

BOARD OF DIRECTORS



Yee Kee Bing (Executive Director), **Low Han Kee** (Managing Director), **Dato' Ab. Halim Bin Mohyiddin DPMS** (Chairman, Senior Independent Non-Executive Director), **Scott Russell Balfour** (Non-Independent Non-Executive Director), **Eva Cheng Li Kam Fun** (Non-Independent Non-Executive Director), **Mohammad Bin Hussin** (Non-Independent Non-Executive Director), **Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham** (Independent Non-Executive Director), **Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof** (Independent Non-Executive Director)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PLACE OF INCORPORATION

MALAYSIA

PRINCIPAL BUSINESS ADDRESS

28 Jalan 223
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7946 2288
Fax : 03-7946 2399
E-mail : ir@amway.com
Web : www.amway2u.com

COMPANY SECRETARIES

Tai Yit Chan (MAICSA No. 7009143)
Liew Irene (MAICSA No. 7022609)

SHARE REGISTRARS

Boardroom Corporate Services
(KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

BOARD OF DIRECTORS



AUDITORS

Ernst & Young
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Public Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 6351

PROFILE OF DIRECTORS

Dato' Ab. Halim Bin Mohyiddin, a Malaysian, aged 65, was appointed Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 25 November 2002. He was appointed the Chairman of AMHB on 12 January 2006 and is also the Senior Independent Director of AMHB. He also serves as the Chairman of the Audit Committee and member of the Remuneration Committee and Nominating Committee.

He graduated with a Bachelor of Economics (Accounting) from Universiti 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, 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.

Dato' Ab. Halim Bin Mohyiddin DPMS
Chairman,
Senior Independent
Non-Executive Director



He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"). He is currently the Chairman of the Education and Training Committee of MICPA. He served as a member of the Education Committee of the International Federation of Accountants ("IFAC") from 2001 to 2005. He was the President of the MICPA from June 2004 to June 2007 and a council member of MIA from 2001 to 2007.

Presently, he is a Board member of Kumpulan Perangsang Selangor Berhad, HeiTech Padu Berhad, Utusan Melayu (Malaysia) Berhad, DiGi.Com Berhad, KNM Group Berhad, Idaman Unggul Berhad, ECM Libra Financial Group Berhad, AMDB Berhad and RCE Capital Berhad.

Dato' Ab. Halim 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 attended all the four Board meetings held during the financial year ended 31 December 2010.

Low Han Kee, a Malaysian, aged 51, 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.



Low Han Kee
Managing Director

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 20 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 held during the financial year ended 31 December 2010.

PROFILE OF DIRECTORS

Scott Russell Balfour, an American, aged 49, 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, Michigan and Grand Rapids Bar Associations. 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 Deputy General Counsel and Vice President of International Legal of 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, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.

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.



Scott Russell Balfour
Non-Independent
Non-Executive Director

He graduated with a Bachelor of Science Degree from 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 held during the financial year ended 31 December 2010.

Yee Kee Bing, a Malaysian, aged 51, 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, and assuming the position of Communications Manager in 1990.

In 1992, he moved over to take the position of Group Product Manager and later became the Manager of Business Development Department in January 1993. He was subsequently promoted to Divisional Manager - Marketing Division in August 1994, and promoted again to Assistant General Manager for Marketing & Business Development in 1999 before taking over as General Manager (Operations) in January 2000.



Yee Kee Bing
Executive Director

He is currently the President of Direct Selling Association of Malaysia ("DSAM") and has held the position since 2001. 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 all the four Board meetings held during the financial year ended 31 December 2010.

PROFILE OF DIRECTORS

Eva Cheng Li Kam Fun, a British National (Overseas), aged 58, was appointed Director of AMHB on 19 October 2005. She also serves as the Chairperson of the Remuneration Committee, and the Nominating Committee and an alternate member of the Audit Committee.

Eva joined Amway Hong Kong in 1977 and was Executive Vice President of Alticor Global Holdings Inc. responsible for the Greater China and Southeast Regions before her retirement on 31 December 2010. Eva continues to serve as Chairperson of Amway China Co. Ltd.

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



Eva is best known for leading Amway's entry into China in 1992, and for driving the growth and development of the company's business there. Over the past decade, Amway China has regularly been recognized by business magazines, surveys, and government agencies as one of China's most admired companies and best employers. Amway China is now one of the top 100 foreign invested enterprises in sales and was named "The Most Influential Multi National Company in China" by China Business Network for 5 consecutive years since 2005. She was also named among the "World's 100 Most Powerful Women" in 2008 and 2009 by Forbes Magazine. In 2010, she was named "25 Most Influential Business Women in 2010 in China" by Fortune magazine (Chinese Edition).

Eva Cheng graduated with a Bachelor of Arts Degree (Hons) in 1975 and obtained a Master's Degree in Business Administration in 1989 from the University of Hong Kong. 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.

Eva Cheng attended all the four Board meetings held during the financial year ended 31 December 2010.

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof, a Malaysian, aged 64, was appointed Director of AMHB on 9 February 2006. He also serves as a member of the Audit Committee and Remuneration Committee. He graduated with a Bachelor of Arts (Honours) from Universiti Malaya in 1969. He obtained a Master of Arts from the University of Wisconsin, Madison, United States of America in 1979 and later gained a PhD in Law from the University of Kent, Canterbury United Kingdom in 1989.

Professor Datuk Nik has vast local and international experience through his years of involvement in various councils, committees and land settlement schemes. He previously held key positions in both private and government bodies including being the Director of Bank Rakyat, Director of FELDA Group of Companies, Director of Land Settlement Scheme of Perlis and Kelantan and Director General of Department of Land and Mines, Malaysia. Professor Datuk Nik was the Secretary General of the Ministry of Land and Cooperative Development, Malaysia from 1995 to 2002.



**Professor Datuk
Dr. Nik Mohd Zain
Bin Nik Yusof**
Independent
Non-Executive
Director

Presently, he is a Board member of Fututech Berhad. He is the Chairman of Yayasan Peneroka Negara, Malaysia since 2000 and an Adjunct Professor for Universiti Putra Malaysia since 2006.

Professor Datuk Nik 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.

Professor Datuk Nik attended all the four Board meetings held during the financial year ended 31 December 2010.

PROFILE OF DIRECTORS

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, a Malaysian, aged 65, was appointed Director of AMHB on 9 February 2006. He also serves as a member of the Audit Committee and Nominating Committee.

Tan Sri Dato' Cecil had his tertiary education in Malaysia and the schools which he attended include, inter-alia, the Federation Military College, now known as the Royal Military College, which is one of the premier schools in the country. He read law at Queen Mary College, University of London and graduated with an LL.B Hons. Degree in 1968. He was called by the Honourable Society of Middle Temple as a Barrister at Law in May 1969. He was admitted as an Advocate & Solicitor of the High Court of Malaya in February 1970. He was a Partner of Shearn Delamore & Co. from 1976 to 31 July 2007.



**Tan Sri Dato'
Cecil Wilbert
Mohanaraj Abraham**
Independent
Non-Executive Director

He is currently a Senior Partner with the legal firm of Messrs Zul Rafique & Partners. He has an extensive litigation as well as domestic and international arbitration practice.

Tan Sri Dato' Cecil 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.

Tan Sri Dato' Cecil attended all the four Board meetings held during the financial year ended 31 December 2010.

Mohammad Bin Hussin, a Malaysian, aged 50, was appointed Director of AMHB on 10 June 2009.

He obtained a Bachelor of Business Administration from University of Portland, Oregon, United States of America in 1986 and later gained a Master of Business Administration from Cranfield University, United Kingdom in 1990.

He is currently the Vice President of the Marketing & Branch Operations Department of Permodalan Nasional Berhad ("PNB"). He had previously held various senior management positions in PNB.



Mohammad Bin Hussin
Non-Independent
Non-Executive Director

From 1990 to 2002, he held various management positions in corporations amongst others, Edaran Otomobil Nasional Berhad and UMW Toyota Sdn Bhd.

Mohammad 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.

Mohammad attended three of the four Board meetings held during the financial year ended 31 December 2010.

OPERATIONS REVIEW

Amway (Malaysia) Holdings Berhad (Amway) turned in a strong financial performance in 2010 with Group sales revenue growing by 8.4% to achieve another record year. In the 34 years that Amway has been in Malaysia, the Group has achieved growth in sales revenue every year except for three years where there were minor dips. This speaks volume for the strength and resilience of the Group that its products and Business Opportunity continue to appeal to Malaysians from all walks of life. This success is hugely underpinned by the commitment and dedication of Amway Distributors who have made the 3Ss of direct selling – sponsoring, selling and servicing – into an art form. Although Amway's proven Sales and Marketing Plan continues to stand the test of time, there is a constant need to innovate and reinvent the Group so that Amway remains relevant and continues to resonate with new products, exciting promotions and enhanced incentives.

Amway worked this formula in 2010 to yield positive results. Coupled with a favourable foreign exchange impact brought on by the strengthening of the Ringgit against the Greenback, profitability for the Group also increased.

LEADING THE WAY WITH PRODUCTS AND PROMOTIONS

New Products

Six new products, plus a new range of ARTISTRY™ Shimmer Effects cosmetic products were launched in the year in review. The highlight launch of the year was undoubtedly ARTISTRY Creme L/X, a luxurious moisturiser that is clinically proven to help skin act up to 15 years younger. Amway Distributors were very excited with this innovative new product and sales was overwhelming, with the launch month sales exceeding forecast by 50%. The launch of ARTISTRY Creme L/X was well-supported by rallies nationwide, training and well-placed magazine advertisements that ran from April to October and the success of this product showed when it contributed 22% to overall ARTISTRY sales revenue.

Recognising the taste and demand of the younger set, the ARTISTRY Shimmer Effects cosmetic range was strategically introduced as new and trendy product offerings to attract a new group of Distributors and consumers.

ARTISTRY Shimmer Effects >



OPERATIONS REVIEW

In the health and wellness category, NUTRILITE™ introduced two line extensions. Green Tea Protein and POSITRIM™ Corn Savoury Soup provided additional flavour options to traditionally popular products.

Another high-ticket product introduced was an upgraded Home Alarm System which replaced the existing model. Launched in the later part of 2010, it was highly anticipated by the field.

Several new products were also introduced in Personal Shoppers Catalogue, the segment of locally-sourced products that serve as door-openers. In the year under review, Personal Shoppers Catalogue contributed around 12% to the Group's overall sales revenue. One of the new products that performed well was the External Water Filter which was launched in March 2010. This product will continue to be a focus for Catalogue as it has the potential to do even better as demand for a complete water cleaning solution for homes increase. Household appliances and Food & Beverage products continued to drive Catalogue sales, contributing about 70% of total sales. With the emphasis on the Malay market initiative, a specially-tailored Bumiputera Catalogue was also developed with products targeted at the Malay market. Two issues of the Bumiputera Catalogues were launched in 2010 and the response was very encouraging, especially since one of the Catalogues was introduced for Ramadhan and Hari Raya. While its contribution to total Catalogue sales was still small at 5% for 2010, Bumiputera Catalogues will continue to play an important role in bringing products that are relevant to the Malay market.

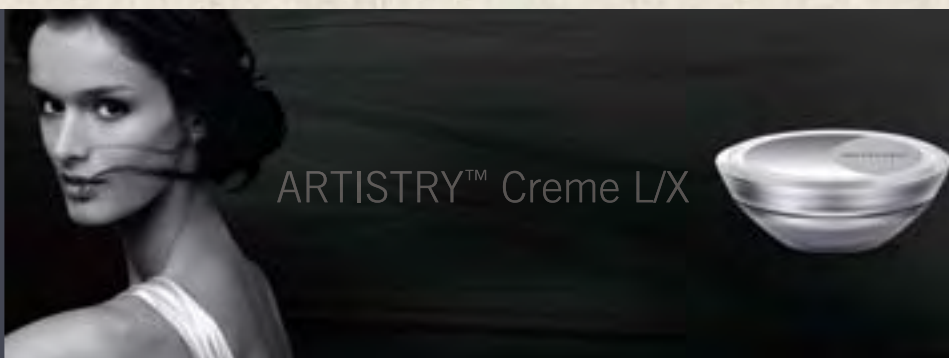
Trade-in programmes also featured during the year in review as trade-ins are popular with Distributors as well as a strategic means to get back “lost” customers and acquire new customers. In 2010, there were three trade-in programmes involving our air treatment system and water filtration system.

Marketing Activities and Training

Several key marketing activities provided a higher level of engagement with Amway Distributors and consumers alike in the year under review. The ARTISTRY Beauty Coach was one example of an experiential opportunity for advocates and prospective users to be up close and personal with Amway's prestige skin care and cosmetics brand. This mobile Coach travelled to eight towns around Malaysia and attracted over 5,300 visitors who were treated to demonstrations and skin analysis.

Amway's emphasis on equipping Distributors with product information and retailing skills was evident in the year under review when it conducted 319 workshops, up from the previous year's 307. More than 30,000 participants attended these workshops which demonstrated a high level of commitment to their Amway business. With the completion of the new Amway Headquarters and the availability of well-equipped training facilities, 2010 saw the first of many training sessions being conducted at its premises.

CREME L/X
The most luxurious product from ARTISTRY >



Promotions

Promotions continued to be catalysts of excitement and retail drivers for Distributors. For the year in review, 24 promotions were implemented, excluding Easy Payment Plans (EPPs) and Zero Interest Payment Plans (ZIPPs). Some of the highly-successful promotions included either Gift with Purchase or Purchase with Purchase promotions like the eSpring™ & Water Treatment System (WTS) replacement parts with a Halogen Cooker, NUTRILITE with Men and Ladies' watches with interchangeable straps, ARTISTRY with a Swarovski bracelet and ARTISTRY Creme L/X and Intensive Repair Serum with a hand-held Skin Enhancer. The sourcing strategy of quality and high-perceived value premiums worked well to deliver promotional premiums that Distributors could in turn use to incentivise their own customers.

By bringing back most of the Klang Valley-based workshops and training to Amway Headquarters' training rooms, the savings from rental costs could be ploughed back into having more sessions to benefit Distributors. In addition to these training and workshop sessions, Expert Speakers were also flown in to coach and share their expertise with Amway Distributors. Research scientist John Scimeca and Dr Kip Johnson, a physician, were brought in to support the launch of ARTISTRY Creme L/X and NUTRILITE's Colour Yourself Healthy Campaign respectively.

OPERATIONS REVIEW

AWARDS

A testimony that Amway's core brands have also penetrated consumer consciousness are the awards won by NUTRILITE and eSpring from popular magazine, Reader's Digest. NUTRILITE was awarded the Reader's Digest Trusted Brand Award for the sixth consecutive year, with a Platinum Award in Malaysia and Gold Award in Asia. eSpring was awarded the Reader's Digest Trusted Brand Award for the fifth consecutive year, with a Gold Award in Malaysia and Asia. eSpring was also awarded the Frost & Sullivan Asia Pacific Best Practices Awards for Water Filtration Company of the Year.

DISTRIBUTOR MORALE

There was an improvement in Distributor morale in 2010 as this was supported by the opening of the new Amway Headquarters, improved profitability from an enhanced 2010 Sales Incentive Programme and a well-executed Amway Leadership Seminar and Diamond Invitational. This in turn, translated into higher distributor productivity which augured well for the growth of the Group.

Travel seminars continued to provide a huge source of motivation to Distributors through the Amway Leadership Seminar 2010 which was held in Dubai while the Diamond Invitational 2010 was in Egypt. These business trips allowed Distributors to engage with Amway and its management team and at the same time, be updated on company initiatives that would help them with their Amway business.

With the greater focus on increasing applications and renewals from the Malay segment, key programmes that were put in place in the year in review had started to yield positive results too. A quarterly Catalogue was introduced before Ramadhan and Hari Raya to capitalise on the retail uptrend during the festive period. This and the subsequent catalogues will feature products targeted at the Malay segment and which will serve as a door-opener strategy to the rest of Amway's products. Nationwide Opportunity Rallies which featured successful Malay Guest Speakers drew over 5,000 interested people. Given the more structured determination by the Group to invest resources behind this initiative, the Group is hopeful that this will continue to yield stronger results in the future.



◀ Part of the crowd at the 2010 National Convention

The year also saw two new Crown Ambassadors, which is the second highest level of achievement for Distributors. There were also one new Crown, one new Executive Diamond and five new Diamonds. Distributor leaders who move up the levels of achievement lend excitement to the field as Distributors are further motivated to achieve greater success. The number of Distributors who renewed their membership with Amway in 2010 reflected the positive sentiment in the field as the Group saw an increase of 6% in Core Distributor Force from 208,000 to 221,000. Recruitment efforts of Distributors were also well-supported by various activities and programmes by the Group which saw the number of new Distributors increase in 2010 compared to the previous year. One such activity that was so successful that it will be repeated in 2011 was the Super Weekend which is somewhat like a full-day Open House with product demonstrations and Business Opportunity talks by Distributor leaders. Conducted over either a Saturday or Sunday at the new Amway Headquarters, the five Super Weekends held in 2010 attracted more than 10,000 Distributors and their prospects. The 2010 National Convention was another annual crowd-puller where over 15,000 people attended the high-energy event to listen to company updates and success stories from selected Distributor leaders.

ENHANCING AMWAY'S PHYSICAL INFRASTRUCTURE AND FACILITIES

In 2010, the Group completed its three-year plan to open Amway shops in strategic locations to provide greater access to Distributors and customers to our products. The opening of three more shops in Mentakab, Taiping and Segamat in the year under review followed on the heels of the other nine Amway shops located all over Malaysia. Due to the success of this consumer access strategy, the Group had in the year under review undertaken to convert one of the Group's 13 Regional Distribution Centers (RDC) into a shop. The first RDC to undergo transformation into a full-fledge shop with extended services such as product repairs and returns was the Melaka RDC in September 2010. This move received very favourable response from the Distributors in that state, prompting the Group to consider rolling out the conversion exercise to the other RDCs in due course.

Distributor activities were also greatly supported by the Group with the new Amway Headquarters. Distributors were able to conduct their business in the comfort and convenience of Amway Headquarters. Apart from the huge Order Processing area where bulk products can be ordered, paid for and picked up, Distributors

OPERATIONS REVIEW



Amway's core distributor force at 221,000



Amway's Corporate Branding Campaign

could buy products from the shop facility and rest at the relaxing R & J Cafe and purchase food and drinks with a reloadable benefit card which helps them earn points. From October 2010 onwards, Distributors were also allowed to rent, at nominal rates, training rooms located at Amway Headquarters for them to conduct their own training and workshops. With the completion of the Brand Experience Center in September 2010, Distributors, their prospects and customers as well as members of the public were able to participate in tours conducted at the Center for a visual and interactive experience with Amway and its brands.

BRANDING AMWAY

To solidify Amway's position as the leading direct selling company in Malaysia, the Group continued to engage consumers through a concerted advertising campaign that had begun in the later part of 2009. In 2010, Amway took its message to a wider and internet-savvy audience through the increased use of the digital medium apart from the traditional media of print and broadcast. A post-media buy survey conducted by an independent research firm showed that favourability for Amway increased as a result of the advertising campaign. This has led the campaign to be extended to 2011 to further engage with and provide consumers with reasons to believe in a household name like Amway.

BEYOND 35 AND MORE

As Amway approaches its 35th year in Malaysia in 2011, the Group is well-positioned to perform better while protecting its market share. We plan to take advantage of growth opportunities while preserving the strategies that have served us well. We will continue to have a relentless focus on the quality and development of our employees at all levels and in every area of the Group to enable our long-term success. In 2010, the Group saw a leap in the number of employees by 6% to a total staff strength of more than 400 to meet the growing demands of the business. Developing, managing and retaining talent will be an important focus for the Group to ensure that we have a winning culture of people ready to take the Group to the next level of growth.

CORPORATE RESPONSIBILITY

Corporate responsibility is increasingly becoming a major corporate driver. How a company makes its money and not how it spends it is put through not only regulatory scrutiny but commands stakeholder interests. At Amway, we understand that it's about so much more than the products we sell and the Business Opportunity we provide. It's about why we do things, and creating positive changes in people's lives. Our vision of helping people live better lives is meaningful in the context of corporate responsibility and this is embodied in four key areas below.

THE WORKPLACE

We maintain safe, clean, friendly work environments for all our employees at all our facilities spanning Amway Headquarters, Regional Distribution Centers (RDCs) and Amway shops. As a health and beauty company, we encourage our employees to lead and maintain healthy lifestyles and provide plenty of opportunities for them to do so. There is a well-equipped gymnasium at Amway Headquarters as well as yoga and aerobics classes for the exercise-inclined. A Sports Committee looks into the fitness needs of the employees by organising outdoor activities and all employees receive a complimentary box of Double X, NUTRILITE™'s multi-vitamins every month.



▲ Creating positive changes in the lives of children

MARKETPLACE

Another way to define corporate responsibility is Governance in Action and no where is this more prevalent than the way business ethics underscore Amway's approach to doing business. Even though Amway comes under the purview of the Direct Sales Act, the Group practices self-regulation and it expects the same from Amway Distributors who are ethically bound by Rules of Conduct to ensure responsible behaviour. Our business partners have to comply with all regulatory requirements set by the relevant authorities, meet Good Manufacturing Practices (GMP) or have ISO standards. Quality assurance is an important facet of our products and this is manifested in our Satisfaction Guaranteed Policy. The products we sell have many compelling green stories behind them, from using biodegradable surfactants to coming from certified organic farms in the United States.



< Working in a safe, clean and friendly environment

CORPORATE RESPONSIBILITY

The Group also has an Investor Relations Policy that provides a structured approach to the communication of material information to the investing public. It has also adopted a Whistle Blower Policy for greater accountability.

COMMUNITY

It is our responsibility to share our resources and through the One By One Campaign for Children, Amway has rallied the resources of Distributors and employees to make a difference in the lives of children in Malaysia. The campaign is part of a global campaign initiated since 2003 to support the unified cause of children in need. During the year in review, the Group continued to pursue its two projects under the One by One Campaign, namely the “Happy Healthy Minds” camps and the “Happy Healthy Wards” project.

The Happy Healthy Minds camps and workshops, aimed at helping children increase their self-esteem and self-confidence, have been running successfully for seven years in collaboration with a team of child psychologists and assisted by our own staff and distributor

volunteers. For 2010, the Group held four interactive camps aimed at empowering children with additional skills to increase their self-esteem and improve their relationships with other children. To date the Happy Healthy Minds programme has benefited nearly 1,900 children, providing them with basic skills for healthy social interaction, and impacted close to 2,000 parents, teachers and caregivers throughout the country.

The Happy Healthy Wards project is an expansion of Amway’s One By One programme dedicated to improving the well-being of children, through the creation of a more welcoming and child-friendly environment for children receiving treatment at government hospitals. Since the inception of this project in 2006, we have refurbished nine Paediatric Wards, DayCare Centers and Playrooms at government hospitals. Two of the refurbishments took place at Hospital Kuala Lumpur and Hospital Raja Perempuan Zainab II in Kota Baru in 2010.

*Improving children’s well-being at government >
hospitals through Happy Healthy Wards*



^ Reusable bags in support of “No Plastic Bags Day”

ENVIRONMENT

Amway commits to environmental stewardship from our concentrated products to our many internal operations such as the responsible use of energy and recycling programs. The design of Amway Headquarters allows much natural light to penetrate the building whilst the compound is generously covered with greenery. Supporting on-going “No Plastic Bags Day” campaigns, Amway has also introduced recyclable bags and replaced plastic bags with oxo-biodegradable bags. These “green” bags contain oxo-biodegradable plastic additives – which cause the plastic bag to degrade rapidly and naturally, over time or when exposed to heat/UV light. The disintegrated plastic bag will be consumed by micro-organisms and returned to nature by way of the bio-cycle.

STATEMENT ON CORPORATE GOVERNANCE

Amway (Malaysia) Holdings Berhad (“AMHB” or the “Company”) subscribes to the promulgations of the Malaysian Code on Corporate Governance [Revised 2007] (“the Code”). The Board of Directors (“Board”) recognises the importance of enhancing shareholders’ value through a sustainable business by implementing and maintaining high standards of corporate governance at all levels within the Group while discharging its duties and responsibilities in managing the business and affairs of the Group. During the year under review, the Company has applied the Principles and complied with the Best Practices as enumerated under the Code, details of which are described in this statement.

THE BOARD OF DIRECTORS

Principal Responsibilities of the Board

The Board recognises the key role it plays in charting the strategic direction, development and control of the Group and has adopted the six specific responsibilities as listed in the Code.

Board balance

The Board comprises eight (8) members, made up of six (6) Non-Executive Directors and two (2) Executive Directors. Of the six (6) Non-Executive Directors, three (3) are independent. The profile of each Director is set out on pages 14 to 17 of this annual report.

The concept of independence for Independent Non-Executive Directors, and its composition, i.e. comprising at least one third of Board membership, adopted by the Board satisfies the criteria as specified by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is guided by a charter which sets out the practices and processes in the discharge of its responsibilities, the role of the Chairman and authorities delegated to the Managing Director. There is clear division of responsibilities between the Chairman and the Managing Director to ensure balance of power and authority, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion. The Managing Director, supported by the Executive Management team, implements the policies and decision adopted by the Board and oversees the operations and business development of the Group. He also has the responsibility of reporting, clarifying and communicating matters to the Board.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business and also the various issues dealt with at the Board and Board Committees. Dato’ Ab. Halim Bin Mohyiddin is the Chairman and also the Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders. The Non-Executive Directors play a strong and vital role in entrenching good governance practices in the affairs of the Group through their participation in the Audit, Remuneration and Nominating Committees.

To discharge their duties free from any business or other relationship which may materially interfere with the exercise of their independent judgment, the Non-Executive Directors do not engage in the day-to-day management of the Company. The Non-Executive Directors contribute significantly to the Company through their business acumen, a wide range of functional knowledge and skills from their long-standing experience. The Directors, with their wide experiences and backgrounds such as accountancy, law, business and finance, contribute greatly in the areas of policy, performance monitoring and allocation of resources and enhancement of controls and governance. The Board is satisfied that its current composition fairly reflects the interests of minority shareholders in the Company. It is also of the view that it has the right mix of skills, experience and strength in qualities which are relevant for the effective functioning of the Board.

STATEMENT ON CORPORATE GOVERNANCE

Board meetings

The Board meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

Board and Board Committee papers are prepared by Management which provides the relevant facts and analysis for the convenience of Directors. The agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee and which require the Board's notice or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

During the financial year ended 31 December 2010, four (4) Board meetings were held and details of attendance of Directors are as follows:

Directors	Number of meetings attended
Dato' Ab. Halim Bin Mohyiddin (Chairman, Senior Independent Non-Executive Director)	4/4
Low Han Kee (Managing Director)	4/4
Scott Russell Balfour (Non-Independent Non-Executive Director)	4/4
Yee Kee Bing (Executive Director)	4/4
Eva Cheng Li Kam Fun (Non-Independent Non-Executive Director)	4/4
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof (Independent Non-Executive Director)	4/4
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Independent Non-Executive Director)	4/4
Mohammad Bin Hussin (Non-Independent Non-Executive Director)	3/4

Supply of, and Access to, information

The Board is 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 Board's responsibilities.

STATEMENT ON CORPORATE GOVERNANCE

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least 1 week prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the Company's agenda. Besides direct access to the Management, the Directors may obtain independent professional advice at the Company's expense, if necessary in accordance with established procedures which have been communicated to them in furtherance of their duties.

The Board has ready and unrestricted access to the advice and services of both Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to Bursa Securities. The Company Secretaries also serve notices to Directors and Principal Officers on the closed period for trading in Company's shares, specifying the timeframe during which the Directors and the Principal Officers are prompted not to deal in the Company's shares at the point when price sensitive information is shared with them. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that an accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

Whistleblowing policy

A whistleblowing policy has been established as the Board believes it will strengthen, support good management and at the same time demonstrate accountability, good risk management and sound corporate governance practices.

The policy outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud involving employees or Management in the Group. It also allows the whistleblower the opportunity to raise concern outside the management line. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All concerns reported by the whistleblower shall be set forth in writing and forwarded in a sealed envelope to the Chairman of the Audit Committee.

Code of Ethics

The Company's Code of Ethics for Directors and Standard of Business Conduct for employees continue to govern the standards of ethics and good conduct expected from Directors and employees respectively, with the aim to continuously enhance the standard of corporate governance and corporate behaviour at the workplace. The Code of Ethics for Directors includes principles relating to sincerity, integrity, responsibility as well as corporate social responsibility. For employees, the Standard of Business Conduct requires all employees to be committed to operate in accordance with high standards of business integrity and comply with laws and regulations.

Board Committees

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 Board Committees and Management, where appropriate. Key matters reserved for the Board include the approval of strategic plans, annual operating and capital budgets, quarterly and annual financial statements and monitoring of financial and operating performance.

Board Committees, namely the Audit Committee, Remuneration Committee and Nominating Committee, examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making lies with the Board.

STATEMENT ON CORPORATE GOVERNANCE

Nominating Committee

The Nominating Committee comprises wholly Non-Executive Directors, with the majority consisting of Independent Non-Executive Directors as follows:

1. Eva Cheng Li Kam Fun (Non-Independent Non-Executive Director; appointed Chairperson of the Committee on 12 January 2006);
2. Dato' Ab. Halim Bin Mohyiddin (Senior Independent Non-Executive Director; appointed on 19 October 2005); and
3. Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Independent Non-Executive Director; appointed on 9 February 2006).

Appointments to the Board

A selection process for new appointees to the Board as recommended by the Nominating Committee has been adopted by the Board. The Committee assesses the suitability of candidates and recommend to the Board for appointment.

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 recommend to the Board, Directors due for retirement by rotation, whether to be re-elected or otherwise ensuring that the investment of the minority shareholders are fairly reflected on the Board.

The Committee reviews annually the required mix of skills, experience and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board. The Committee also assesses annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director and the effectiveness and performance of the Executive Directors.

The evaluation process is led by the Nominating Committee Chairperson and supported by the Company Secretary annually. The Directors complete a questionnaire regarding the effectiveness of the Board and its Board Committees. This process includes a peer review in which the Directors assess their own and also fellow Directors' performance. The assessment and comments by all Directors are summarized and discussed at the Nominating Committee meeting and reported at a Board Meeting by the Nominating Committee Chairperson. All assessments and evaluations carried out by the Nominating Committee in the discharge of its functions are properly documented.

During the financial year ended 31 December 2010, one (1) Committee meeting was held and attended by all its members. During the year, the Nominating Committee reviewed and assessed the mix of skills, expertise, composition, size of the Board and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors and, contribution of each individual director and effectiveness of the Board as a whole and the Board Committees and also reviewed the retirement of directors by rotation eligible for re-election. The Nominating Committee also recommended to the Board the re-appointment of the existing members of the respective Board Committees.

Following the performance evaluation process for year 2010, the Nominating Committee was satisfied that the size and composition of the Company's Board is optimum and all the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office by rotation at each Annual General Meeting and all Directors shall retire from office at least once every three years but shall be eligible for re-election.

STATEMENT ON CORPORATE GOVERNANCE

In February 2010, the Nominating Committee recommended to the Board for the re-appointment of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof, and Mohammad Bin Hussin, who were subsequently re-elected as Directors at the 15th Annual General Meeting held on 19 May 2010. At the forthcoming 16th Annual General Meeting of the Company, the following three (3) Directors shall retire and have offered themselves for re-appointment:

1. Dato' Ab. Halim Bin Mohyiddin
2. Low Han Kee
3. Yee Kee Bing

Directors' training and induction

The Board continues to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in legislation and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. During the financial year ended 31 December 2010, all directors attended development and training programmes as well as conferences in areas of finance, tax, corporate governance, leadership, legal, industry and regulatory developments.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings. The External Auditors also brief the Board members on any new Financial Reporting Standards that affect the Group's financial statements during the year.

The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge.

DIRECTORS' REMUNERATION**Level and make up of remuneration**

The Company has adopted the Best Practice as recommended by the Code to determine the remuneration of Directors so as to ensure that it attracts and retains its Directors needed to run the Group successfully. The components of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. The Remuneration Committee adopts the ultimate holding company's employee compensation plan to set the remuneration of its 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.

Procedures

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

1. Eva Cheng Li Kam Fun (Non-Independent Non-Executive Director; appointed as Chairperson of the Committee on 19 October 2005);
2. Dato' Ab. Halim Bin Mohyiddin (Senior Independent Non-Executive Director; appointed on 19 October 2005); and
3. Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof (Independent Non-Executive Director; appointed on 9 February 2006).

The Remuneration Committee is responsible for recommending to the Board, the remuneration of Executive Directors and Non-Executive Directors of the Group in all its forms. The Executive Directors concerned play no part in the decision of their own remuneration but may attend the committee meetings at the invitation of the Chairperson of the Committee if their presence is required. The determination of remuneration of the Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Director abstaining from discussion of his/her own remuneration. The Non-Independent Non-Executive Directors' do not receive remuneration from the Company. The Company's Articles of Association provide that any payment of Directors' fees should be approved at a general meeting.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2010, one (1) Committee meeting was held and attended by all its members. During the year, the Remuneration Committee reviewed and recommended to the Board, the remuneration for the Managing Director and Executive Director of the Company and further recommended all the Non-Executive Directors' fees to the Board to seek shareholders' approval at the Company's Annual General Meeting.

Disclosure

Details of remuneration of Directors of the Company for the financial year ended 31 December 2010 are as follows:

	Executive RM'000	Non-Executive RM'000
Director fees	-	231
Salaries	876	-
Bonuses	516	-
EPF (Employer)	230	-
Allowances	45	16
Benefits-in-kind	48	-
Total	1,715	247

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

The number of directors of the Company in each remuneration band is as follows:

	Executive	Non-Executive
RM0 - RM 50,000	-	3
RM50,001 – RM100,000	-	3
RM650,001 – RM700,000	1	-
RM1,050,001 – RM1,100,000	1	-
Total	2	6

SHAREHOLDERS**Dialogue with Investors and Financial Community**

The Company recognises the importance of being transparent and 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 investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, bi-annual briefings to the financial community, Annual General Meeting and through the Group's website at www.amway2u.com where shareholders have easy and convenient access to the corporate information, annual reports, press releases, financial information, company announcements, share prices and social responsibility reporting.

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.

STATEMENT ON CORPORATE GOVERNANCE

Annual General Meeting

The Annual General Meeting ("AGM"), which is the principal forum for dialogue with shareholders, allows the shareholders to have a view of the Group's performance.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting as required by the Companies Act, 1965 in order to facilitate full understanding and evaluation of the issues involved. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. The outcome of the AGM is announced to Bursa Securities on the same meeting day.

During the AGM, the Executive Director also provides shareholders with a brief review of the Group's operations for the financial year while the Finance Director provides a brief financial overview of the current year performance.

The Chairman also shares with shareholders the responses to the questions submitted in advance by the Minority Shareholder Watchdog Group during the meeting.

Investor Relations Policy

The Company has also in place an Investor Relations Policy to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

The Board has also adopted written policies and procedures in corporate disclosure setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To maintain the highest level of transparency and to effectively address any issues and concerns, the Group has a dedicated electronic email, i.e. ir@amway.com to which its stakeholders can direct their queries.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee comprises wholly Non-Executive Directors, majority Independent, with Dato' Ab. Halim Bin Mohyiddin as Chairman. The composition of the Audit Committee is set out on page 32 of the Annual Report. The Audit Committee met four (4) times during the financial year ended 31 December 2010. Details of attendance of Audit Committee are set out on page 35 of the Annual Report.

Financial Reporting

In presenting the annual audited financial statements to shareholders, the Board aims to present a clear, balanced and understandable assessment of the Group's position and prospects. The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 48 of the Annual Report.

Internal Control

The Board acknowledges its overall responsibilities 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 pages 39 to 41 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is stated on pages 32 to 38 of the Annual Report.

Compliance with the Code

The Company has complied with the Best Practices of the Code throughout the financial year ended 31 December 2010.

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 Financial Reporting 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 appropriate accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured that applicable approved accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

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

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2010.

MEMBERSHIP

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

COMPOSITION

Chairman of the Audit Committee	
Dato' Ab. Halim Bin Mohyiddin - appointed on 25 November 2002	Senior Independent Non-Executive Director
Members of the Audit Committee	
i) Scott Russell Balfour - appointed on 19 October 2005	Non-Independent Non-Executive Director
ii) Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof - appointed on 9 February 2006	Independent Non-Executive Director
iii) Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham - appointed on 14 February 2006	Independent Non-Executive Director
iv) Eva Cheng Li Kam Fun - alternate to Scott Russell Balfour - appointed on 19 October 2005	Non-Independent Non-Executive Director

TERMS OF REFERENCE

1. Objectives

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its fiduciary duties as well as the following oversight objectives on the activities of the Group:

- oversee financial reporting; and
- evaluate the internal and external audit processes, including issues pertaining to the system of internal control and risk management within the Group.

2. Composition

The Board shall elect the Committee members from amongst themselves, comprising no fewer than three (3) Directors (none of whom shall be Executive) and the majority shall be Independent Non-Executive Directors. In this respect, the Board adopts the definition of "independent directors" under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). All the members shall be financially literate and at least one (1) member of the Committee shall be:

AUDIT COMMITTEE REPORT

- a member of the Malaysian Institute of Accountants (“MIA”); or
- if he is not a member of the MIA, he must have at least three (3) years of working experience and:
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - fulfils such other requirements as prescribed or approved by Bursa Securities.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

3. Quorum and Meeting Procedures

Meetings shall be conducted at least four (4) times annually, and more frequently as circumstances dictate. The Chairman may call for a meeting of the Committee if a request is made by any Committee member, the Managing Director, or the internal or external auditors.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the “Secretary”). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes of all Committee meetings shall be circulated to the members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and Senior Management members to attend the meetings.

The Chairman shall submit an annual report to the Board, summarising the Committee’s activities during the year and the related significant results and findings thereof, including details of relevant training attended by each Committee member.

The Committee shall meet at least twice annually with the external and internal auditors without the presence of any executive Board members, Management or employees. In addition, Management, the external and internal auditors may request for a private session with the Committee to discuss any matter of concern.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

AUDIT COMMITTEE REPORT

4. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is also authorised to seek any information it requires from any employee and employees are directed to co-operate with any request made by the Committee. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary in the discharge of its responsibilities.

The Committee shall have full and unlimited access to any information pertaining to the Group. The Committee shall have direct communication channels with the internal and external auditors and with Senior Management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary. The Committee shall have the resources that are required to perform its duties.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

5. Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- review the Committee's terms of reference as conditions dictate;
- review with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan;
- ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the Audit Committee directly, which reviews its performance on an annual basis. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group;
- take cognisance of resignations of any internal audit member and provide the resigning internal audit member an opportunity to submit his reasons for resigning;
- review the adequacy of the internal audit scope and plan, including the internal audit programme, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified;
- review major audit findings and Management's response during the year with Management, external and internal auditors, including the status of previous audit recommendations;
- review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;

AUDIT COMMITTEE REPORT

- review the risk profile of the Group (including risk registers) and the Risk Management team's plans to mitigate business risks as identified from time to time;
- review the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;
- direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- review the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:
 - changes in, or implementation of, major accounting policy changes;
 - significant or unusual events; and
 - compliance with financial reporting standards and other legal requirements;
- review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Main Market Listing Requirements of Bursa Securities and other legislative and reporting requirements;
- review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on Management's integrity;
- prepare reports, at least once (1) a year, to the Board summarising the activities/work performed in fulfilling the Committee's primary responsibilities, including details of relevant training attended by each Committee member; and
- any other activities, as authorised by the Board.

MEETINGS

The Chairman of the Committee shall engage on a continuous basis with Executive Directors and Senior Management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

During the financial year ended 31 December 2010, the Committee held four (4) meetings which were attended by all the members.

The Executive Directors, Senior Management, external and internal auditors were in attendance at the meetings, upon invitation by the Committee, to brief the members on specific issues. The Committee had also met with the external and internal auditors separately on two occasions without the presence of the Executive Directors and Senior Management to discuss the audit findings and any other concerns or observations they may have during the audit.

SUMMARY OF ACTIVITIES

Below is a summary of principal activities carried out by the Committee during the year:

- reviewed the Annual Strategic Plan, the Capital and Operating Expenditure Budget for year 2011;
- reviewed the Internal Audit Plan for financial year 2010;
- reviewed the effectiveness of the internal audit process, resource requirements of the internal audit function for the year and assessed the performance, effectiveness and efficiency of its function;

AUDIT COMMITTEE REPORT

- reviewed the external auditors' scope of work and audit plan prior to the commencement of the audit for the financial year 2010;
- reviewed with the external auditors the results of the audit of the Financial Statements and their report as well as the Management's responses;
- reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services.
- deliberated the internal audit reports prepared by KPMG Business Advisory Sdn Bhd, an independent professional services firm, which highlighted the audit issues, recommendations and Management's response. Discussed with Management actions taken to improve the internal controls based on improvement opportunities identified in the internal audit reports;
- reviewed the effectiveness of the risk management system and the risk assessment reports from the Risk Management Committee. Significant risk issues were summarized and communicated to the Board for consideration and resolution;
- reviewed the annual audited financial statements of the Group and Company with the external auditors prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965;
- reviewed the quarterly unaudited financial results and announcements to Bursa Securities before recommending them to the Board for approval;
- reviewed the related party transactions entered into by the Group to ensure compliance with the Main Market Listing Requirements of Bursa Securities; and
- met with the external auditors and internal auditors twice during the financial year (without the presence of the Executive Directors and Senior Management of the Company).

AUDIT COMMITTEE TRAINING AND EDUCATION

During the year, the Audit Committee members have attended the relevant development and training programmes as well as conferences relating to areas of finance, tax, corporate governance, leadership, legal, industry and regulatory developments, including updates on Financial Reporting Standards and the Main Market Listing Requirements of Bursa Securities during the year to enhance their knowledge to enable them to discharge their duties more effectively.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent professional services firm, namely KPMG Business Advisory Sdn Bhd, 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 controls, 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 to benchmark global affiliates' efficiencies and controls to best practices.

AUDIT COMMITTEE REPORT

The 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.

During the year, the internal audit function carried out internal audit projects to assess the adequacy and integrity of the system of internal controls as established by the Management. The scope of work, as approved by the Audit Committee, was essentially based on the risk profiles of significant companies in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management.

The cost incurred in outsourcing of the internal audit function to an independent professional firm, namely KPMG Business Advisory Sdn Bhd, during the financial year amounted to approximately RM101,000.

ENTERPRISE RISK MANAGEMENT

The Group has in place an on-going process of identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year.

The Risk Management Committee (“RMC”) comprising divisional heads of the Group is entrusted with the responsibility of assisting the Board in overseeing the Company’s risk management practices. In this manner, the Company’s risk management activities are embedded at the management level and hence enable risks to be addressed on a timely basis.

The RMC’s responsibilities include the following:

- Review and recommend overall risk management policies and processes; risk management tolerances and the parameters used in establishing these tolerances;
- Review risk profile and the mitigation plans to address significant residual risks;
- Monitor significant risks through review of risk-related performance measures, and progress on action plans;
- Ensure risk management processes are integrated into all core business processes;
- Provide a consolidated risk and assurance report to the Audit Committee and Board to support its system of internal control.

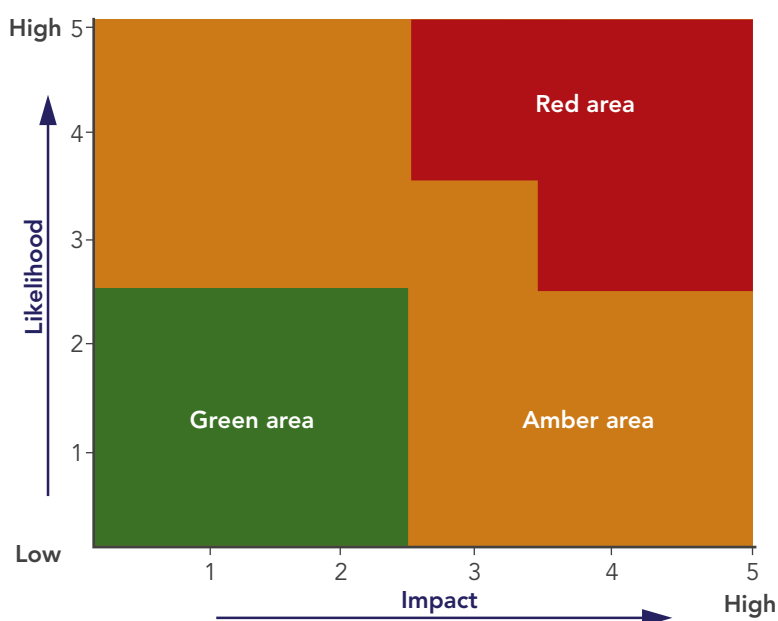
The Group’s Enterprise Risk Management process comprises five (5) phases as follows:



AUDIT COMMITTEE REPORT

A risk map depicting the positioning of the risks in terms of the impact and likelihood of occurrence was updated accordingly after the review. 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
high possibility of occurring; insignificant impact
- Green quadrant** - low possibility of occurring; insignificant impact



During the year, the Risk Management team met four (4) times to review the Group's risk profile. At the meeting, the Risk Management team and Management jointly updated the Group's risk register and risk mitigation action plans.

Selected business continuity plans were tested to enhance the Group's crisis readiness during the year.

The Audit Committee was briefed by the Senior Management on the Group's risk register in May 2010 and November 2010.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2010.

Board Responsibility

The Board acknowledges its overall responsibility for the Group's system of internal control and risk management to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy and integrity.

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 and corporate objectives. The systems can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

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

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 the level of assurance required by the Board.

Risk Management

Risk Management is firmly embedded in the Group's key processes through its Enterprise Risk Management framework. This framework includes a risk management process which is on-going and has resulted in the 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 Management has taken and/or is taking are documented in the minutes of the Risk Management Committee ("RMC") meetings. For each of the risks identified, the divisional head or manager is assigned to ensure appropriate risk response actions are carried out in a timely manner.

More generally, the Group is committed to a process of continuous development and improvement through developing systems in response to any relevant reviews and developments in best practice in this area.

During the year, the RMC met to review the Risk Register in accordance with the terms of reference enshrined in the Enterprise Risk Management framework. Existing risks were reassessed and categorized based on the different levels of risks and appropriate actions were identified to mitigate the risks discussed at these quarterly meetings.

The results of this process are regularly reviewed by the Board through the Audit Committee which is periodically informed of the progress of plans for mitigation of all business risks identified.

Internal Audit Function

The Group formalised the evaluation process of the internal audit function to assess its effectiveness in the discharge of its responsibilities. The independent internal audit function provides 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. The internal audit function also follows up and reports to the Audit Committee the status of implementation by Management on the recommendations highlighted in the internal audit reports. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

STATEMENT ON INTERNAL CONTROL

The other key elements of the Group's internal control systems are described below:

(a) Limits of Authority and Responsibility

Clearly defined and documented lines of authority, responsibility and accountability have been established through the relevant charters/terms of reference, organizational structures and appropriate authority limits. These enhance the Group's ability to achieve its strategies and operational objectives. The divisional structure further enhances the ability of each division to focus on its assigned core or support functions within the Group. The approval process with set authority limits and Board's approval is required for capital expenditure.

(b) Written Policies and Procedures

Clearly defined internal policies and procedures as set out in the Standard Practice Bulletins are regularly updated to reflect changing risks or resolve operational deficiencies. These help to ensure that internal control principles and mechanisms are embedded in the operations within the Group.

(c) Planning, Monitoring and Reporting

- Established strategic planning and budgeting process requiring all functional divisions to prepare the annual strategic plan, capital and operating expenditure budgets for discussion and approval by the Board;
- The Audit Committee reviews the Group's quarterly financial performance together with Management, which is subsequently reported to the Board;
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to key Management for monitoring of performance against strategic plan;
- A reporting system generates monthly performance and variance reports for review by Management and actions to be taken, where necessary;
- Management Team meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues;
- Established management information systems with documented processes, including change request to computer programmes and access to data files; and
- Written declaration by all employees confirming their compliance with the Group's Standard of Business Conduct is in place to support the business objectives.

Business Continuity Planning

Established Business Continuity and Disaster Recovery Plans are in place to ensure that the essential business functions are able to continue in the event of unforeseen circumstances.

STATEMENT ON INTERNAL CONTROL

Insurance

Sufficient insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group.

The Board is of the view that 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.

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement for inclusion in the annual report of the Group for the year ended 31 December 2010 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information are provided:

Share Buy-Back

There was no share buy-back effected during the financial year ended 31 December 2010.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2010.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2010.

Imposition of Sanctions and / or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management, by the relevant regulatory bodies during the financial year.

Non-audit Fees

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year amounted to not more than RM87,000 by the Company's auditors or a firm or a company affiliated to the auditor's firm.

Profit Guarantee

There was no profit guarantee during the financial year ended 31 December 2010.

Material Contracts

There were no material contracts by the Company or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2010 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.

Revaluation policy

The Company does not have a revaluation policy on its landed properties.

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Fifteenth Annual General Meeting (“AGM”) held on Wednesday, 19 May 2010, 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 the recurrent related party transactions conducted during the financial year ended 31 December 2010 is set out on page 91 of the annual report.

Corporate Social Responsibility

The disclosure on the Corporate Social Responsibility (“CSR”) activities or practices undertaken during the financial year ended 31 December 2010 is stated on pages 22 to 23 of the annual report.

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of distribution of consumer products principally under the "Amway" trademark. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	78,272	102,084

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 December 2009 were as follows:

In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year.

(i)	Fourth interim single tier dividend of 7.0 sen net per share based on the share capital of 164,385,645 ordinary shares of RM1.00 each, declared on 24 February 2010 and paid on 26 March 2010.	11,507
In respect of the financial year ended 31 December 2010 were as follows:		
(i)	First interim single tier dividend of 9.0 sen net per share based on the share capital of 164,385,645 ordinary shares of RM1.00 each, declared on 19 May 2010 and paid on 18 June 2010;	14,795
(ii)	Second interim single tier dividend of 9.0 sen net per share based on the share capital of 164,385,645 ordinary shares of RM1.00 each, declared on 05 August 2010 and paid on 07 September 2010;	14,795
(iii)	Third interim single tier dividend of 9.0 sen net per share based on the share capital of 164,385,645 ordinary shares of RM1.00 each, declared on 15 November 2010 and paid on 14 December 2010; and	14,795
(iv)	Special interim single tier dividend of 30.0 sen net per share based on the share capital of 164,385,645 ordinary shares of RM1.00 each, declared on 15 November 2010 and paid on 14 December 2010.	49,315
		93,700
Total dividends paid		105,207

DIRECTORS' REPORT

Subsequent to reporting date the directors declared a fourth interim dividend on a single tier basis in respect of the financial year ended 31 December 2010, of 9.0 sen net per share on 164,385,645 ordinary shares, amounting to RM14,795,000.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Ab. Halim Bin Mohyiddin
Low Han Kee (Managing Director)
Scott Russell Balfour
Yee Kee Bing
Prof. Datuk Dr. Nik Mohd Zain Bin Nik Yusof
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham
Mohammad bin Hussin
Eva Cheng Li Kam Fun

Remuneration committee

The Remuneration Committee comprises wholly non-executive directors with the majority being independent directors.

The members of the Remuneration Committee comprise the following directors:

Eva Cheng Li Kam Fun
Dato' Ab. Halim Bin Mohyiddin
Prof. Datuk Dr. Nik Mohd Zain Bin Nik Yusof

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2010	Acquired	Sold	At 31.12.2010
The Company				
Direct interest				
Dato' Ab. Halim Bin Mohyiddin	1,000	-	-	1,000
Low Han Kee	20,000	-	-	20,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 February 2011.

Dato' Ab. Halim Bin Mohyiddin

Low Han Kee

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Ab. Halim Bin Mohyiddin 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 accompanying financial statements set out on pages 50 to 87 are drawn up in accordance with the provisions of Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 28 on page 88 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 February 2011.

Dato' Ab. Halim Bin Mohyiddin

Low Han Kee

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Chang Chiek Fui, being the officer primarily responsible for the financial management of Amway (Malaysia) Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 50 to 87 are in my opinion 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 Chang Chiek Fui at
Kuala Lumpur in Federal Territory
on 18 February 2011

Chang Chiek Fui

Before me,

R.Vasugi Ammal
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD

Report on the financial statements

We have audited the financial statements of Amway (Malaysia) Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 87.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- We have considered the financial statements and the auditor's report of a subsidiary of which we have not acted as auditors, which is indicated in Note 14 to the financial statements, being financial statement that have been included in the consolidated financial statements.
- We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 28 on page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia

18 February 2011

George Koshy
No. 1846/07/11(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	3	719,409	663,902	101,172	87,683
Cost of sales	4	(498,834)	(471,504)	-	-
Gross profit		220,575	192,398	101,172	87,683
Other income	5	861	2,736	2,278	2,183
Distribution expenses		(32,272)	(27,756)	-	-
Selling and administrative expenses		(80,015)	(68,504)	(799)	(1,169)
Profit before tax	6	109,149	98,874	102,651	88,697
Income tax expense	9	(30,877)	(26,331)	(567)	(8,405)
Profit for the year		78,272	72,543	102,084	80,292
Other comprehensive income:					
Foreign currency translation		46	(101)	-	-
Other comprehensive income for the year, net of tax		46	(101)	-	-
Total comprehensive income for the year, attributable to owners of the parent		78,318	72,442	102,084	80,292
Earnings per share attributable to owners of the parent (sen per share)					
- Basic, for profit for the year	10	47.61	44.13		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

		Group			Company	
	Note	2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000	2010 RM'000	2009 RM'000
Assets						
Non-current assets						
Property, plant and equipment	12	91,000	86,800	47,486	-	-
Intangible asset	13	4,782	4,782	4,782	-	-
Investment in subsidiaries	14	-	-	-	86,202	86,202
Deferred tax assets	15	5,586	9,207	9,037	-	-
		101,368	100,789	61,305	86,202	86,202
Current assets						
Inventories	16	57,344	66,238	54,795	-	-
Tax recoverable		-	-	5,414	-	-
Trade and other receivables	17	25,774	9,767	9,961	225	400
Cash and cash equivalents	18	136,796	158,357	222,241	89,394	92,329
		219,914	234,362	292,411	89,619	92,729
Total assets		321,282	335,151	353,716	175,821	178,931
Equity and liabilities						
Equity attributable to equity holders of the Company						
Share capital	19	164,386	164,386	164,386	164,386	164,386
Share premium		685	685	685	685	685
Other reserves		1,566	1,520	1,621	1,365	1,365
Retained earnings	20	44,190	71,125	68,033	8,995	12,118
Total equity		210,827	237,716	234,725	175,431	178,554
Current liabilities						
Trade and other payables	21	107,366	94,012	107,119	270	335
Income tax payable		3,089	3,423	6,458	120	42
		110,455	97,435	113,577	390	377
Non current liability						
Deferred tax liabilities	15	-	-	5,414	-	-
Total liabilities		110,455	97,435	118,991	390	377
Total equity and liabilities		321,282	335,151	353,716	175,821	178,931

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

		Non - Distributable			Distributable	
Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group						
At 1 January 2009	164,386	685	1,365	256	68,033	234,725
Total comprehensive income	-	-	-	(101)	72,543	72,442
Dividends	11	-	-	-	(69,451)	(69,451)
At 31 December 2009	164,386	685	1,365	155	71,125	237,716
Total comprehensive income	-	-	-	46	78,272	78,318
Dividends	11	-	-	-	(105,207)	(105,207)
At 31 December 2010	164,386	685	1,365	201	44,190	210,827

		Non - Distributable			Distributable	
Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000		Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2009	164,386	685	1,365		1,277	167,713
Total comprehensive income	-	-	-		80,292	80,292
Dividends	11	-	-	-	(69,451)	(69,451)
At 31 December 2009	164,386	685	1,365		12,118	178,554
Total comprehensive income	-	-	-		102,084	102,084
Dividends	11	-	-	-	(105,207)	(105,207)
At 31 December 2010	164,386	685	1,365		8,995	175,431

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities				
Profit before tax	109,149	98,874	102,651	88,697
Adjustments for:				
Depreciation of property, plant and equipment	7,210	2,764	-	-
Gain on disposal of plant and equipment	(179)	(790)	-	-
Plant and equipment written off	4	8	-	-
Interest income	(4,077)	(4,696)	(2,278)	(2,189)
Dividend income	-	-	(101,172)	(87,683)
Net provision of allowance for impairment	34	61	-	-
Inventories written down	818	651	-	-
Unrealised foreign exchange (gain)/loss	(25)	139	39	6
Operating profit/(loss) before working capital changes	112,934	97,011	(760)	(1,169)
Decrease in receivables	6	729	175	70
Decrease/(increase) in inventories	8,076	(12,094)	-	-
Increase/(decrease) in payables	744	(10,571)	22	(8,792)
Cash generated from/(used in) operations	121,760	75,075	(563)	(9,891)
Tax paid	(27,590)	(29,536)	(489)	(597)
Net cash generated from/(used in) operating activities	94,170	45,539	(1,052)	(10,488)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from investing activities				
Acquisition of property, plant and equipment *	(5,548)	(32,632)	-	-
Proceeds from disposal of plant and equipment	179	792	-	-
Dividend received	-	-	101,172	96,025
Interest received	4,077	4,696	2,278	2,189
Net cash (used in)/generated from investing activities	(1,292)	(27,144)	103,450	98,214
Cash flows from financing activities				
Dividends paid	(105,207)	(78,905)	(105,207)	(78,905)
Repayment to related companies	(10,181)	(3,268)	-	-
Payments made on behalf by penultimate holding company	912	137	-	-
(Repayment to)/payments made on behalf by subsidiary	-	-	(87)	55
Net cash used in financing activities	(114,476)	(82,036)	(105,294)	(78,850)
Net (decrease)/increase in cash and cash equivalents	(21,598)	(63,641)	(2,896)	8,876
Effects of foreign exchange rate changes	37	(243)	(39)	(6)
Cash and cash equivalents at beginning of year	158,357	222,241	92,329	83,459
Cash and cash equivalents at end of year (Note 18)	136,796	158,357	89,394	92,329
* Acquisition of property, plant and equipment by way of:				
- Cash	5,548	32,632	-	-
- Other payables	5,866	9,456	-	-
	11,414	42,088	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Amway (Malaysia) Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The principal place of business of the Company is located at 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The immediate holding company is GDA B.V., a company incorporated in Netherlands. The ultimate and penultimate holding companies are Alticor Global Holdings Inc. and Alticor Inc. respectively. Both companies are incorporated in the United States of America.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 February 2011.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. Significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114 details of which are disclosed in note 22.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

2. Significant accounting policies (contd.)**2.2 Changes in accounting policies (contd.)**FRS 101 Presentation of Financial Statements (Revised) (contd.)

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 27).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy in accordance with the transitional provisions of the Amendments to FRS 117. At 1 January 2010, the Group reassessed the lease classification on the basis of the facts and circumstances existing on that date and recognised certain leasehold land held for own use as property, plant and equipment at their fair values on that date. The difference between such fair values and the unamortised carrying amount as at that date is recognised in retained earnings. The following are effects arising from the above change in accounting policy:

	Group 2010 RM'000
Increase/(decrease) in:	
Property, plant and equipment	16,287
Prepaid land lease payments	(16,287)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. Significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Amendments to FRS 117 Leases (contd.)

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Consolidated statements of financial position			
31 December 2009			
Property, plant and equipment	70,513	16,287	86,800
Prepaid land lease payments	16,287	(16,287)	-
1 January 2009			
Property, plant and equipment	30,929	16,557	47,486
Prepaid land lease payments	16,557	(16,557)	-

FRS 139: Financial Instruments: Recognition and Measurement

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

The adoption of FRS 139 does not have any significant impact to the financial statements of the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

2. Significant accounting policies (contd.)**2.3 Standards issued but not yet effective (contd.)**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective: (contd.)

Description (contd.)	Effective for annual periods beginning on or after
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative	
FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18, Transfers of Assets from Customers	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124, Related Party Disclosures (revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Summary of significant accounting policies**(a) Subsidiaries and basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. Significant accounting policies (contd.)**2.4 Summary of significant accounting policies (contd.)****(a) Subsidiaries and basis of consolidation (contd.)****(ii) Basis of consolidation (contd.)**

Amway (Malaysia) Sdn. Bhd. and Amway (B) Sdn. Bhd. are accounted for using the merger and the purchase methods of consolidation respectively. Under the merger method of accounting, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting credit difference is classified as equity and reported as a non-distributable reserve. Any resulting debit differences is adjusted against any suitable reserve.

The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Intangible asset

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Capital work in progress comprises the construction of buildings and renovation in progress which have not been commissioned. Capital work in progress is not depreciated.

2. Significant accounting policies (contd.)**2.4 Summary of significant accounting policies (contd.)****(c) Property, plant and equipment and depreciation (contd.)**

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Building improvements	10%
Leasehold land	Over lease period
Leasehold fixtures and improvements	33%
Furniture, fittings and equipment	10% - 33%
Motor vehicles	25%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost comprises purchase price of inventories plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Leases**(i) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Significant accounting policies (contd.)**2.4 Summary of significant accounting policies (contd.)****(e) Leases (contd.)****(ii) Operating leases - the Group as lessee (contd.)**

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iii) Operating leases - the Group as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.4(h)(iii).

(f) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(g) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. Significant accounting policies (contd.)**2.4 Summary of significant accounting policies (contd.)****(h) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iii) Rental

Rental income is recognised on a straight-line basis over the term of the lease.

(i) Foreign currencies**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(i) Foreign currencies (contd.)

(ii) Foreign currency transactions (contd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2010 RM'000	2009 RM'000
United States Dollar	3.08	3.42
Singapore Dollar/Brunei Dollar	2.38	2.44
Euro	4.08	4.92

(j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Significant accounting policies (contd.)**2.4 Summary of significant accounting policies (contd.)****(k) Employee benefits****(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary also make contributions to the country's statutory pension schemes.

(l) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Significant accounting policies (contd.)**2.4 Summary of significant accounting policies (contd.)****(o) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.5 Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 13 - measurement of the recoverable amounts of cash-generating units.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

3. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of consumer products	719,409	663,902	-	-
Dividends	-	-	101,172	87,683
	719,409	663,902	101,172	87,683

4. Cost of sales

Cost of sales represent cost of inventories sold and attributable cost relating to the sale of consumer products.

5. Other income

Included in other income, net of other expense are the following:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income	4,077	4,696	2,278	2,189
Realised loss on foreign exchange	(3,473)	(2,639)	-	-
Unrealised gain/(loss) on foreign exchange	25	(139)	(39)	(6)
Gain on disposal of plant and equipment	179	790	-	-

6. Profit before tax

The following amounts have been included at arriving at profit before tax:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Employee benefits expense (Note 7)	27,665	25,086	-	-
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	266	247	247	228
Auditors' remuneration				
- statutory	123	111	23	20
- other services	30	10	30	10
Inventories written down	818	651	-	-
Rental of premises	1,792	2,485	-	-
Rental of equipment	-	(618)	-	-
Depreciation of property, plant and equipment	7,210	2,764	-	-
Plant and equipment written off	4	8	-	-
Impairment loss for financial assets, trade receivables (note 17)	34	61	-	-
Support charges paid/payable to related companies	7,110	6,448	-	-

7. Employee benefits expense

	Group	
	2010 RM'000	2009 RM'000
Wages, salaries and others	24,340	22,207
Contribution to defined contribution plan	3,325	2,879
	27,665	25,086

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,667,000 (2009: RM1,724,000) as further disclosed in Note 8.

8. Directors' remuneration

The directors' remuneration are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors' remuneration (Note 7):				
Other emoluments	1,667	1,724	-	-
Non-executive directors' remuneration (Note 6):				
Fees	250	227	231	208
Other emoluments	16	20	16	20
	266	247	247	228
Total directors' remuneration	1,933	1,971	247	228
Estimated money value of benefit-in-kind	48	49	-	-
Total directors' remuneration including benefit-in-kind	1,981	2,020	247	228

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

8. Directors' remuneration (contd.)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive:				
Salaries and other emoluments	876	922	-	-
Bonus	516	514	-	-
Defined contribution plan	230	238	-	-
Allowances	45	50	-	-
Estimated money value of benefit-in-kind	48	49	-	-
	1,715	1,773	-	-
Non-Executive:				
Fees	250	227	231	208
Allowances	16	20	16	20
	1,981	2,020	247	228

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors Company	
	2010	2009
Executive directors:		
RM650,001 - RM700,000	1	-
RM700,001 - RM750,000	-	1
RM1,050,001 - RM1,100,000	1	1
Non-executive directors:		
RM0 - RM50,000	3	4
RM50,001 - RM100,000	3	3
	8	9

9. Income tax expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense:				
Malaysian income tax	25,981	31,261	567	13,819
Foreign tax	222	307	-	-
	26,203	31,568	567	13,819
Under provision in prior years				
Malaysian income tax	1,053	347	-	-
	27,256	31,915	567	13,819
Deferred tax (Note 15)				
Relating to origination and reversal of temporary differences	2,461	(5,908)	-	(5,414)
Under provision in prior years	1,159	323	-	-
Reduction in income tax rate	1	1	-	-
	3,621	(5,584)	-	(5,414)
Total income tax expense	30,877	26,331	567	8,405

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction. Companies in Brunei are taxed where for the first BND100,000 of the chargeable income, only 25% is taxable, the next BND150,000 only 50% is taxable and 100% is taxable for any remaining balance. During the financial year, the income tax rate applicable to companies in Brunei had reduced from 23.5% to 22%.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	109,149	98,874	102,651	88,697
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	27,287	24,719	25,663	22,174
Effect of tax rate structure in other jurisdiction	(41)	(22)	-	-
Deferred tax recognised at reduced tax rates	1	1	-	-
Single tier dividend receipt not subject to tax	-	-	(25,293)	(14,022)
Effect of change in tax rates	(78)	(36)	-	-
Income not subject to tax	(12)	(36)	-	-
Expenses not deductible for tax purposes	1,508	1,035	197	253
Underprovision of deferred tax in prior years	1,159	323	-	-
Underprovision of tax expense in prior years	1,053	347	-	-
Income tax expense	30,877	26,331	567	8,405

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10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM'000)	78,272	72,543
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic earnings (sen per share)	47.61	44.13

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

11. Dividends

	Sen per share	Total amount RM'000	Date of payment
Year ended 31 December 2010			
Fourth quarter interim 2009 ordinary	7	11,507	26 March 2010
First quarter interim 2010 ordinary	9	14,795	18 June 2010
Second quarter interim 2010 ordinary	9	14,795	7 September 2010
Third quarter interim 2010 ordinary	9	14,795	14 December 2010
Special interim 2010 ordinary	30	49,315	14 December 2010
Total dividend		105,207	
Year ended 31 December 2009			
Fourth quarter interim 2008 ordinary	7	11,507	24 March 2009
First quarter interim 2009 ordinary	7	11,507	10 June 2009
Second quarter interim 2009 ordinary	7	11,507	17 September 2009
Third quarter interim 2009 ordinary	7	11,507	16 December 2009
Special interim 2009 ordinary	20	32,877	16 December 2009
Total dividend		78,905	
Writeback of accruals relating to tax on dividend		(9,454)	
		69,451	

Subsequent to reporting date the directors declared a fourth interim dividend on a single tier basis in respect of the financial year ended 31 December 2010, of 9.0 sen net per share on 164,385,645 ordinary shares, amounting to RM14,795,000.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

12. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2010									
Cost									
At 1 January 2010									
As previously stated	1,420	-	38,231	6,846	2,503	22,744	2,210	9,457	83,411
Effects of adopting the amendments to FRS 117	-	17,493	-	-	-	-	-	-	17,493
As restated	1,420	17,493	38,231	6,846	2,503	22,744	2,210	9,457	100,904
Additions	-	-	-	509	591	3,076	606	6,632	11,414
Disposals	-	-	-	-	-	(11)	(502)	-	(513)
Write-offs	-	-	-	-	(186)	(84)	-	-	(270)
Transfers	-	-	(1,113)	12,891	-	4,311	-	(16,089)	-
Effect of movements in exchange rates	-	-	-	-	(4)	(9)	-	-	(13)
At 31 December 2010	1,420	17,493	37,118	20,246	2,904	30,027	2,314	-	111,522
Accumulated depreciation									
At 1 January 2010									
As previously stated	-	-	700	1,399	1,755	7,958	1,086	-	12,898
Effects of adopting the amendments to FRS 117	-	1,206	-	-	-	-	-	-	1,206
As restated	-	1,206	700	1,399	1,755	7,958	1,086	-	14,104
Charge for the year	-	270	717	2,073	431	3,321	398	-	7,210
Disposals	-	-	-	-	-	(11)	(502)	-	(513)
Write-offs	-	-	-	-	(186)	(80)	-	-	(266)
Effect of movements in exchange rates	-	-	-	-	(6)	(7)	-	-	(13)
At 31 December 2010	-	1,476	1,417	3,472	1,994	11,181	982	-	20,522
Net carrying amount	1,420	16,017	35,701	16,774	910	18,846	1,332	-	91,000

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12. Property, plant and equipment (contd.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2009									
Cost									
At 1 January 2009									
As previously stated	1,420	-	2,245	1,582	1,912	15,411	2,215	24,596	49,381
Effects of adopting the amendments to FRS 117	-	17,493	-	-	-	-	-	-	17,493
As restated	1,420	17,493	2,245	1,582	1,912	15,411	2,215	24,596	66,874
Additions	-	-	-	25	588	3,875	879	36,721	42,088
Disposals	-	-	-	-	-	(4,966)	(884)	-	(5,850)
Write-offs	-	-	-	-	-	(2,211)	-	-	(2,211)
Transfers	-	-	35,986	5,239	-	10,635	-	(51,860)	-
Effect of movements in exchange rates	-	-	-	-	3	-	-	-	3
At 31 December 2009	1,420	17,493	38,231	6,846	2,503	22,744	2,210	9,457	100,904
Accumulated depreciation and impairment losses									
At 1 January 2009									
As previously stated	-	-	475	1,146	1,503	13,663	1,665	-	18,452
Effects of adopting the amendments to FRS 117	-	936	-	-	-	-	-	-	936
As restated	-	936	475	1,146	1,503	13,663	1,665	-	19,388
Charge for the year	-	270	225	253	249	1,462	305	-	2,764
Disposals	-	-	-	-	-	(4,964)	(884)	-	(5,848)
Write-offs	-	-	-	-	-	(2,203)	-	-	(2,203)
Effect of movements in exchange rates	-	-	-	-	3	-	-	-	3
At 31 December 2009	-	1,206	700	1,399	1,755	7,958	1,086	-	14,104
Net carrying amount	1,420	16,287	37,531	5,447	748	14,786	1,124	9,457	86,800

- (i) In prior year, the Capital Work-In-Progress ("CWIP") of the Group was in relation to the construction and interior design of the business centre in the new headquarters.
- (ii) Included in the cost of property, plant and equipment of the Group are cost of fully depreciated plant and equipment which are still in use amounting to RM8,783,000 (2009: RM7,622,000).

13. Intangible asset

	Group	
	2010 RM'000	2009 RM'000
Goodwill		
Cost/carrying amount	4,782	4,782

- (i) This represents the goodwill arising from consolidation of Amway (B) Sdn. Bhd.
- (ii) Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:
- Cash flows were projected based on actual operating results.
 - The subsidiary will continue its operation indefinitely.
 - The size of operation will remain with at least or not lower than the current results.

The key assumptions represent management's assessment of future trends in the direct selling industry and are based on both external and internal sources (historical data).

14. Investment in subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares at cost	86,202	86,202

Details of the subsidiaries are as follows:

Name of subsidiaries	Issued and paid-up share capital	Proportion of ownership interest		Principal activities
		2010 %	2009 %	
Held by the Company:				
Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia	RM 35,499,000	100	100	Distribution of consumer products principally under the “AMWAY” trademark
Amway (B) Sdn. Bhd., incorporated in Negara Brunei Darussalam *	BND 10,000	100	100	Distribution of consumer products principally under the “AMWAY” trademark

* Audited by a member firm of Ernst & Young Global in Brunei Darussalam

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15. Deferred tax assets/(liabilities)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	9,207	3,623	-	(5,414)
Recognised in income statement (Note 9)	(3,621)	5,584	-	5,414
At 31 December	5,586	9,207	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	5,586	9,207	-	-
Deferred tax liabilities	-	-	-	-
	5,586	9,207	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Other assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2010	-	-	-
Recognised in income statement	-	2,517	2,517
Setoff against deferred tax assets	-	(2,517)	(2,517)
At 31 December 2010	-	-	-
At 1 January 2009	5,414	-	5,414
Recognised in income statement	(5,414)	1,814	(3,600)
Setoff against deferred tax assets	-	(1,814)	(1,814)
At 31 December 2009	-	-	-

15. Deferred tax assets/(liabilities) (contd.)**Deferred tax assets of the Group:**

	Accrued expenses RM'000
At 1 January 2010	(9,207)
Recognised in income statement	1,104
Setoff against deferred tax liabilities	2,517
At 31 December 2010	(5,586)
At 1 January 2009	(9,037)
Recognised in income statement	(1,984)
Setoff against deferred tax liabilities	1,814
At 31 December 2009	(9,207)

Deferred tax liability of the Company:

	Other assets RM'000
At 1 January 2010	-
Recognised in income statement	-
At 31 December 2010	-
At 1 January 2009	5,414
Recognised in income statement	(5,414)
At 31 December 2009	-

16. Inventories

	Group	
	2010 RM'000	2009 RM'000
Consumer products:		
At cost	56,535	65,723
At net realisable value	809	515
	57,344	66,238

During the financial year, inventories recognised as cost of sales amounted to RM299,795,000 (2009: RM285,000,000). The write-down of inventories to net realisable value amounted to RM818,000 (2009: RM651,000) and is included in cost of sales.

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17. Trade and other receivables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables				
Third parties	4,839	5,345	-	-
Due from related companies	223	572	-	-
	5,062	5,917	-	-
Less: Allowance for impairment on amount due from third party	(290)	(279)	-	-
Trade receivables, net	4,772	5,638	-	-
Other receivables				
Amount due from related parties:				
Due from related companies	17,578	1,216	-	-
Sundry receivables	668	961	225	400
Deposits	789	684	-	-
Prepayments	1,967	1,268	-	-
	21,002	4,129	225	400
Total trade and other receivables	25,774	9,767	225	400
Add: Cash and bank balances (note 18)	136,796	158,357	89,394	92,329
Total loans and receivables	162,570	168,124	89,619	92,729

(a) Trade receivables

Trade receivables are non-interest bearing and a significant amount of the outstanding balance is repayable by way of monthly instalment plans within 120 (2009:120) days. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The Group maintains its ageing within 30 days by monitoring the instalments payments from distributors and any amounts which are due and not settled will be offset against the distributors' bonuses.

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

17. Trade and other receivables (contd.)**(a) Trade receivables (contd.)**Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance accounts:

	Group	
	2010 RM'000	2009 RM'000
At beginning of year	279	218
Charge for the year (note 6)	34	61
Written off	(23)	-
At end of year	290	279

The entire amount assessed as impaired are provided for as allowance for impairment.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Due from related companies

Related companies are companies within the Alticor Global Holdings Inc. group of companies. Amount due from certain related parties are unsecured and bear interest equal to the Base Lending Rate set by the Central Bank of Malaysia plus 0.5% per annum, compounded on a monthly basis on overdue balances exceeding 30 to 90 (2009: 30 to 90) days from the date of invoice. The non-trade amounts due from related companies are mainly in respect of leases, support charges and payments made on behalf. These amounts are to be settled in cash.

Further details on related party transactions are disclosed in Note 25.

Other information on financial risks of other receivables are disclosed in Note 26.

18. Cash and cash equivalents

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	10,084	12,494	77	87
Deposits with:				
Licensed banks	116,712	124,355	89,317	81,734
Licensed financial institutions	10,000	21,508	-	10,508
Cash and bank balances	136,796	158,357	89,394	92,329

Other information on financial notes of cash and cash equivalents are disclosed in Note 26.

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19. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2010 000	2009 000	2010 RM'000	2009 RM'000
Authorised share capital:				
At 1 January/31 December	250,000	250,000	250,000	250,000
Issued and fully paid:				
At 1 January/31 December	164,386	164,386	164,386	164,386

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2010 without any restrictions.

21. Trade and other payables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables				
Third parties	21,299	18,501	-	-
Due to related companies	19,359	13,429	-	-
	40,658	31,930	-	-
Other payables				
Amount due to related parties:				
Penultimate holding company	1,200	288	-	-
Subsidiary	-	-	-	87
Related companies	12	110	-	-
Sundry payables	7,893	9,141	23	21
Accruals	57,603	52,543	247	227
	66,708	62,082	270	335
Total financial liabilities carried at amortised cost	107,366	94,012	270	335

21. Trade and other payables (contd.)**(a) Trade payables**

Amount due to third parties are non-interest bearing and the normal credit term granted to the Group range from 30 to 90 (2009: 30 to 90) days.

(b) Due to related companies

The amount due to related companies are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2009: 90) days from the date of invoice. The non-trade amounts due to related companies are mainly in respect of payments made on behalf. These amounts are to be settled in cash.

(c) Due to penultimate holding company

The amount due to penultimate holding company is in respect of support charges payable, which are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2009: 90) days from the date of invoice. These amounts are to be settled in cash.

(d) Due to subsidiary

The amount due to subsidiary is in respect of advances, which are unsecured, interest free and repayable on demand.

(e) Accruals

Accruals amounting to RM47,124,000 (2009: RM37,703,000) are in respect of distributors' bonuses, seminars and other expenses.

Further details on related party transactions are disclosed in Note 25. Other information on financial risks of other payables are disclosed in Note 26.

22. Segment reporting

The Group operates solely in the direct selling industry and distribution of its products in Malaysia and Brunei. The results and total assets of the subsidiary in Negara Brunei Darussalam are less than 10% to the Group to be reported as a separate segment. Accordingly, information on geographical and business segments of the Group's operations are not presented.

23. Capital commitments

	Group	
	2010 RM'000	2009 RM'000
Capital expenditure in respect of		
Property, plant and equipment including the construction of		
headquarters building		
- Approved and contracted for	1,120	7,010
- Approved and not contracted for	7,500	10,980

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24. Operating lease arrangements

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land, building and equipment. These leases have an average life of between three (3) and five (5) years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.

The future aggregate minimum lease payments under the non-cancellable operating lease contracted as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2010 RM'000	2009 RM'000
Future minimum rentals payments		
Not later than 1 year	1,392	1,463
Later than 1 year and not later than 5 years	724	1,285
	2,116	2,748

The lease payments recognised in profit or loss during the financial year are disclosed in Note 6.

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:

Two (2) leases	-	renew the lease for a further term by notifying the lessor in writing at least three (3) months before expiry.
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.
One (1) lease	-	renew the lease for a period of twenty four (24) months by notifying the lessor in writing at least one (1) month before expiry.
Four (4) 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.
Two (2) leases	-	renew the lease for a period of thirty six (36) months by notifying the lessor in writing at least six (6) 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 two (2) 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.

24. Operating lease arrangements (contd.)**(a) The Group as lessee (contd.)**

- One (1) lease - 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.
- 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 or the lease will be renewed automatically in absence of written notice.
- Three (3) leases - renew the lease for a period of thirty six (36) months by notifying the lessor in writing at least six (6) months before expiry or the lease will be renewed automatically in absence of written notice.
- One (1) lease - renew the lease for a period of thirty six (36) months by notifying the lessor in writing at least two (2) months before expiry or the lease will be renewed automatically in absence of written notice.

25. Significant related party transactions

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year.

	Group	
	2010 RM'000	2009 RM'000
Sales of goods and services		
- Related company, Amway (Singapore) Pte. Ltd.	(2,846)	(3,162)
Purchases		
- Related company, Access Business Group International LLC	194,572	206,185
Support charges		
- Penultimate holding company, Alticor Inc.	1,263	644
- Intermediate holding company, Amway International Inc.	1,652	-
- Related company, Amway IT Services Sdn. Bhd.	4,737	4,753
- Related company, Amway Vietnam Co. Ltd.	(999)	(232)
- Related company, Amway (Singapore) Pte. Ltd.	(782)	(283)
- Related company, P.T. Amway Indonesia	(722)	(239)
- Related company, Amway Philippines L.L.C	(359)	(141)
Rental of equipment		
- Related company, Amway IT Services Sdn. Bhd.	-	(618)
Sale of computer equipment		
- Related company, Amway IT Services Sdn. Bhd.	-	(500)
Royalties paid		
- Related company, Access Business Group International LLC	1,197	1,173

Information regarding outstanding balances arising from related party transaction as at 31 December 2010 are disclosed in Notes 17 and 21.

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25. Significant related party transactions (contd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2010 RM'000	2009 RM'000
Short-term employee benefits	2,467	2,563
Post-employment benefits:		
Defined contribution plan	435	425
Allowances	126	125
	3,028	3,113
Included in the total key management personnel are:		
Executive directors' remuneration (Note 7)	1,667	1,724

26. Financial instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

26. Financial instruments (contd.)**(b) Interest rate risk (contd.)**

The weighted average effective interest rates ("WAEIR") during the year and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:

	WAEIR %	Within 1 year RM'000	Total RM'000
At 31 December 2010			
Group			
Deposits with licensed banks and financial institutions	2.35	126,712	126,712
Company			
Deposits with licensed banks and financial institutions	2.53	89,317	89,317
At 31 December 2009			
Group			
Deposits with licensed banks and financial institutions	2.24	145,863	145,863
Company			
Deposits with licensed banks and financial institutions	2.33	92,242	92,242

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through purchases and payments on behalf that are denominated in a currency other than the functional currency to which they relate. The currency giving rise to this risk is primarily United States Dollar.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group	
	2010 RM'000	2009 RM'000
Due from related companies		
Singapore Dollar	253	1,081
United States Dollar	17,512	136
Due to penultimate company		
United States Dollar	1,200	288
Due to related companies		
Singapore Dollar	1	3
United States Dollar	19,370	13,531
Cash and bank balances		
United States Dollar	-	18,929
Euro	562	674

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

26. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, EUR and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	Company
	2010	2010
	RM'000	RM'000
	Profit net of tax	Profit net of tax
USD/RM - strengthened 1%	(27)	(3)
- weakened 1%	27	3
EUR/RM - strengthened 1%	(6)	-
- weakened 1%	6	-
SGD/RM - strengthened 1%	(3)	-
- weakened 1%	3	-

(d) Liquidity risk

The Group manages operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

At the reporting date, the entire trade and other payable will mature on demand or within a year.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

26. Financial instruments (contd.)**(f) Fair values**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

<u>Current</u>	<u>Note</u>
Trade and other receivables	17
Due from other related companies	17
Due to other related companies and related parties	21
Trade and other payables	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group does not have any external borrowings as at reporting date. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders. No significant changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

28. Supplementary explanatory note on disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group	Company
	2010	2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	44,219	8,930
- Unrealised	5,719	65
	49,938	8,995
Less : Consolidation adjustments	(5,748)	-
Total retained profits as per financial statements	44,190	8,995

The determination of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Properties Owned by the Group

Location	Land Area (Sq. Metres)	Existing Use	Tenure	Approximate Age of Building (Years)	Net Book Value RM `000	Date of Acquisition
28 Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	10,007	Office	Leasehold expiring 2 May 2071	1	35,120	9/3/06
26 & 26A Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Warehouse	Leasehold expiring 26 March 2069	1	31,357	19/11/04
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	3,841	Office & Warehouse	Freehold	10	2,238	6/3/00
34, Hala Rapat Baru 22 Taman Perusahaan Ringan Kinta Jaya Off Jalan Raja Nazrin Shah 31350 Ipoh Perak Darul Ridzuan	1,271	Office & Warehouse	Leasehold expiring 18 August 2094	15	577	21/8/95
10, Lorong Nagasari 4 Taman Nagasari 13600 Prai Penang	975	Office & Warehouse	Freehold	19	620	19/6/91

GROUP'S PHYSICAL PRESENCE

31 DECEMBER 2010

CORPORATE HEADQUARTERS

- > Van Andel & DeVos Training Centre
- > One-stop Customer Service Centre
- > Brand Experience Centre

- > Office Block
- > Shop Facility
- > Warehouse & Logistic Facility

28 Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7946 2288 Fax : 03-7946 2399

REGIONAL DISTRIBUTION CENTRES

Butterworth

10, Lorong Nagasari 4
Taman Nagasari 13600 Prai Penang

Johor Bahru

1, Jalan Sri Plentong 5
Taman Perindustrian Sri Plentong
81750 Masai Johor Darul Takzim

Ipoh

34, Hala Rapat Baru 22
Taman Perusahaan Ringan Kinta Jaya
Off Jalan Raja Nazrin Shah
31350 Ipoh Perak Darul Ridzuan

Kuantan

Lot 48/4 , 48/5 & 48/6
Kawasan Perindustrian Semambu 5
25350 Kuantan
Pahang Darul Makmur

Alor Setar

No. 179, 179A & 180
Jalan Shahab 5, Shahab Perdana
Jalan Sultanah Sambungan
05150 Alor Setar Kedah Darul Aman

Miri

Lot 302 Ricemill Road
MCLD, 98000 Miri Sarawak

Kuching

Lot 40 & 41
Jalan Tun Ahmad Zaidi Adruce
93200 Kuching Sarawak

Kota Kinabalu

Lot 30
Jalan Sembulan Lama Karamunsing
88000 Kota Kinabalu Sabah

Sandakan

Lot 7 & 8 Block 12, Mile 4
Jalan Labuk, Bandar Indah
90000 Sandakan Sabah

Sibu

No. 7 & 9 Ground Floor
Lorong Chew Siik Hiong 1
96000 Sibu Sarawak

Brunei

No. 6 & 7 Block A
Kompleks Shakirin
Kampong Kiulap
Bandar Seri Begawan BE1518
Brunei Darussalam

AMWAY SHOPS

Seremban

No. 38 Ground Floor
Jalan S2 B18 Biz Avenue
Seremban 2, 70300 Seremban
Negeri Sembilan Darul Khusus

Kuala Trengganu

No. 24
Bangunan Pusat Niaga Paya Keladi
Bandar Kuala Trengganu
Trengganu Darul Iman

Kota Bharu

No. 10 & 11
Bangunan Yakin
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu
Kelantan Darul Naim

Batu Pahat

No. 26 & 27 Jalan Flora Utama 1
Taman Flora Utama
83000 Batu Pahat
Johor Darul Takzim

Bintulu

Lot No. 4075, 4076 & 4077
Parkcity Commercial Square
Jalan Tun Ahmad Zaidi
97000 Bintulu Sarawak

Klang

No. 55 & 57 Ground Floor
Jalan Mahogani 5/KS7
Bandar Botanic 41200 Klang
Selangor Darul Ehsan

Penang

28-G-1 Jalan Tanjong Tokong
10470 Penang

Wangsa Maju

No. 34N-0-3
Jalan Wangsa Delima 6
Jalan 1/27F, KLSC Section 5
Pusat Bandar Wangsa Maju
53300 Kuala Lumpur

Mentakab

No. 28B & 28C Jalan Zabidin
28400 Mentakab
Pahang Darul Makmur

Melaka

108A, Jalan Berkat 15
Taman Malim Jaya
75250 Melaka

Taiping

No.13,15 & 17 Tingkat Bawah
Jalan Medan Saujana Kamunting
Taman Medan Saujana Kamunting
34600 Kamunting Taiping
Perak Darul Ridzuan

Segamat

31 & 32
Jalan Genuang Kampong Segamat
85000 Johor Darul Takzim

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At the Fifteenth Annual General Meeting held on 19 May 2010, 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 Practice Note 12 of the Main Market Listing Requirements of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2010 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 our Group
Related Parties	Companies within our Group			
Access Business Group International LLC ("ABGIL")	Amway (Malaysia) Sdn Bhd ("AMSB") and Amway (B) Sdn Bhd ("ABSB")	Alticor Global Holdings Inc. ("AGH"), Solstice Holdings Inc. ("SHI"), Alticor Inc. ("Alticor"), Amway International Inc. ("Amway International"), Amway Nederland Ltd. ("Amway Nederland") and GDA B.V. ("GDA")	1,197	Payment of Royalty Fees on Substitute Products and Additional Products that are distributed under the "AMWAY" trade name to ABGIL.
ABGIL	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	194,572	Purchase of consumer products from ABGIL.
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	2,915	Procurement of administrative and marketing support services from Alticor and Amway International.
Amway (Singapore) Pte Ltd ("ASPL")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	2,846	Sale of products to ASPL.
Amway IT Services Sdn Bhd ("AITS")	AMSB and ABSB	AGH, SHI, Alticor, Amway International, Amway Nederland, GDA and Amway International Development, Inc. ("AID")	4,737	Procurement of IT support services from AITS.

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 SHI which is in turn a wholly-owned subsidiary of AGH.
3. Amway International, a company incorporated in the United States of America, is a wholly-owned subsidiary of Alticor.
4. ASPL, a company incorporated in Singapore, is a wholly-owned subsidiary of Amway International.
5. AITS, a wholly-owned subsidiary of AID which is in turn 60%-owned by Amway International and 40%-owned by Alticor.
6. The Company is a 51.70%-owned subsidiary of GDA, 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 International, which in turn is wholly-owned by Alticor. Further, Alticor is an indirect holding company of ABGIL.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of AMWAY (MALAYSIA) HOLDINGS BERHAD will be held at the Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn Bhd, 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 11 May 2011 at 9.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

- | | |
|--|------------------------------|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2010 together with the Directors' and the Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. To re-elect Dato' Ab. Halim Bin Mohyiddin who is retiring pursuant to Article 87.1 of the Company's Articles of Association. | Ordinary Resolution 2 |
| 3. To re-elect Mr Low Han Kee who is retiring pursuant to Article 87.1 of the Company's Articles of Association. | Ordinary Resolution 3 |
| 4. To re-elect Mr Yee Kee Bing who is retiring pursuant to Article 87.1 of the Company's Articles of Association. | Ordinary Resolution 4 |
| 5. To approve the Directors' fees of RM250,000.00 for the financial year ending 31 December 2011. | Ordinary Resolution 5 |
| 6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

As Special Business

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

- | | |
|---|------------------------------|
| 7. 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 International Inc. ("AMWAY INTERNATIONAL"), Amway (Singapore) Pte Ltd ("AMWAY (S)") and Amway Vietnam Co. Ltd ("AMWAY (V)"); and

Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Amway (Singapore) Pte Ltd ("AMWAY (S)"), P.T. Amway Indonesia ("AMWAY (I)"), Amway Philippines LLC ("AMWAY (P)") and Amway (Thailand) Ltd ("AMWAY (T)"). | Ordinary Resolution 7 |
|---|------------------------------|

(The detailed text and rationale on Item 7 are contained in the Circular dated 18 April 2011 which is enclosed together with the Annual Report)

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
LIEW IRENE (MAICSA 7022609)
Company Secretaries

Date : 18 April 2011

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

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. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. 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.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

Explanatory Notes on the Special Business

6. Ordinary Resolution 7, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with ABGIL, Alticor, Amway International, Amway (S), Amway (V), Amway (I), Amway (P) and Amway (T) 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 leverage and 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.

ANALYSIS OF SHAREHOLDINGS

As at 8 MARCH 2011

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	162	4.48	6,131	0.00
100 - 1,000	1,222	33.78	978,769	0.60
1,001 - 10,000	2,024	55.96	6,444,379	3.92
10,001 - 100,000	182	5.03	5,081,853	3.09
100,001 - 8,219,281	25	0.69	43,959,530	26.74
8,219,282 and above	2	0.06	107,914,983	65.65
Total	3,617	100.00	164,385,645	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

Name of Shareholders	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
GDA B.V. ("GDA")	84,990,283	51.70	-	-
Amway Nederland Ltd ("Amway Nederland")	-	-	ⁱ 84,990,283	51.70
Amway International Inc. ("Amway International")	-	-	ⁱⁱ 84,990,283	51.70
Alticor Inc. ("Alticor")	-	-	ⁱⁱⁱ 84,990,283	51.70
Solstice Holdings Inc. ("SHI")	-	-	^{iv} 84,990,283	51.70
Alticor Global Holdings Inc. ("AGH") ^{*vi}	-	-	^v 84,990,283	51.70
AmanahRaya Trustees Berhad				
- Skim Amanah Saham Bumiputera	22,924,700	13.95	-	-
Employees Provident Fund Board	8,661,133	5.27	-	-

Notes:

- ⁱ Deemed interested by virtue of interest in GDA pursuant to Section 6A of the Companies Act, 1965.
- ⁱⁱ Deemed interested by virtue of interest in Amway Nederland pursuant to Section 6A of the Companies Act, 1965.
- ⁱⁱⁱ Deemed interested by virtue of interest in Amway International pursuant to Section 6A of the Companies Act, 1965.
- ^{iv} Deemed interested by virtue of interest in Alticor pursuant to Section 6A of the Companies Act, 1965.
- ^v Deemed interested by virtue of interest in SHI 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 or members of their immediate families.

SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

Name of Directors	No. of Shares Held	% of Issued Capital
1. Dato' Ab. Halim Bin Mohyiddin	1,000	**
2. Low Han Kee	20,000	0.01
3. Scott Russell Balfour	-	-
4. Yee Kee Bing	-	-
5. Eva Cheng Li Kam Fun	-	-
6. Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	-	-
7. Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	-	-
8. Mohammad Bin Hussin	-	-

** Negligible

ANALYSIS OF SHAREHOLDINGS

8 MARCH 2011

THIRTY LARGEST SHAREHOLDERS

	No. of Shares Held	% of Issued Capital
1. GDA B.V.	84,990,283	51.70
2. AmanahRaya Trustees Berhad		
- Skim Amanah Saham Bumiputera	22,924,700	13.95
3. Citigroup Nominees (Tempatan) Sdn Bhd		
- Employees Provident Fund Board	8,161,133	4.96
4. Kumpulan Wang Persaraan (Diperbadankan)	7,836,400	4.77
5. AmanahRaya Trustees Berhad		
- Amanah Saham Malaysia	7,000,000	4.26
6. Valuecap Sdn Bhd	6,854,900	4.17
7. Lembaga Tabung Haji	6,246,331	3.80
8. AmanahRaya Trustees Berhad		
- Amanah Saham Didik	2,922,000	1.78
9. Bank Kerjasama Rakyat Malaysia Berhad	684,600	0.42
10. Employees Provident Fund Board	500,000	0.30
11. HSBC Nominees (Tempatan) Sdn Bhd		
- HSBC (M) Trustee Bhd For MAAKL Al-Fauzan (5170)	432,600	0.26
12. Amanah Saham Mara Berhad	420,000	0.26
13. Citigroup Nominees (Asing) Sdn Bhd		
- CBNY for DFA Emerging Markets Small Cap Series	396,700	0.24
14. AmanahRaya Trustees Berhad		
- Dana Al-Aiman	289,800	0.18
15. HLB Nominees (Tempatan) Sdn Bhd		
- Pledged Securities Account for Ho Teik Chuan @ Ho Sonney	268,000	0.16
16. HSBC Nominees (Tempatan) Sdn Bhd		
- HSBC (M) Trustee Bhd For MAAKL Dividend Fund (5311-401)	260,000	0.16
17. PM Nominees (Tempatan) Sdn Bhd		
- PCB Asset Management Sdn Bhd for MUI Continental Insurance Berhad	230,600	0.14
18. Permodalan Nasional Berhad	227,466	0.14
19. Tabung Amanah Warisan Negeri Johor	194,500	0.12
20. Chin Chee Kin	150,000	0.09
21. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad		
- Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	150,000	0.09
22. Malaysian Reinsurance Berhad		
- As Beneficial Owner (MMIP Fund)	141,800	0.09
23. Lam Meng Choy	130,000	0.08
24. Ajeet Kaur A/P Inder Singh	124,700	0.08
25. Mehar Singh @ Mehar Singh Gill	121,000	0.07
26. Teo Chiang Hong	116,000	0.07
27. Wong Lok Jee @ Ong Lok Jee	101,000	0.06
28. AllianceGroup Nominees (Tempatan) Sdn Bhd		
- Alliance Investment Management Berhad for the Institute of Strategic and International Studies Malaysia	100,000	0.06
29. HSBC Nominees (Tempatan) Sdn Bhd		
- HSBC (M) Trustee Bhd for Kenanga Growth Fund (3795)	100,000	0.06
30. New Tong Fong Plywood Sdn Bhd	100,000	0.06
	152,174,513	92.58

INFORMATION FOR SHAREHOLDERS ON SIXTEENTH ANNUAL GENERAL MEETING

AMWAY ANNUAL GENERAL MEETING INFORMATION

Venue : Van Andel and DeVos Training Centre
Amway (Malaysia) Sdn Bhd
1st Floor, 28, Jalan 223
46100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Date : 11 May 2011

Time : 9.30 a.m.

Registration : From 9.00 a.m. onwards at the
registration counter located outside
Van Andel and DeVos Training Centre

- Please take the staircase marked in blue to the Annual General Meeting venue.
- Parking is free. Please park your car at parking bays marked in yellow.



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AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U)
Incorporated in Malaysia

PROXY FORM

CDS account number of holder

I/We, _____ (name of shareholder as per NRIC, in capital letters)
IC No./ID No./Company No. _____ (new) _____ (old)
of _____ (full address)
being a member of AMWAY (MALAYSIA) HOLDINGS BERHAD, hereby appoint _____
(name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old)
of _____ (full address)
or failing him/her _____ (name of proxy as per NRIC, in capital letters)
IC No. _____ (new) _____ (old) of _____

(full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at the Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn Bhd, 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 11 May 2011 at 9.30 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

RESOLUTIONS		For	Against
1. Adoption of Audited Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 December 2010	Ordinary Resolution 1		
2. Re-election of Dato' Ab. Halim Bin Mohyiddin as Director	Ordinary Resolution 2		
3. Re-election of Mr Low Han Kee as Director	Ordinary Resolution 3		
4. Re-election of Mr Yee Kee Bing as Director	Ordinary Resolution 4		
5. Approval of Directors' fees for the financial year ending 31 December 2011	Ordinary Resolution 5		
6. Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 6		
7. 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 International Inc., Amway (Singapore) Pte Ltd and Amway Vietnam Co. Ltd.; and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Amway (Singapore) Pte Ltd, P.T. Amway Indonesia, Amway Philippines LLC and Amway (Thailand) Ltd	Ordinary Resolution 7		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal

Number of Shares Held :

Date :

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

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.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 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 or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

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AFFIX
STAMP

The Share Registrars

BOARDROOM CORPORATE SERVICES (KL) SDN BHD (3775-X)

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor Darul Ehsan

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AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U)
28, JALAN 223, 46100 PETALING JAYA
SELANGOR DARUL EHSAN, MALAYSIA
TEL : 03 7946 2288
FAX : 03 7946 2399
www.amway2u.com