assist Distributors in their retailing efforts.

Topping the list of exciting launches for the year was the technologically advanced AMWAY Air Treatment System. Reception to this high ticket item was beyond expectation, demonstrating yet again consumer

confidence in the Amway brand name and the quality of AMWAY products.

The Nutrition and Wellness range scored many firsts during the year under review and continue to be the leading contributor to the Company's performance. In April 1999, the Company launched NUTRILITE Iron Folic, the first NUTRILITE product to be packaged in Malaysia as well as outside the USA. Another significant milestone was the Company's successful foray into herbal products with the strong debut of the NUTRILITE Siberian Ginseng and Ginkgo Biloba and the NUTRILITE Passionflower and Chamomile. Repackaged locally, both products offer consumers the convenience of standardised and consistent high quality herbal nutrients in an easy-to-consume tablet.

ARTISTRY* skincare and cosmetics continue to introduce superior products aimed at meeting consumers' beauty needs. The much awaited ARTISTRY Whitening Essence, formulated with the patented Whitening Complex and Bitter Orange Peel extract enjoyed tremendous success. A further notable introduction was the ARTISTRY Self-Defining Sheer Foundation, a new generation of foundation which protects the skin with OXISHIELD SOLAR* complex of technologically advanced antioxidants and encapsulated SPF15 UVA/UVB sunscreens. To complement the existing skincare range, the ARTISTRY

Gentle Action Makeup Remover was made available. Artistry also launched Mascara 2000, Enhancing Concealer and Alpha Hydroxy Serum Plus, all with new and improved formulations to keep abreast with current trends.





The AMWAY Air Treatment System is a cosy fit in any environment.



Under Personal Care, SATINIQUE SUDZY* Shampoo for Kids, our second 100% "Made-in-Malaysia" product after last year's ALLANO* Talc, was greeted with optimistic results. The BODY SERIES* range continued to increase the number of products with the addition of the Essential Concentrated Liquid Hand Soap.

PARTNERING INTO THE NEW MILLENNIUM: VALUE-ADDED PROMOTIONS

Numerous retailing programmes and product promotions put in place during the fiscal year were instrumental in stimulating demand in a difficult business environment. The significant amount of promotional assistance rendered by Amway Corporation enabled us to implement aggressive product promotions which positively impacted on sales revenue.

boxes of our renowned Celebration mooncakes. This helped push sales to a record high of 800,000 mooncakes amounting to over RM5.7 million in turnover. Today, the Company enjoys a leadership position in the market with Amway mooncakes continuing to gain market share despite the increasing number of players each year. Many other premiums such as the Khind Jug Kettle and Coffee Maker were viewed to be unbeatable offers and were snapped up within a short period. The popular interest-free Easy Payment Plans (EPP) were continued during this fiscal year to facilitate the purchase of high ticket items particularly in our Home Tech range. Distributor leaders thoroughly appreciated this



The main thrust of this initiative was the Focus Months programme. As the name suggests, the programme focused on a particular business line every two months, drawing Distributor attention to the many activities organised to assist in their retailing efforts. Given the challenging market environment, such innovative efforts to motivate and guide Distributors were well appreciated, as evidenced in the heightened Distributor morale.

During the fiscal year, value-added promotions were run for every business line involving very attractive, high value premiums at greatly subsidised prices. These coupled with the offer of high value free gifts with purchases proved to be a hit with Distributors and customers alike, generating much excitement in the field and contributing significantly to incremental sales. Among the most impactful product promotions was the very chic stainless steel water flask for every purchase of two

assistance programme and responded well. Adding to the excitement was the highly charged Elf motor oil promotion which saw many Distributors nationwide qualifying for Grandstand tickets to the first ever Malaysian Motorcycle Grand Prix 1999 at the Sepang International Circuit.



The positive Distributor momentum and buoyant mood in the field was also felt at the annual Product Expo where over 15,000 Amway Distributors, families and friends thronged the Sunway Pyramid Exhibition Centre to learn more about Amway's products and services.

**PARTNERING INTO THE NEW MILLENNIUM:
MORE LOCAL CONTENT**

In response to the Government's call for direct selling companies to increase the local content of products through local manufacturing or repackaging, we appointed Upha Pharmaceutical Manufacturing (M) Sdn Bhd to repackage selected coreline products from our Nutrition and Wellness range during the year. As a result, NUTRILITE Iron Folic, NUTRILITE Siberian Ginseng and Ginkgo Biloba and NUTRILITE Passionflower and Chamomile are today proudly packed in Malaysia to Amway's exacting quality standards.

Inspired by the previous year's local contact manufacturing success with ALLANO Talc, we continued to explore this option for more of our corelines. Working with our joint-venture partner, Products Manufacturing Sdn. Bhd., the SATINIQUE SUDZY Shampoo for Kids was locally manufactured successfully during the year, receiving the

In addition, over 91% of the products offered through this programme were locally manufactured, all of them meeting the high standards of Amway. The keen participation from renowned names such as Sharp, Khind, Progmys, Whirlpool and Elf stands testimony to the mutual benefits derived from this programme and the effectiveness of direct selling as a distribution channel.



thumbs-up from all parties including the government. Both local ventures were appropriately commemorated at 2 separate signing ceremonies held in February and May 1999, witnessed by senior officials from Amway Corporation. At the events, Doug DeVos, Senior Vice President, Asia Pacific, and Steve Van Andel, Chairman of Amway Corporation, respectively reiterated the Company's commitment to explore more manufacturing opportunities with local companies who meet Amway's stringent requirements.

Meanwhile, the Amway Personal Shoppers Catalogue programme, a local sourcing initiative continues to grow from strength to strength. The Company aggressively sought partnerships with new local suppliers which saw many exciting products coming on board, particularly in the April Catalogue. As a result, local sourcing as a percentage of turnover saw a marked increase of nearly 50% compared to last year.



PARTNERING INTO THE NEW MILLENNIUM: FORMIDABLE DISTRIBUTOR FORCE

Amway's Core Distributor force is its strength and will play a key role in propelling the Company to greater heights in the new millennium. Recognising this, the Company continued to invest in training Amway Distributors to ensure they excel, both professionally and ethically. Attendance at company-sponsored product workshops and rallies jumped over 40% compared to the previous year, driven mainly by the presence of trainers, scientists, researchers and consultants specially brought in from Amway Corporation to impart their knowledge. The Company also increased its support towards Distributor organised Rallies, Moving-Up Seminars and Product Fairs, equipping Distributors with the knowledge and expertise to take advantage of the business uptrend as the economy improves.



Enthusiastic Amway Distributors setting a cheery example to others at the Annual National Leadership Conference.

A major boost for Distributors this year was the attendance of Steve Van Andel, Chairman of Amway Corporation, Crown Ambassadors Witat & Jintana Pornjaded from Thailand and our very own Triple Diamond Direct Distributors Lee Kim Soon & Kwee Choo at the annual National Convention. Held for the first time at Stadium Bukit Jalil, the event with its highly motivating speakers, thoroughly inspired the 14,000 strong Distributors and friends who thronged the world class facility in the spirit of "Together We Can". This convention theme was also aptly reflected at the National Leadership Conference, held a day earlier, where over 2,000 Distributor leaders from Malaysia and Brunei exchanged ideas, renewed friendships and reaffirmed their commitment to their business.



The 1999 Amway Diamond Advisory Council (ADAC)

PARTNERING INTO THE NEW MILLENNIUM: REWARDS AND RECOGNITION

Membership to Amway comes with an impressive list of rewards and recognition, an inherent trait that has continued to attract many to the business and produced high achievers who continue to scale new heights each year. In this regard, the launch of the Amway Distributor Benefit Programme (DBP) added another attraction to the list. This initiative which allows Amway Distributors to enjoy special privileges and benefits when they make purchases at participating business partners, was a runaway success chalking up an impressive 50% and 18% increase in Distributor applications and renewals respectively since its launch. The programme also serves to reward the large group of loyal Distributors who have stayed with the Company throughout the years.

Recognising the difficult market environment, the Company introduced several new sales incentive programmes to motivate Distributors to continue building their business. These programmes together with the DBP, yielded tremendous results, pushing the Company's Core Distributor Force up by 11% to 137,000. The positive momentum also propelled a record number of qualifiers for Leadership Seminar 1999.

The year under review saw the establishment of the Amway Academic Excellence Award where 41 children of Distributor leaders were rewarded for outstanding results in the various government examinations at schools, in yet another move to reward excellence.

Into its third year since formation, the Amway Diamond Advisory Council (ADAC) played a positive role throughout the year, offering insightful feedback based on their field experience. As a result, the Company was able to formulate and develop programmes that meet the needs and expectations of Amway Distributors. Certainly the ADAC provided the field leadership that was key to the commendable performance of the year under review.



Fun and games under the loving care of foster parents at Rumah Tunas Harapan Amway.

**PARTNERING INTO THE NEW MILLENNIUM:
CONTINUOUS OPERATIONAL IMPROVEMENT**

In line with the operational strategy of cost control, we worked within the confines of available resources to ensure our service to the Distributor organisations remained excellent with no compromise on efficiency and productivity.

An Event Management System was implemented for a hassle-free computerised registration and seat allocation at all Amway-sponsored events. The Amway Distributor Authorisation (ADA) cards with enhanced image features were also issued during the year to newly joined and renewed Distributors.

As at October 1999, the Group is Y2K ready. Notwithstanding this, we cannot exclude unforeseen development as well as potential issues arising from third party suppliers' inability to meet their contractual obligations to the Group.

leadership role. At the recent election of DSAM, Mr. Choong Lai Huat, Advisor to Amway (Malaysia) Sdn Bhd, and a Director of the Company, was returned unopposed for another 2-year term as the President.

During the year, the Company also received a 3-year license renewal from the government, a first for any multi-level direct selling company since the Direct Sales Act was enacted in 1993. This certainly demonstrates the confidence of the government authorities in the Company and reinforces our good track record of business and consumer satisfaction. The three year tenure will indeed make operational and long-term planning more tangible and effective.



Given the need for prudent cost management, we deferred the construction of our new corporate Headquarters in Bukit Jelutong and the acquisition of new Regional Distribution Centres (RDCs). We are currently monitoring the progress of the economic environment and will review our decision on such capital expenditure when the time is appropriate.

**PARTNERING INTO THE NEW MILLENNIUM:
MAINTAINING OUR LEADERSHIP ROLE**

As one of the pioneer companies in the direct selling industry and a founding member of the Direct Selling Association of Malaysia (DSAM), Amway Malaysia continues to play a



**PARTNERING INTO THE NEW MILLENNIUM:
PROMOTING CARING VIRTUES**

Carrying on our tradition of caring at the threshold of a new millennium, we launched a new community service logo and theme appropriately called "Giving Hope, Changing Lives" which was officiated by YB Datin Paduka Hajjah Zaleha Ismail, Minister of National Unity and Social Development. In conjunction with the launch, Amway Malaysia's Chairman, Tan Sri Azmi Wan Hamzah, presented Amway's pledge of RM700,000 to benefit the underprivileged elderly in the community, a bulk of which will go towards the construction of Rumah Tunas Budi Amway. This is a commune of four units of homes which aims to provide independent and self-sufficient living to the abandoned elderly. Located next to the existing Rumah Tunas Harapan Amway at Kuala Selangor, this innovative project will ultimately help us realise a caring community village in the 22-acre vicinity, where the



Amway's pledge towards the care of the underprivileged elderly.



young and old have an opportunity to interact within a family environment of loving care and harmony.

In keeping with the Government's calls for a more caring society, the Company also initiated the Amway Friends of the Community programme during the fourth quarter. This project aims to recognise Distributors for their efforts at organising meaningful activities for the community's less fortunate elderly and children, in tandem with corporate efforts. Amway Friends of the Community will from here on provide a pool of core supporters for the many charitable causes adopted by the Company.



The Amway Friends of the Community recognition award to eligible Distributor organisations for their contribution to the less fortunate.

Board Of Directors



Tan Sri Azmi Wan Hamzah
Chairman

Low Han Kee
Managing Director

Tan Sri Dato' Ahmad Farouk
bin Haji SM Ishak
Director

Choong Lai Huat
Director

Corporate Information

COMPANY SECRETARY
Ng Lee Chum
(MAICSA No. 7003990)

Lum Chee Yeng
(MAICSA No. 0880217)

REGISTERED OFFICE
11th Floor Wisma Damansara,
Jalan Semantan, Damansara Heights,
50490 Kuala Lumpur
Tel : 03-255 7188
Fax : 03-255 0988

PRINCIPAL BANKERS
Public Bank Berhad
Ground Floor,
No. 1, 3 & 5 Jalan 52/2,
46200 Petaling Jaya,
Selangor Darul Ehsan

Standard Chartered Bank Malaysia Bhd
30/36 Jalan 52/4,
46200 Petaling Jaya,
Selangor Darul Ehsan

AUDIT COMMITTEE
Tengku Yunus Kamaruddin
*Chairman, Independent
Non-Executive Director*

Tan Sri Dato' Ahmad Farouk bin
Haji SM Ishak
*Member of the Committee,
Independent Non-Executive Director*

Lawrence M. Call
*Member of the Committee,
Non-Executive Director*

Low Han Kee
*Alternate to Lawrence M. Call,
Executive Director*



Lawrence M. Call
Director

Craig N. Meurlin
Director

James B. Payne
Director

Tengku Yunus Kamaruddin
Director

Lynn J. Lyall
Alternate Director
(effective 22 October 1999)

AUDITORS

KPMG

Public Accountants

Wisma KPMG

Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur

SOLICITORS

Shearn Delamore & Co.

7th Floor, Wisma Hamzah-Kwong Hing

No. 1 Leboh Ampang

50100 Kuala Lumpur

Chooi & Company

Penthouse, Bangunan Ming PH-01

Jalan Bukit Nanas, 50250 Kuala Lumpur

REGISTRARS

M & C Services Sdn. Bhd.

11th Floor, Wisma Damansara

Jalan Semantan, Damansara Heights,

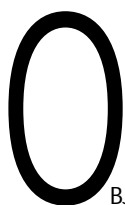
50490 Kuala Lumpur

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange

Main Board

Stock Code : 6351



OBJECTIVE

The overall objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices and to ensure adequate corporate disclosure to the Kuala Lumpur Stock Exchange.

COMPOSITION

The Committee shall comprise not less than three (3) Directors, with a majority of non-executive Directors. The members of the Audit Committee shall elect a Chairman who is not an executive Director or employee of the Company or any related corporation.

TERMS OF REFERENCE

The functions of the Committee shall be:

- * to satisfy themselves with the nature and scope of the external audit;
- * to recommend the appointment of the External Auditors;
- * to review the quarterly and year end financial statements before submission to the Board;
- * to review any related party transactions that may arise within the Company or the Group;
- * to discuss problems and reservations arising from the external audit, including the review of the system of internal controls, and any matters the External Auditor may wish to discuss (in the absence of management, where necessary);
- * to identify and direct any special projects or investigations deemed necessary.

MEETINGS

The Audit Committee shall meet at least two (2) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Committee member, the Company's Managing Director, or the External Auditors. A quorum shall consist of a majority of Committee members.

AUTHORITY AND ACCESSIBILITY

The Audit Committee shall have the general authority to do all things necessary to fulfill its responsibilities as vested upon it by virtue of its appointment by the Board of Directors and such other special authority specifically vested by the Board from time to time. It can obtain from all employees any information required and can consult independent experts when and where they consider it necessary to carry out their duties.

REPORTING PROCEDURES

The Company Secretary shall act as the Secretary of the Audit Committee. The Secretary of the Committee shall keep and maintain a proper record of the Minutes of Meetings of the Audit Committee and be responsible for circulating the Minutes to all the Committee members and to the other members of the Board.

Directors' Report

for the year ended 31 August 1999

The directors have pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31 August 1999.

PRINCIPAL ACTIVITIES

The Company is the parent company of Amway (Malaysia) Sdn. Bhd. and Amway (B) Sdn. Bhd. The principal activities of the subsidiary companies consist of the distribution of consumer products principally under the "AMWAY" trademark.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	59,292	83,681
Taxation	(668)	(21,716)
Profit after taxation	58,624	61,965
Unappropriated profit brought forward	61,557	13,388
Profit available for appropriation	120,181	75,353
Appropriation:		
Dividends	(53,261)	(53,261)
Unappropriated profit carried forward	66,920	22,092
	=====	=====

DIVIDENDS

The amounts paid by way of dividend by the Company since the end of the previous financial year are:-

- i) As declared in last year's report, a special interim dividend of 50 sen per share less tax at 28% amounted to RM35,508,000 and a final dividend of 25 sen per share less tax at 28% amounted to RM17,754,000 in respect of the year ended 31 August 1998 were paid on 30 October 1998 and 12 February 1999 respectively;
- ii) A first interim dividend of 20 sen per share less tax at 28% amounted to RM14,203,000 in respect of the year ended 31 August 1999 was paid on 21 May 1999; and
- iii) A special interim dividend of 30 sen per share less tax at 28% amounted to RM21,304,000 in respect of the year ended 31 August 1999 was paid on 11 August 1999.

The directors recommend a final dividend of 25 sen per share less tax at 28% amounting to RM17,754,000 in respect of the year ended 31 August 1999.

RESERVES AND PROVISIONS

There were no material movements to and from reserves and provisions during the financial year other than as disclosed in the accounts.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Tan Sri Azmi Wan Hamzah
Low Han Kee
Tan Sri Dato' Ahmad Farouk bin Haji SM Ishak
Lawrence M. Call
Choong Lai Huat
Craig N. Meurlin
James B. Payne
Tengku Yunus Kamaruddin
Lynn J. Lyall (alternate to Lawrence M. Call; appointed on 22.10.1999)

In accordance with Article 63 of the Company's Articles of Association, Tan Sri Azmi Wan Hamzah, Choong Lai Huat and Tan Sri Dato' Ahmad Farouk bin Haji SM Ishak retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The directors who have interests in the shares of the Company are as follows:-

Name	Number of Shares of RM1 each			
	Balance at 1.9.1998	Bought	Sold	Balance at 31.8.1999
Tan Sri Azmi Wan Hamzah	15,703,455*	-	(6,379,625)	9,323,830*
Low Han Kee	55,000	-	-	55,000
Tan Sri Dato' Ahmad Farouk bin Haji SM Ishak	10,000	-	-	10,000
Lawrence M. Call	10,000	-	-	10,000
Choong Lai Huat	260,000	-	(70,000)	190,000
Craig N. Meurlin	10,000	-	-	10,000
Tengku Yunus Kamaruddin	10,000	-	-	10,000

*Deemed interest through nominee companies and spouse

There has been no change in the directors' shareholdings within the period of twenty-one days after the balance sheet date.

By virtue of their interest in the shares of the Company, the above directors are also deemed to have an interest in the shares of all subsidiary companies of the Company to the extent that the Company has an interest.

None of the other directors held or dealt in any shares of the Company or its subsidiary companies during the year.

DIRECTORS' BENEFITS

Since the end of previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company or a related company 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 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.

SHARE CAPITAL AND SHARE 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 12 January 1999, approved the Company's proposal to repurchase its own shares and to amend its Memorandum and Articles of Association to authorise the Company to purchase up to 9,863,000 shares of RM1 each, representing 10% of its issued and paid-up share capital of 98,632,000 shares of RM1 each on that date, for a consideration of up to RM90,000,000. The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase 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.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the accounts 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 the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and the Company accounts 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 accounts, that would render any amount stated in the accounts 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 the Group and of the Company 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 its 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 1999 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.

YEAR 2000

The Group recognises the significance of Year 2000 issues. In this instance, a formal Year 2000 oversight team has been established to conduct Year 2000 impact analysis and subsequently to put together an action programme to address those issues identified. The Board of Directors believes that all issues relating to Year 2000 have been resolved and the Group is expected to be Year 2000 ready by October 1999.

The cost in relation to the above is expected to be RM928,000 of which RM192,000 has been incurred and charged to the profit and loss accounts. A further RM736,000 is budgeted mainly for the purchases of computer equipment in the near future. The effect of this cost is minimal to the results of the Group.

AUDITORS

The retiring auditors, Messrs KPMG (formerly known as KPMG Peat Marwick), have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

TAN SRI AZMI WAN HAMZAH

Director

LOW HAN KEE

Director

Kuala Lumpur,

26 October 1999

Statement By Directors

We, TAN SRI AZMI WAN HAMZAH and LOW HAN KEE, being two of the directors of AMWAY (MALAYSIA) HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accounts set out on pages 25 to 38 are drawn up in accordance with the 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 1999 and of the results of the Group and of the Company and cash flows of the Group for the year ended on that date.

On behalf of the Board

TAN SRI AZMI WAN HAMZAH

Director

LOW HAN KEE

Director

Kuala Lumpur,
26 October 1999

Statutory Declaration

I, LIM TENG SIM, being the officer primarily responsible for the financial management of AMWAY (MALAYSIA) HOLDINGS BERHAD, do solemnly and sincerely declare that the accounts set out on pages 25 to 38 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 abovenamed
LIM TENG SIM at PETALING JAYA in SELANGOR
DARUL EHSAN this 26th day of October 1999.

BEFORE ME:

E. RADAKRISHNAN

Commissioner for Oaths (No. B008)
Petaling Jaya.

Report Of The Auditors To The Members

We have audited the accounts set out on pages 25 to 38. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

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 accounts are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. 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 accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the accounts 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 1999 and of the results of the Group and of the Company and cash flows of the Group 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 accounts 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 its subsidiary company have been properly kept in accordance with the provisions of the said Act.

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

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification nor included any comment made under sub-section (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758

Public Accountants

AB. HALIM MOHYIDDIN

Partner

Approval Number: 1138/3/00(J/PH)

Kuala Lumpur,

26 October 1999

Consolidated Balance Sheet

at 31 August 1999

	Note	RM'000	1998 RM'000
FIXED ASSETS	3	29,349	30,259
GOODWILL ARISING ON CONSOLIDATION	5	6,613	6,918
CURRENT ASSETS			
Stocks	6	27,853	36,886
Trade debtors	7	8,979	6,321
Other debtors, deposits and prepayments		3,863	4,056
Amount due from related companies	8	12	49
Fixed deposits	9	211,468	207,299
Investment securities	10	26,023	12,626
Bankers acceptances		7,519	79,846
Cash and bank balances		3,852	3,526
		289,569	350,609
LESS: CURRENT LIABILITIES			
Trade creditors		6,373	5,139
Other creditors and accruals	11	45,509	46,576
Amount due to holding company	12	832	839
Amount due to related companies	8	10,138	5,437
Provision for taxation		11,447	46,446
Proposed dividend		17,754	53,262
		92,053	157,699
Net Current Assets		197,516	192,910
		233,478 =====	230,087 =====
Financed by:-			
SHARE CAPITAL	13	98,632	98,632
CAPITAL REDEMPTION RESERVE	14	1,365	1,365
		99,997	99,997
SHARE PREMIUM	15	66,568	66,568
UNAPPROPRIATED PROFIT		66,920	61,557
EXCHANGE DIFFERENCE ACCOUNT	16	(7)	1,965
Shareholders' Funds		233,478 =====	230,087 =====

The notes set out on pages 30 to 38 form an integral part of, and should be read in conjunction with, these accounts.

Consolidated Profit And Loss Account

for the year ended 31 August 1999

	Note	RM'000	1998 RM'000
TURNOVER	17	314,877 =====	351,867 =====
PROFIT BEFORE TAXATION	18	59,292	102,560
TAXATION	19	(668) -----	(31,763) -----
PROFIT AFTER TAXATION		58,624	70,797
UNAPPROPRIATED PROFIT BROUGHT FORWARD		61,557 -----	67,728 -----
PROFIT AVAILABLE FOR APPROPRIATION		120,181	138,525
APPROPRIATION:			
Dividends	20	(53,261) -----	(68,362) -----
		66,920	70,163
SHARE BUY-BACKS			
Transfer to Capital Redemption Reserve	13	-	(1,365)
Premium paid on shares repurchased	13	-	(7,241)
		-	(8,606) -----
UNAPPROPRIATED PROFIT CARRIED FORWARD		66,920 =====	61,557 =====
Retained by:-			
The Company		22,092	13,388
Subsidiary Companies		44,828 -----	48,169 -----
		66,920 =====	61,557 =====
EARNINGS PER ORDINARY SHARE (Sen)	21	59.4 =====	70.9 =====

The notes set out on pages 30 to 38 form an integral part of, and should be read in conjunction with, these accounts.