

ANNUAL REPORT 2012

PLACING YOUR FUTURE IN GOOD HANDS



At AMWAY™, success begins with your own bare hands. It is that simple. Flourish as an individual and enjoy fulfilling result as you reach out in the quest for hope, freedom, family, and reward.

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Proxy Form



DRIVING
SUCCESS
THROUGH
THE NEW
GENERATION

QUARTERLY PERFORMANCE

2012	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Yed
Sales Revenue (RM Million)	179.2	188.7	224.2	205.4	797.
Profit Before Taxation (RM Million)	29.0	34.2	35.6	38.3	137.
Net Profit (RM Million)	21.6	25.3	26.6	26.2	99.
Net Earnings Per Share (Sen)	13.1	15.4	16.2	15.9	60.0
Net Dividend Per Share (Sen)	10.0	10.0	10.0	32.5	62.

2011	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM Million)	172.8	169.1	211.5	182.4	735.8
Profit Before Taxation (RM Million)	27.4	25.6	34.4	33.6	121.0
Net Profit (RM Million)	20.3	19.0	25.8	24.9	90.0
Net Earnings Per Share (Sen)	12.3	11.6	15.7	15.1	54.7
Net Dividend Per Share (Sen)	9.0	9.0	39.0	9.0	66.0



CHAIRMAN'S

STATEMENT



DEAR SHAREHOLDERS,

OVERVIEW

We ended 2012 much better than expected given the slow momentum we experienced in the first half of the year. 2012 marked the 33rd year of record sales out of 36 years of operation. This is indeed a remarkable achievement. In 2012 sales grew by 8.4% and profit before tax grew 13.3% compared to 2011. This outstanding performance against the backdrop of a challenging and competitive operating environment is a reflection of both the solid execution of our operating plan and the tenacity of our dedicated Distributor force.

FINANCIAL PERFORMANCE

AMWAY™ recorded sales revenue of RM797.5 million for the year in review compared to RM735.8 million in 2011. This translates to an 8.4% increase over 2011. Profit before tax grew to RM137.1 million from RM121.0 million in 2011, representing an increase of 13.3%. Profit after tax also increased 10.8% from last year to RM99.7 million. The increase in profitability is due to better absorption of operating overheads as a result of higher sales revenue.

DIVIDEND

On 15 February 2012, the Board of Directors adopted a dividend policy of returning no less than 80% of the current year's net earnings to shareholders. This policy is consistent with our commitment to enhance shareholder value. In line with this policy, the Board of Directors, subsequent to year end, approved a $4^{\rm th}$ interim single tier dividend of 10.0 sen net per share, and a special interim single tier dividend of 22.5 sen net per share. These dividends were subsequently paid on 29 March 2013.

The total dividend for the financial year ended 31 December 2012, amounting to 62.5 sen net per share, was equivalent to a total net dividend payout of RM102.7 million, representing 103% of 2012 net earnings.



Our brand's strong credibility amongst consumers is a result of our commitment to deliver products of exceptional quality

OPERATIONAL REVIEW

AMWAY has always believed that "people" are central to our business. Our strategies have always been governed by this tenet. This was even more apparent in 2012 where nurturing and motivating our people to strive towards greater heights formed the core thrust of our strategies and plans.

AMWAY is a people business. Our Distributors and employees are our core assets, each having distinct and equally important roles in contributing to our business growth. In order



ARTISTRY Creme L/X Eye, one of the breakthrough products launched in 2012

for our Distributors and employees to play their roles, empowering them with the right skills, knowledge and tools is imperative. In 2012, AMWAY embarked on several key initiatives as outlined below:

Focus on Distributors

In 2012 AMWAY maintained its focus on two segments of Distributors identified with the highest potential for growth — adults under 35 years of age (AU35) and the Malay segment. We implemented year-long targeted programmes, all with the singular purpose of making the AMWAY Business Opportunity resonate well with these two Distributor segments.

AMWAY made significant progress in the AU35 segment. In 2012, 56.4% of new Distributors who joined the business were from this segment. We established Facebook pages for the company and our 2 flagship brands of NUTRILITETM and ARTISTRYTM. QR codes were introduced and incorporated into various touch points including our monthly magazine, AMAGRAMTM, and we created new retailing tools in the form of mobile apps. This strategy of using the digital platform to reach this target group has yielded positive results.

Equally successful were our efforts in growing the Malay segment. The percentage of new sign-ups from the Malay market increased 19.5% while the Core Distributor Force for this segment grew by 9%. In addition to increasing the number of new Malay Distributors, 2012 also saw growth in the Malay leadership pool across the various leadership pin levels. We had 3 new Malay Diamond Distributorships and 1 new Malay Founders Diamond Distributorship. We also had a 33% increase in new Malay Platinum Distributorship qualification. Such achievements are commendable as we had not seen such good growth for the past decade.



Print advertisements in major newspapers are part of our 2012 brand building efforts that focused on our Health business

Focus on Employees

Our employees are also a significant engine of growth for the business. We intensified efforts during the year to improve their competencies and skills. In 2012, AMWAY conducted a total of 55 training programmes for all levels of employees. Initiatives were also put in place to enhance service and support, further strengthening their pride in their work. We gave greater attention to the importance of corporate social responsibility (CSR) by encouraging our employees to participate in such activities undertaken by the company.

Branding

Our brand building efforts continue to focus on the Health and Beauty business. For 2012, we shifted our emphasis from traditional media channels, such as broadcast and print, to experimenting in the digital media arena. The proliferation of smart devices such as smart phones and tablets, and the widespread use of social media have created a sizeable digital playground for brands to be seen and heard. Seizing this opportunity, AMWAY ventured onto the digital platform, increasing our digital footprint and presence in 2012. This enabled AMWAY to connect and engage with not just our Distributors, but also the public at large. AMWAY became more accessible, especially to those under age 35, via our Facebook pages for AMWAY and our flagship brands, NUTRILITE and ARTISTRY.



2012 PRACTICE

Asia Pacific Water Filtration Company of the Year

AMWAY brands are recognised and awarded for their high-quality products

New Products

To support the growth of our ARTISTRY™ beauty category of skin care and cosmetics, we embarked on an aggressive new product introduction plan. In 2012, we launched eight new products. Among these, a new addition to the luxury skin care range, Creme L/X Eye – a lavish treatment cream that reduces the signs of aging around the eyes. The launch of Creme L/X Eye further stamped ARTISTRY's mark in the luxury skin care market. Another major launch for ARTISTRY in 2012 was the introduction of a new collection of anti-aging skin care products YOUTH XTEND™. This ground-breaking range contains a formula that delivers the breakthrough promise of reprogramming skin back to youthfulness after just one week of use.

Under the NUTRILITE™ brand, we launched the Shape Up Programme — a programme to help consumers better manage their weight by identifying the right combination of diet plan, supplements and exercise based on individual somatotypes. Another key launch for NUTRILITE is ClearGuard™, a natural solution that uniquely combines botanical ingredients to help promote clear nasal passages and overall well-being.

AMWAY™ legacy home care products also witnessed rebranding under the AMWAY HOME™ brand. Far from a simple transition to a new brand identity, this exercise involved a reformulation of top-selling household cleaning products, such as L.O.C.™ Multi-Purpose Cleaner and SA8™ Detergent. As a result of this reformulation with our patented BIOQUEST FORMULA™ technology, these products offer better cleaning performance and are more environmentally friendly.

Shops and the Brand Experience Centre

In 2010, we started transitioning Regional Distribution Centres (RDCs) to Shops to further increase accessibility to our brands and products. We continued this transition in 2012, as the Shop strategy has proven successful. AMWAY Shops recorded a 14% increase in sales revenue in 2012. We also expanded our network of Shops with a new shop in Nusa Bestari, Johor in August. The Nusa Bestari Shop is bigger in size and is the first to sport our next generation shop design. It has cosier interiors and has a more conducive ambience for Distributors to network and engage in retailing and sponsoring activities.

Another aspect that remains a prominent feature in Distributors' sponsoring efforts is the AMWAY Headquarters (HQ). The HQ's striking interiors and cutting edge yet environmentally friendly facilities represent an unshakeable vote of confidence for the potential of the AMWAY business, which Distributors can easily share with their prospects and downlines.

The Brand Experience Centre (BEC) too, continues to be a focal point for Distributors on their visit to the HQ. In 2012, nearly 4,000 Distributors took part in the Health and Beauty assessments conducted by experienced consultants at the BEC and benefited from better understanding of their personal wellbeing.

CORPORATE GOVERNANCE

Integrity, accountability, compliance and ethical conduct – these are the principles AMWAY is committed to upholding in our endeavour to make good corporate governance an integral part of our business dealings. The Board of Directors recognises the importance of enhancing shareholders' value, and therefore paid particular attention that high standards of corporate governance at all levels were maintained.

To ensure the Board's accountability and responsibility towards shareholders is beyond doubt, the Board in 2012 enhanced the company's existing Board Charter, Code of Ethics and Whistle-blower Policy in line with the Malaysian Code on Corporate Governance 2012. Details of this can be found in our Corporate Governance statement on pages 24 to 29.



The AMWAY-Hands Percussion partnership provides children in small towns and villages with opportunities to learn and appreciate music using percussion instruments

CORPORATE RESPONSIBILITY

AMWAY has always placed high emphasis on being a good corporate citizen. This is reflected in the conscientious manner in which we do business and in the focused initiatives that we undertake. In 2012, we completed and handed over the 11th refurbished ward to Hospital Melaka's Paediatric Day Care Centre under our Happy Healthy Wards project, which aims to create a more conducive and cheerful environment in government hospitals for recovering children. Last year alone, we invested in excess of RM80,000 in this project, bringing our total investment since 2006 to RM660,000.

The past year also saw us sponsoring performing arts group, Hands Percussion's Balik Kampung Series, our third project under the One By One Campaign. This project, to which we have committed RM270,000, continues our focus on children by using the arts as a platform to discover and nurture their talents. Our sponsorship enabled Hands Percussion to reach out to children in five locations in Bukit Tinggi (Pahang), Parit Jawa (Johor), Semabok (Melaka), Kuching (Sarawak) and Pulau Ketam (Selangor), and culminated in a carnival where children from the various locations visited by the Hands Percussion troop were invited to Kuala Lumpur in December for a full-day celebration.

Our corporate responsibility also extends to environmental stewardship. Apart from supporting Earth Day and Earth Hour, we further stressed on conservation by regulating the temperatures of air-conditioners at our headquarters to reduce energy consumption. We encourage the use of recyclable bags at all AMWAY Shops and launched our very own reusable bag to further reiterate the "no plastics" practice.



amongst Distributors. The migration of our trusted line of home cleaning products to the AMWAY HOME brand further emphasises our commitment to this cause. Already known for their concentrated formulas, which promote environmental sustainability, the AMWAY range of household cleaning products have become an even safer choice for both the family and the environment, now that they are formulated with BIOQUEST FORMULA. A testament to this is the US EPA's "Design for the Environment" label that each AMWAY HOME product carries. This aside, we continue to take pride in our organic farming techniques, which not only produce the freshest ingredients for NUTRILITE products, but also safeguard the ecosystems.

OUTLOOK

As reported, the global economy will remain sluggish in 2013 due to difficulties faced in the developed economies. Malaysia being an open economy is certainly impacted by this global economic outlook and is forecasted to achieve a slower growth in 2013. However, following our investment in expanding our

physical presence by opening more shops. our strategy to build a younger Distributor force and to increase penetration in the Malay market in recent years, we are cautiously optimistic about our outlook for the coming year. To support the growth of a younger Distributor force we will continue to invest in web and digital technologies. We believe this will help enhance the Distributor experience and strengthen the relevance of our business model in the marketplace. New product introductions and tactical promotional activities will continue to drive growth and support our Distributors in growing their businesses.

APPRECIATION

The record year achievement in 2012 could not have been possible without the collective contribution and dedication of AMWAY Distributors and our employees. I would like to acknowledge the commitment and dedication of our Distributors and thank them for their trust and confidence in the company. The partnership between the company and the Distributor organisation forms the core strength of the business and it is stronger now than ever before. Equally commendable are the people behind the scene - our employees.

My appreciation goes out to each and every one of them for their perseverance and commitment to excellence that enabled us to gain ground after the slow start at the beginning of the year to close 2012 on a very positive note. I am also appreciative of our business partners for their cooperation and support as well as to the shareholders for placing their trust in the Board of Directors and the management of AMWAY.

Finally, I would like to recognise the Board of Directors for their guidance, insights, participation and commitment to the Group. I look forward to your continued support and counsel in the coming year.



The new AMWAY HOME range contains improved, environmentally friendly formulation that delivers powerful cleaning performance

KENYATAAN

PENGERUSI



PEMEGANG SAHAM YANG DIHORMATI SEKALIAN,

GAMBARAN KESELURUHAN

Kami mengakhiri tahun 2012 pada tahap yang lebih baik daripada yang dijangkakan walaupun momentum yang dicatat pada setengah tahun pertama agak perlahan. Tahun 2012 telah ditempa sebagai tahun ke-33 bagi pencapaian rekod jualan tertinggi sepanjang 36 tahun kami beroperasi. Ini memang pencapaian yang luar biasa. Jualan yang dicatat meningkat sebanyak 8.4% dan keuntungan sebelum cukai naik 13.3% pada tahun 2012 berbanding tahun 2011. Prestasi cemerlang yang dicapai dalam persekitaran operasi yang begitu mencabar dan kompetitif ini menggambarkan kemantapan pelaksanaan rancangan operasi kami dan ketabahan tenaga Pengedar yang berdedikasi.

PRESTASI KEWANGAN

AMWAYTM mencatat hasil jualan berjumlah RM797.5 juta bagi tahun yang ditinjau berbanding RM735.8 juta pada tahun 2011. Ini bererti peningkatan sebanyak 8.4% melebihi tahun 2011. Keuntungan sebelum cukai meningkat kepada RM137.1 juta daripada RM121.0 juta pada tahun 2011, mewakili pertambahan sebanyak 13.3%. Keuntungan

Kedai AMWAY yang baru dilengkapi dengan reka bentuk dan ciri-ciri kontemporari yang akan membantu menyokong usaha penjualan Pengedar



10.8% daripada tahun lepas kepada RM99.7 juta. Pertambahan keuntungan ini adalah hasil penyerapan overhed operasi yang lebih baik ekoran hasil jualan yang lebih linggi.

Pada 15 Februari 2012, Lembaga Pengarah telah menerima pakai dasar dividen yang menggariskan pulangan tidak kurang 80% daripada pendapatan bersih tahun semasa kepada para pemegang saham. Dasar tersebut adalah selari dengan komitmen kami untuk meningkatkan nilai pemegang saham. Selaras dengan dasar ini, Lembaga Pengarah telah meluluskan dividen satu peringkat interim ke-4 selepas akhir tahun sebanyak 10.0 sen sesaham bersih dan dividen interim khas satu peringkat sebanyak 22.5 sen sesaham bersih. Dividen tersebut kemudiannya telah dibayar

Jumlah dividen bagi tahun kewangan berakhir 31 Disember 2012 adalah sebanyak 62.5 sen sesaham bersih bersamaan dengan jumlah pembayaran dividen bersih sebanyak RM102.7 juta dan ini mewakili 103% daripada pendapatan bersih tahun 2012.

TINJAUAN OPERASI

AMWAY sentiasa percaya bahawa 'insan' adalah teras kepada perniagaan kami. Strategi kami sentiasa ditadbir oleh prinsip ini. Pegangan ini dilihat semakin nyata pada tahun 2012 di mana usaha memupuk dan memotivasikan tenaga insan kami untuk terus gigih berusaha ke arah pencapaian yang lebih hebat telah membentuk pemacu utama strategi dan rancangan kami.

AMWAY perniagaan adalah sebuah berteraskan insan. Para Pengedar dan kakitangan kami merupakan aset teras dan setiap seorang daripada mereka memainkan

dalam menyumbang kepada pertumbuhan perniagaan kami. Usaha memperkasa para Pengedar dan kakitangan dengan kemahiran, pengetahuan dan peralatan yang sesuai adalah suatu perkara yang amat penting untuk membolehkan mereka memainkan peranan masing-masing. Pada 2012, AMWAY telah memulakan beberapa inisiatif penting seperti yang dinyatakan di bawah:

Tumpuan Terhadap Pengedar

Pada 2012, AMWAY mengekalkan tumpuannya terhadap dua segmen Pengedar yang dikenal pasti mempunyai potensi pertumbuhan teringgi iaitu golongan dewasa berusia bawah 35 tahun (AU35) dan segmen Melayu. Kami telah melaksanakan program-program sasaran sepanjang tahun yang semuanya mempunyai tujuan yang sama iaitu menjadikan Peluang Perniagaan AMWAY diterima dengan baik oleh kedua-dua segmen Pengedar tersebut.

dalam segmen AU35. Pada 2012, 56.4% daripada para Pengedar baharu yang menyertai



Iklan cetak di majalah adalah sebahagian daripada usaha membina jenama AMWAY yang memberikan tumpuan kepada perniagaan Kecantikan

perniagaan adalah daripada segmen ini. Kami telah membuka sebuah laman Facebook untuk syarikat dan 2 jenama utama kami iaitu NUTRILITE™ dan ARTISTRY™. Kod-kod QR juga diperkenal dan diletakkan di semua titik sebaran termasuk dalam majalah bulanan kami, AMAGRAM™ dan kami mencipta satu kaedah jualan baharu dalam bentuk aplikasi mudah alih. Strategi penggunaan landasan digital untuk menarik minat kumpulan sasaran ini telah menghasilkan keputusan yang positif.

Kejayaan yang sama turut dicapai dalam usaha kami mengembangkan segmen Melayu. Peratusan pendaftaran baharu daripada pasaran Melayu meningkat sebanyak 19.5%, manakala Tenaga Pengedar Teras bagi segmen ini bertambah sebanyak 9%. Selain peningkatan bilangan Pengedar Melayu baharu, tahun 2012 turut menyaksikan pertumbuhan kumpulan kepimpinan Melayu di segenap peringkat penyemat kepimpinan. Kami mempunyai 3 Pengedaran Intan baharu dan 1 Pengedaran Intan Pengasas baharu. Kami turut mencatat peningkatan sebanyak 33% dalam kelayakan Pengedaran Platinum baharu. Pencapaian sedemikian adalah amat membanggakan kerana kami tidak pernah menyaksikan pertumbuhan sebaik ini dalam tempoh sedekad yang lalu.

Tumpuan Terhadap Kakitangan

Kakitangan kami juga merupakan jentera utama dalam pertumbuhan perniagaan. Kami telah memperhebatkan usaha untuk meninggikan lagi daya saing dan kemahiran mereka pada tahun ini. Pada 2012, AMWAY menjalankan sebanyak 55 program latihan bagi semua peringkat kakitangan. Inisiatif turut dilaksanakan untuk mempertingkatkan perkhidmatan dan sokongan memantapkan lagi semangat kerja mereka. Kami memberikan perhatian yang lebih tinggi terhadap kepentingan tanggungjawab sosial korporat (CSR) dengan menggalakkan kakitangan kami mengambil bahagian dalam aktiviti-aktiviti sedemikian yang dijalankan oleh syarikat.

Penjenamaan

Usaha membina kami terus jenama tumpuan kepada bidang Kesihatan dan Kecantikan. perniagaan Bagi 2012, kami telah menukar penekanan kami daripada saluran media tradisional seperti penyiaran dan percetakan kepada usaha bereksperimen dalam bidang media digital. Pengembangan penggunaan peranti pintar seperti telefon pintar dan tablet serta penggunaan media sosial yang meluas telah mewujudkan satu persada digital yang besar untuk membolehkan jenama dilihat dan didengari. Bagi memanfaatkan peluang ini, AMWAY telah menerokai landasan digital, menambah jejak dan kehadiran digital kami



NUTRILITE ClearGuard, gabungan bersinergi pekatan tumbuhan premium yang membantu melegakan hidung yang tersumbat

pada 2012. Ini membolehkan AMWAY™ berhubung dan melibatkan diri bukan hanya dengan para Pengedar, malah masyarakat umum. AMWAY menjadi lebih mudah diakses, khususnya bagi mereka yang berusia bawah 35 tahun menerusi laman Facebook AMWAY dan jenama utama kami, NUTRILITE™ dan ARTISTRY™.

Produk Baharu

Bagi menyokong pertumbuhan penjagaan kulit dan kosmetik ARTISTRY dalam kategori kecantikan, kami telah melancarkan satu rancangan pengenalan produk baharu secara agresif. Pada 2012, kami melancarkan lapan produk baharu. Antaranya ialah penambahan baharu dalam rangkaian produk penjagaan kulit mewah, Creme LX Eye iaitu krim rawatan khusus yang mengurangkan tanda-tanda penuaan di sekeliling mata. Pelancaran Creme LX Eye telah mengukuhkan lagi kedudukan ARTISTRY dalam pasaran penjagaan kulit mewah. Satu lagi pelancaran produk utama bagi ARTISTRY pada tahun 2012 adalah pengenalan koleksi terbaharu produk penjagaan kulit antipenuaan iaitu YOUTH XTEND™. Rangkaian produk hebat ini mengandungi rumusan yang mampu memprogramkan semula kulit untuk mengembalikan keremajaan hanya selepas seminggu digunakan.

Di bawah jenama NUTRILITE, kami telah melancarkan Program Shape Up iaitu satu program untuk membantu para pengguna menguruskan berat badan mereka dengan lebih baik dengan mengenal pasti kombinasi pelan diet, suplemen dan senaman yang sesuai berdasarkan somatotaip individu. Satu lagi pelancaran penting bagi NUTRILITE adalah ClearGuard™ iaitu penyelesaian semula jadi yang menggabungkan ramuan botani secara unik untuk membantu menggalakkan kelegaan saluran hidung dan kesejahteraan secara keseluruhan.

Warisan produk-produk di rumah AMWAY barangan menyaksikan penjenamaan semula di bawah jenama AMWAY HOME™. Pelaksanaan yang bukan hanya melibatkan peralihan kepada satu identiti jenama baharu ini melibatkan perumusan semula pencucian_ produk-produk barangan di rumah yang terlaris seperti Pencuci Pelbagai Guna L.O.C.™ dan Detergen SA8™. Hasil perumusan semula dengan teknologi BIOQUEST FORMULA™ kami yang dilindungi paten ini, produk-produk tersebut menawarkan prestasi pencucian yang lebih baik dan lebih mesra alam.



Sukarelawan dan kanak-kanak berganding bahu untuk mencipta kereta berhias yang berwarna-warni untuk Karnival AMWAY-Hands Percussion di Kuala Lumpur

Kedai dan Pusat Pengalaman Jenama

Pada 2010, kami telah mula mengubah Pusat Pengedaran Daerah (RDC) menjadi Kedai untuk meningkatkan lagi akses kepada jenama dan produk kami. Kami telah meneruskan usaha ini pada 2012 kerana strategi Kedai ini terbukti berjaya. Kedai-kedai AMWAY telah mencatat peninakatan sebanyak 14% dalam hasil jualan pada 2012. Kami juga telah meluaskan rangkaian Kedai dengan sebuah kedai baharu di Nusa Bestari, Johor pada bulan Ogos. Kedai Nusa Bestari ini mempunyai saiz yang lebih besar dan merupakan yang pertama menampilkan reka bentuk kedai yang lebih canggih. Ia mempunyai ruang dalaman yang lebih selesa dan suasana yang lebih kondusif baai para Penaedar membina iarinaan dan menjalankan aktiviti jualan dan penajaan.

Satu lagi aspek yang kekal sebagai ciri penting dalam usaha penajaan Pengedar adalah Ibu Pejabat AMWAY. Ruang dalaman Ibu Pejabat vana menarik dan kemudahan yana canaaih lagi mesra alam ini menggambarkan keyakinan terhadap potensi perniagaan AMWAY yang mudah dikongsi oleh para Pengedar dengan prospek dan pengedar bawahan.

Di samping itu, Pusat Pengalaman Jenama juga terus menjadi tumpuan di kalangan para Pengedar dalam sesi lawatan mereka ke Ibu Pejabat. Pada 2012, hampir 4,000 orang Pengedar telah mengambil bahagian dalam penilaian Kesihatan dan Kecantikan yang dijalankan oleh para perunding berpengalaman di Pusat Pengalaman Jenama dan telah beroleh manfaat daripada pemahaman yang lebih mendalam tentang kesejahteraan peribadi mereka.

TADBIR URUS KORPORAT

AMWAY komited dalam mendukung prinsipprinsip integriti, kebertanggungjawaban, pematuhan dan tatacara beretika dalam usaha kami untuk menjadikan tadbir urus korporat yang baik sebagai satu bahagian penting dalam urusan perniagaan kami. Lembaga Pengarah mengakui kepentingan meningkatkan nilai pemegang saham. Justeru, tumpuan khusus diberikan kepada piawaian yang tinggi dalam tadbir urus korporat di semua peringkat agar sentiasa dipelihara.

tanggungjawab Lembaga terhadap pemegang saham dipelihara tanpa sebarang keraguan, pada 2012 Lembaga telah menambah baik Piagam, Kod Etika dan Polisi Dasar Penyampaian Maklumat Lembaga yang sedia ada, sejajar dengan Kod Tadbir Urus Korporat Malaysia 2012. Maklumat terperinci berkenaan ini boleh didapati dalam penyata Tadbir Urus Korporat kami di halaman 24 hingga 29.

AMWAY sentiasa menekankan peranannya sebagai warga korporat yang baik. Ini digambarkan secara berhemah dalam cara kami menjalankan perniagaan dan dalam inisiatif terfokus yang kami ambil. Pada 2012, kami berjaya menyiap dan menyerahkan wad ke-11 yang telah dibaik pulih kepada Pusat di bawah projek Wad Piana Sihat bertujuan Jagaan Harian Kanak-kanak Hospital Melaka di bawah projek Wad Riang Sihat, bertujuan untuk mewujudkan persekitaran yang lebih kondusif dan ceria di hospital-hospital kerajaan bagi kanak-kanak yang menjalani rawatan. Tahun lepas sahaja, kami telah melaburkan lebih RM80,000 dalam projek ini yang menjadikan jumlah pelaburan sejak tahun 2006 sebanyak RM660,000.

Tahun lalu turut menyaksikan kami menaja kumpulan seni persembahan, Hands Percussion melalui Siri Balik Kampung yang Percussion melalui Siri Balik Kampung yang merupakan projek ketiga di bawah Kempen One By One. Projek yang telah menerima sumbangan kami sebanyak RM270,000 ini merupakan kesinambungan tumpuan kami terhadap kanak-kanak dengan menggunakan seni sebagai landasan untuk mencungkil dan memupuk bakat mereka. Penajaan kami telah membolehkan Hands Percussion mendekati

'Insan' sentiasa menjadi teras kepada AMWAY dan pegangan ini dilihat semakin nyata pada 2012 di mana usaha memupuk dan memotivasikan tenaga insan kami untuk terus gigih berusaha ke arah pencapaian yang lebih hebat merupakan pemacu utama strategi kami



kanak-kanak di lima lokasi iaitu di Bukit Tinggi (Pahang), Parit Jawa (Johor), Semabok (Melaka), Kuching (Sarawak) dan Pulau Ketam (Selangor) dengan acara kemuncaknya berupa sebuah karnival di mana kanak-kanak dari pelbagai lokasi yang telah dilawati oleh pasukan Hands Percussion ini dijemput ke Kuala Lumpur pada bulan Disember untuk menyertai karnival selama sehari.

Tanggungawab korporat kami turut mencakupi pengawasan alam sekitar. Selain menyokong Earth Day dan Earth Hour, kami juga turut menekankan pemuliharaan alam sekitar dengan menyeragamkan suhu penyaman udara di Ibu pejabat bagi mengurangkan penggunaan tenaga. Kami turut menggalakkan penggunaan beg-beg yang boleh dikitar semula di semua Kedai AMWAY dan melancarkan beg kitar semula kami sendiri untuk menggalakkan lagi amalan 'tanpa plastik' di kalangan para Pengedar. Penghijrahan rangkaian produk pencucian barangan di rumah kepada jenama AMWAY HOME™ turut mengukuhkan lagi komitmen kami terhadap usaha ini. Rangkaian produk pencucian barangan di rumah AMWAY yang telah dikenali dengan rumusan pekatnya yang menggalakkan kelestarian alam sekitar ini menjadi pilihan yang lebih selamat baik bagi keluarga mahupun alam sekitar kerana produk tersebut kini dirumus dengan BIOQUEST FORMULATM. Label "Design for the Environment" oleh US EPA yang dibawa oleh produk tersebut menjadi bukti ciri ini.

Di samping itu, kami juga bangga dengan teknik pertanian organik kami yang bukan hanya mengeluarkan bahan-bahan paling segar bagi produk-produk NUTRILITE tetapi juga melindungi ekosistem.

TINJAUAN MASA DEPAN

Seperti yang dilaporkan, ekonomi global akan terus lembap pada tahun 2013 disebabkan oleh pelbagai kesukaran yang dihadapi di negara-negara maju. Sebagai negara yang mengamalkan ekonomi terbuka, Malaysia pasti akan mendapat tempias tinjauan ekonomi global ini dan diramal mencapai pertumbuhan yang lebih perlahan pada tahun 2013. Namun begitu, berikutan pelaburan kami dalam usaha meluaskan kehadiran fizikal dengan membuka lebih banyak kedai, strategi untuk mewujudkan pasukan tenaga Pengedar yang lebih muda dan meningkatkan penembusan dalam pasaran Melayu sejak beberapa tahun kebelakangan ini, kami yakin namun kekal berhati-hati berhubung tinjauan pada tahun akan datang. Bagi menyokong pertumbuhan tenaga Pengedar yang lebih muda, kami akan terus melabur dalam teknologi laman sesawang dan digital. Kami percaya ini akan membantu mempertingkatkan pengalaman Pengedar dan mengukuhkan kaitan model perniagaan kami dalam pasaran. Aktiviti pengenalan dan promosi taktikal produk baharu akan terus mendorong pertumbuhan dan menyokong para Pengedar dalam usaha mengembangkan perniagaan mereka.

PENGHARGAAN

Rekod pencapaian yang dicatat pada 2012 tidak akan mampu ditempa tanpa sumbangan dan dedikasi bersama para Pengedar AMWAY dan kakitangan kami. Saya ingin mengiktiraf komitmen dan dedikasi para Pengedar dan mengucapkan setinggi-tinggi penghargaan atas kepercayaan dan keyakinan mereka terhadap syarikat. Perkongsian antara syarikat dan organisasi Pengedar membentuk keteguhan teras perniagaan dan ikatan tersebut bertambah kukuh hari demi hari. Pujian juga harus diberikan kepada pihak yang terlibat di belakang tabir iaitu kakitangan kami. Sekalung penghargaan saya tujukan kepada setiap kakitangan atas ketabahan dan komitmen mereka terhadap kecemerlangan yang telah membolehkan kami melonjakkan pencapaian setelah bermula dengan agak perlahan pada awal tahun ini sehingga berjaya mengakhiri tahun 2012 dengan satu pencapaian yang amat positif. Saya juga amat berterima kasih kepada rakan-rakan kongsi perniagaan kami atas kerjasama dan sokongan dan tidak lupa juga kepada para pemegang saham kerana telah memberikan kepercayaan kepada Lembaga Pengarah dan pengurusan AMWAY.

Akhir sekali, saya ingin menyampaikan setinggi-tinggi penghargaan kepada Lembaga Pengarah atas bimbingan, pandangan, penyertaan dan komitmen mereka kepada Kumpulan. Saya amat mengalu-alukan sokongan dan nasihat yang berterusan daripada anda semua pada tahun akan datang.



Acara bertenaga seperti Konvensyen Keusahawanan AMWAY begitu mengujakan segmen golongan Melayu terhadap perniagaan AMWAY

BOARD OF DIRECTORS

Dato' Ab. Halim Bin Mohyiddin DPMS

(Chairman, Senior Independent Non-Executive Director)

Low Han Kee

(Managing Director)

Scott Russell Balfour

(Non-Independent Non-Executive Director)

Yee Kee Bing

(Executive Director)









CORPORATE INFORMATION

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143) Liew Irene (MAICSA 7022609)

REGISTERED OFFICE

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

Tel : 03-7720 1188 Fax : 03-7720 1111

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

Eva Cheng Li Kam Fun (Independent Non-Executive

Director)

Professor Datuk Dr. **Nik Mohd** Zain Bin **Nik Yusof**

(Independent Non-Executive Director)

Tan Sri Dato' **Cecil Wilbert** Mohanaraj **Abraham**

(Independent Non-Executive Director)

Mohammad **Bin Hussin**

(Non-Independent Non-Executive Director)

James Bradley Payne

(Non-Independent Non-Executive Director)











AUDITORS

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

PRINCIPAL BANKERS

Public Bank Berhad Standard Chartered Bank Malaysia Berhad CIMB Bank Berhad

PRINCIPAL BUSINESS ADDRESS

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

: 03-7946 2399 Fax E-mail: ir@amway.com

COMPANY WEBSITE

www.amway2u.com

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad

Stock Code: 6351

PROFILE OF

DIRECTORS

Dato' Ab. Halim Bin Mohyiddin DPMS

(Chairman, Senior Independent Non-Executive Director)

Dato' Ab. Halim Bin Mohyiddin, a Malaysian, aged 67, 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.

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 and Group, KNM Group Berhad, Idaman Unggul Berhad and Group, ECM Libra Financial Group Berhad, RCE Capital Berhad, Petronas Gas Berhad and Amcorp Properties 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 within the past ten years.

Dato' Ab. Halim attended all the four Board meetings held during the financial year ended 31 December 2012.

Low Han Kee

(Managing Director)

Low Han Kee, a Malaysian, aged 53, was appointed Director of AMHB and Amway (Malaysia) Sdn Bhd ("AMSB") on 6 June 1996 and 16 October 1995 respectively. On 1 September 1998, he took over the helm as the Managing Director of AMHB. He is also a Director of Amway (B) Sdn Bhd ("ABSB"), a subsidiary of AMSB since 1998.

He joined AMSB in 1990 as Divisional Manager, Finance & Administration and was promoted to General Manager responsible for Amway operations in Malaysia and Brunei, in January 1993. He qualified as a Certified Public Accountant in 1984 whilst serving in Ernst & Whinney (now known as Ernst & Young), an international accounting firm. He has since accumulated more than 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 within the past ten years.

Low Han Kee attended all the four Board meetings held during the financial year ended 31 December 2012.

Scott Russell Balfour

(Non-Independent Non-Executive Director)

Scott Russell Balfour, an American, aged 51, 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 Vice President and Deputy General Counsel — Lead Regional Counsel Asia Regions and Vice President — Global Rules of Alticor Inc. He coordinates and oversees Alticor's diverse legal issues for all of its Asian affiliates, including Australia, China, Korea, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam. Scott Russell Balfour also leads legal team responsible for global compliance and issues in direct selling law, customs and rules governing the more than three million Amway distributors.

Prior to joining Alticor in 1998, he spent 8 years as a Senior Foreign Legal Consultant for the law firm of Kim & Chang in Seoul, South Korea. His clients included Amway, Citibank, Pepsico, Morgan Stanley, Nike, McDonald, Gerber, Unilever, P&G and Duracell to name a few.

He graduated with a Bachelor of Science Degree from 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 within the past ten years.

Scott Russell Balfour attended all the four Board meetings held during the financial year ended 31 December 2012.

Yee Kee Bing (Executive Director)

Yee Kee Bing, a Malaysian, aged 53, 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.

started his career Servicing Accounts Executive at Communications Sdn Bhd Beat 1983. He joined AMSB in July Communications Executive, 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.

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 within the past ten years.

Yee Kee Bing attended all the four Board meetings held during the financial year ended 31 December 2012.

Eva Cheng Li Kam Fun

(Independent Non-Executive Director)

Eva Cheng Li Kam Fun, a British National (Overseas), aged 60, was appointed Director of AMHB on 19 October 2005. She also serves as the Chairperson of the Nominating Committee and a member of the Audit Committee. Eva has been redesignated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 31 January 2013 following her retirement from Amway (China) Co. Ltd.

Eva joined Amway Hong Kong in 1977 and was Executive Vice President of Alticor Global Holdings Inc. responsible for Mainland China, Taiwan, Hong Kong SAR and the Southeast Asia region before her retirement on 31 December 2010.

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).

Presently, she is a Board member for Trinity Limited and Esprit Holdings Limited.

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 within the past ten years.

Eva Cheng attended all the four Board meetings held during the financial year ended 31 December 2012.

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof

(Independent Non-Executive Director)

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof, a Malaysian, aged 66, 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. He attended a business course at Harvard Business School in 1999 and attended a land economy course at Cambridge University in 2001.

Presently, Professor Datuk Dr. Nik Mohd Zain 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 Dr. Nik Mohd Zain has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the socialeconomy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He previously held key positions in both private and government bodies including being the Secretary General of the Ministry of Land and Co-operative Development, Director of Land Settlement Scheme of Perlis, Director of Land Settlement Scheme of Kelantan and a Board member of FELDA Group of Companies.

Professor Datuk Dr. Nik Mohd Zain 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 within the past ten years.

Professor Datuk Dr. Nik Mohd Zain attended all the four Board meetings held during the financial year ended 31 December 2012.

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham

(Independent Non-Executive Director)

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, a Malaysian, aged 67, 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 Royal Military College. He read law at Queen Mary College, University of London and graduated with an LL.B Hons. 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. He is a Fellow of Queen Mary College and a Bencher of the Honourable Society of Middle Temple.

He is currently Head of Dispute Resolution of Messrs Zul Rafique & Partners. He has an extensive litigation and 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 within the past ten years.

Tan Sri Dato' Cecil attended three of the four Board meetings held during the financial year ended 31 December 2012.

Mohammad Bin Hussin

(Non-Independent Non-Executive Director)

Mohammad Bin Hussin, a Malaysian, aged 52, 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 Senior Vice President of the Marketing & Branch Operations Department of Permodalan Nasional Berhad ("PNB"). He had previously held various senior management positions in PNB.

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 within the past ten years.

Mohammad attended three of the four Board meetings held during the financial year ended 31 December 2012.

James Bradley Payne

(Non-Independent Non-Executive Director)

James Bradley Payne, an American, aged 59, was appointed Director of AMHB on 17 November 2011. He also serves as the Chairman of the Remuneration Committee. Currently, he is also the President of Amway Asia Pacific Region of Alticor Inc.. He is responsible for leading growth in some of Amway's biggest direct selling markets, including Japan, Korea, Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

Prior to his current position, James Bradley Payne served as Executive Vice President overseeing Amway affiliate operations in Europe, the Americas, India, Australia, New Zealand and most Asia Pacific markets. From 1999 through 2000, he served as President and Representative Director of Amway Japan G.K., where he remains on the board of directors. Since 1980, his Amway career has taken him around the world, including positions as Director and then Vice President of New Market Development, responsible for expanding Amway markets worldwide. He also served as General Manager of Amway of Australia and Amway Germany, Regional Manager for the Poland and Switzerland affiliates, and Managing Director of Amway's operations in Latin America, North America, Korea and Thailand.

A native of Grand Rapids, Michigan, he earned a Bachelor of Science Degree in Business Administration from Aquinas College in Grand Rapids. He is a member of the West Michigan World Affairs Council and the Economics Club of Grand Rapids. He is also a member of the Board of Directors of the Van Andel Global Trade Center and the Board of Operation Smile — Michigan.

James Bradley Payne is not a shareholder of the Company. He does not have any family relationship with any other Director and/or other major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

James Bradley Payne attended three of the four Board meetings of the Company held during the financial year ended 31 December 2012.

OPERATIONS

REVIEW

AMWAY (Malaysia) Holdings
Berhad (AMWAY) turned in a strong
performance in the year 2012.
Group sales revenue increased
8.4% to RM797.5 million.
Profit after tax also increased
10.8% to RM99.7 million. This
is a commendable achievement,
making it the 33rd year of record
sales out of 36 years of operation.
We attribute our record year to
successful implementation of
our strategies and the continued
dedication of our Distributors and
employees.

A BUSINESS POWERED BY PEOPLE

"The heart of AMWAY™ is people helping people to help themselves." – Rich DeVos

People are at the heart of the AMWAY business. Therefore, our thrust has always been to focus on People. Our Distributors and employees are the building blocks of the Group's success. In 2012, AMWAY rolled out several key initiatives that focused on nurturing and motivating our Distributors and employees.

Building Our Distributors

Core Distributor Force (CDF) in 2012 grew by 5.2% to 244,000. On top of a healthy rise in the number of new Distributors, we had an increase in our leadership pool too. Our Platinum Distributorship re-qualification rate reached 88.3% — the highest since 2008. In 2012, we had 9 new Diamond Distributorship qualifications, a new record since 2006.

The growth in our Distributor force came from two particular segments - adults under the age of 35 (AU35) and the Malay segment. In 2012, 56.4% of new Distributors were from the AU35 category. We had a 19.5% increase in new Distributors from the Malay segment. Our success in this Malay segment was reflected in the very positive growth in the leadership pool. In 2012, we had a 33.0% increase in new Malay Platinum Distributorships, 3 new Malay Diamond Distributorships and a new Founders Diamond Distributorship. The sales revenue from the Malay segment also registered a commendable growth of 22.0%. Our focus and effort on these two segments had borne us good results in 2012.



Protein drink mix mixed berries flavour

A BERRY FLAVOURED NUTRITION SUPPLEMEN FOOD WHICH IS RICH IN PROTEIN

NUTRILITE flagship product, the Protein Powder, was a main focus in 2012 that resonated well with Distributors

We had implemented a year-long targeted initiative to foster greater motivation and productivity among our Distributor force. Successful leaders from the Asia Pacific region were invited to guest speak at a series of rallies and leadership meetings. A crowd of 3,500 Distributors attending such rallies or meetings were not uncommon.

The strategy to bring in speakers from overseas helped improve the knowledge and skill of our Distributors. The guest speakers broadened our Distributors' business perspectives while their life stories and lifestyles served as an inspiration to them.

We ended the year with a YMe Youth Rally held in October. The Rally was targeted at the AU35 segment with the objective of engaging this younger group of AMWAY business builders with activities that resonated well with them. The YMe Youth Rally also focused the Distributors' attention on our NUTRILITE™ flagship product, the Protein Powder.

2012 was the second year we held the Entrepreneurship Convention (EC). It was pivotal in raising the level of engagement with the Malay segment of our Distributor population. Malay Distributor leader guest speakers shared their success stories and inspired higher participation from the audience, mainly from the Malay segment. Throughout the year, business opportunity rallies and business opportunity meetings also conducted were nationwide, targeted at the Malay segment. We also implemented branding, targeted at this segment, using print and electronic media. We showcased success stories of our Malay leaders and highlighted NUTRILITE top-selling product, the All Plant Protein.

In 2012, the AMWAY Leadership Seminar (ALS) was held in Sydney. One of the chief highlights was visiting AMWAY Australia's Sydney office where our Distributors were able to get acquainted with the business in Australia. The ALS is a business-centric travel opportunity that brings AMWAY leaders together to network, explore and set goals for the coming year.

Training remained an important focus for us last year. Developing our Distributors and improving their skills and knowledge ensure they remain competent in building their AMWAY businesses. Product workshops were conducted throughout the year to equip our Distributors with the knowledge to retail successfully. The AMWAY Entrepreneurship Series — a training programme devised to hone our Distributors' marketing and business-building skills, and leadership abilities —entered its second year in 2012 with new modules rolled out that helped our Distributors to build and strengthen their businesses.

We were able to tap into regional training resources as well to complement our Distributors' development. In collaboration with AMWAY China, we organised several workshops led by certified trainers from the AMWAY China Training Institute (ACTI). These workshops aimed to not only help our Distributors develop essential soft skills, but also to nurture the right personalities to help them become successful business builders and leaders.

One of the most enduring promises of AMWAY is that it is a Business Opportunity that will help people lead better lives by giving them the time, freedom and money to do so. Complementing this, keeping oneself healthy and looking one's best from inside out are equally important for our Distributors to live their lives to the fullest. Our Brand Experience Centre (BEC), a RM7 million facility, staffed by a team of experienced health and beauty consultants who, with the aid of cutting edge equipment, takes our Distributors through a series of comprehensive health, fitness, skin and hair assessments, and provide them with blueprints of their personal well-being. In 2012, nearly 4,000 Distributors participated in these assessments. We fully intend to continue making the BEC and these assessments accessible to our Distributors to help them be the best that they can be.



The Malay Distributor segment reflected infectious enthusiasm and positive growth in the leadership pool

Building Our Employees

Our employees have always supported our Distributors in their effort to become successful entrepreneurs. Our employees are also part of the cornerstone of AMWAY success. Therefore, improving our employees' competencies and skills, and helping them develop and grow individually and together as citizens of AMWAY is important to us.

In 2012, we conducted 55 training programmes for all levels of employees in the Group. The first Employee Development Programme (EDP), launched in July last year, spans a duration of 18 months and covers a broad range of subjects with the purpose of developing AMWAY employees into people-focused and results-driven leaders. Another vital aspect of the EDP is its emphasis on employeeship. This module aims to also foster a stronger work culture through the nurturing of essential attitudes and behaviours.

To further enhance employee engagement, the Group launched its very own intranet portal in November 2012. An internal networking and interacting tool for employees, we expect the intranet to further boost communication and collaboration among staff across departments.



The Energise Your Day event was a Gen Y magnet, thanks to its youthful tone and energetic fitness activities

In 2012, we continue to instil a sense of social responsibility amongst our employees, in line with the company's emphasis on being a good corporate citizen. We encouraged all levels of our employees to participate in the corporate social responsibility (CSR) initiatives undertaken by the company. In 2012, AMWAY™ employees volunteered their time to travel with Hands Percussion, a performing arts group, to rural areas to help children discover and nurture their talents in the arts. Our employees also committed to an on-stage drums performance at a one-day carnival at the Kuala Lumpur Performing Arts Centre, giving up their personal time and putting in much effort to practise for the performance. A total of 865 volunteer hours were given by employees and Distributors towards this cause, which impacted up to 1,170 children.

A BUSINESS POWERED BY BREAKTHROUGH PRODUCTS

We continue to stay true to our mission to develop and produce products that delight our customers and improve their well-being, and our environment. Alongside the dedication of our Distributors and employees, this commitment to product excellence was fundamental to our record performance in 2012.

Beauty Breakthroughs

Out of the line-up of breakthrough products launched by AMWAY in the year under review, eight were from ARTISTRYTM. This aggressive product introduction plan was in line with our strategic focus to grow our ARTISTRY beauty category.

Two star launches of ARTISTRY in 2012 were Creme L/X Eye and YOUTH XTEND™. After the successful launch of Creme L/X in 2010, ARTISTRY followed up its debut in the luxury skin care market with Creme L/X Eye. Similar to Creme L/X, Creme L/X Eye contains Cardiolipin, a rare and precious lipid, and a blend of patent-pending, naturally derived ingredients perfected by science that help skin act up to 15 years younger – in this case, the skin around the eye area. This lavish treatment cream promotes reparative action, diminishing the tell-tale signs of aging that are common around the delicate eye area such as fine lines, sagging, dark circles and puffiness. We are pleased to report that the launch of Creme L/X Eye was well received in the field, resulting in nearly RM7 million in sales. We have no doubt that this addition of a new product under the L/X banner would help ARTISTRY leave a bigger impression and become more competitive in the luxury skin care market.

The second major launch for ARTISTRY was YOUTH XTEND. A complete range of skin care products, YOUTH XTEND signalled a new approach to addressing aging concerns. Again, the formulation of YOUTH XTEND fell back on the brand's flair in sourcing for answers from nature — this time in the form of a rare Mediterranean Myrtle leaf. From the leaf and with the indispensable aid of science, ARTISTRY obtained LifeSirt. This groundbreaking ingredient does more than reduce the signs of aging, it is capable of reprogramming skin back to youthfulness after one week of use.

The launch of YOUTH XTEND and its business potential was the source of much excitement among our Distributors. Even more so when Teresa Palmer, Hollywood actress and the global face of ARTISTRY, flew to Malaysia in support of the launch. The decision to align with a celebrity face marks the emergence of ARTISTRY as a global competitor in the prestige beauty space. Teresa, who defied conventions and shot to instant stardom at the age of 18 with her natural beauty, genuine charisma and sheer talent, was chosen as the face of ARTISTRY as she exemplified the brand's spirit of Forward Beauty.

Apart from Teresa's testimonial of her experience with ARTISTRY products, Distributors who attended the launch event also heard from our Senior Research Scientist and global make-up artist, all of whom were instrumental in the creation of YOUTH XTEND. Teresa's presence and the knowledge shared by the speakers gave a firm boost to Distributors' confidence in YOUTH XTEND and ARTISTRY. We believe that going in 2013, YOUTH XTEND will be a key contributor towards the growth of ARTISTRY.

Two new colour collections - Escape to Paradise for Spring and Fall - and a new range of lip gloss, with a palette of five shiny new shades, kept ARTISTRY up to pace with the shifting trends and seasonal changes that hallmarked the cosmetics industry. PURE WHITE, the whitening solution from ARTISTRY, also had two additions to its family of products. The Power Radiance Mask is a dual treatment facial masque that contains PURE WHITE Balancing Complex and promotes whitening and a glowing, radiant complexion. Meanwhile, the UV Protect SPF 50 PA+++ provides higher, more effective protection that safeguards the skin from the ravages of UV rays. Finally, the essentials Body Spa collection, a trio of products that pampers the skin and senses with a spalike experience, completed the line-up of new product introductions for ARTISTRY in 2012.

Getting Fit for Life

One of the key highlights for NUTRILITE™ brand of food supplements in 2012 was the launch of Energise Your Day (EYD), a campaign that centred on one of the brand's top-selling products - the Protein Powder. Built on the theme of NUTRILITE Protein as a source of energy to get through the day, this campaign provided Distributors with a new angle to retail the product. The youthful tone of the campaign also allowed our Distributors to tap into a younger segment of consumers. One of the main attractions of the campaign was the oneday EYD event. Living up to its name, it was packed with energetic, fun-filled activities from the start, including hot new fitness trend, ZUMBA® Fitness Dance, as well as Body Jam and the Xbox Kinect Games. The event was a Gen Y magnet, attracting a 5,000-strong crowd.

In addition, NUTRILITE introduced the Shape Up Programme. We saw a real potential for NUTRILITE to grow in the weight management category, as weight has been and will continue to be a focal point in healthcare, what with the rise of obesity rate here in this country. Unlike most options in the market that focused heavily on the dietary aspect, NUTRILITE Shape Up Programme uses a combination of supplements, diet plan and exercise - all customised according to individual somatotypes – to help consumers better manage their weight. This programme is by no means a one-off launch; we are planning to take this initiative into 2013 by organising a nationwide team format challenge. With this approach, we anticipate to be able to help more people get back into fitter, healthier shapes, and increase retailing potential for our Distributors.

Besides programmes, NUTRILITE also expanded its portfolio of products with the release of ClearGuard™. The ClearGuard formulation uniquely combines Acerola Cherry, Cinnamon and Spanish Needles to create a supplement that promotes clear nasal passages and overall well-being.



AMWAY employees volunteered their time and travelled with Hands Percussion to rural areas for the AMWAY-Hands Percussion Balik Kampung Series

A Safer Clean

The rebranding of AMWAY legacy home care products under the AMWAY HOME™ brand was another high point in the year. This transition to a new brand identity also entailed a reformulation of the home care products. The improved formulations now contained BIOQUEST™, active ingredients derived from natural sources that deliver powerful cleaning performance while remaining gentle to the environment. The BIOQUEST FORMULA further established AMWAY HOME cleaning products as the safest choice to use around the home. as the ingredients have been dermatologist tested. Naturally sourced also signify that the active ingredients will not leave hazardous fumes and residues on household surfaces that could harm the consumer.

In fact, BIOQUEST FORMULA has earned the U.S. Environmental Protection Agency's "Design for the Environment" label. This label is used to promote high-performing products that are at the same time safer for people and the environment. A majority of our AMWAY HOME products proudly carry this label on their packaging — a firm indication that we hold fast to our commitment of producing products that positively impact the lives of our customers and the environment they live in

BRANDING

We continue to invest in brand building; our focus trained specifically on Health and Beauty, the two categories with the highest potential for growth. The NUTRILITE campaign, which featured the Protein Powder as its star product, was launched in The Star, Harian Metro and Sin Chew Jit Poh, while ARTISTRY made its presence felt with advertisements in top female lifestyle/fashion magazines, namely Female, Marie Claire, EHI, Glam, Citta Bella and Nu You.

Apart from traditional media channels, we also placed much emphasis on building our presence in the digital media arena. The increasing affordability of smart devices and the central role that social media occupies in the lives of consumers have made it par for the course for AMWAY to venture onto this platform in 2012. We viewed the digital platform as having particular importance because of its potential to let us engage with our Distributors and the public at large, especially those under the age of 35.

The Digital Frontier

To become more accessible, we established Facebook pages for AMWAY and our flagship brands, NUTRILITE and ARTISTRY. We were able to step up our engagement and create a strong digital following via activities, contests

and campaigns launched on Facebook. The NUTRILITE branding campaign was extended online with advertisements and links placed at high-traffic sites.

As for ARTISTRY, we created mobile apps in support of the brand and key product launches. In 2012, we introduced three ARTISTRY iPad apps i.e. ARTISTRY Intensive, ARTISTRY YOUTH XTEND and ARTISTRY Brand apps. We also leveraged on the QR code technology to expand our digital touch points where users were able to download images, PDF documents and even view videos of our brands and products. These QR codes were published in AMAGRAM™, our monthly magazine, in print ads and also printed on various point-of-sale materials in our Shops.

Embracing the digital frontier also meant improving on our website. Amway2u.com is undergoing a two-phase faceliff. Phase one, which started in 2012, involved the transition of static to dynamic pages. This move ensured a more enriching and interactive experience for Amway2u.com visitors. It also meant better support of our Distributors' retailing activities, especially the AU35 segment, with the availability of interactive tools such as ARTISTRY Virtual Makeover and AMWAY HOME minisite.

The second phase, meanwhile, consists of upgrading the transactional and business portions, and is slated to take place in 2013.

IMPROVING ACCESSIBILITY

One of the main undertakings of AMWAY in recent years that positively impacted our business was the establishment of AMWAY Shops. Allowing greater accessibility to our Business Opportunity and products, our network of Shops has contributed immensely to the convenience of Distributors in carrying out their day-to-day selling as well as sponsoring activities. Our increased proximity and accessibility have yielded good results — the sales revenue from our Shops grew by 14.0% in 2012 alone.

The success of our Shops prompted us to continue with this strategy in 2012. In August, we added a new member to our family of Shops with an opening in Nusa Bestari, Johor. Response from the field was overwhelmingly positive; many of our Distributors were excited not just by the new Shop, but also by its new design. The first to sport a new generation design, the Nusa Bestari Shop stood out with its contemporary layout and shelving that made browsing and locating products easier. The Shop experience is further enhanced with the allocation of a bigger and cosier "chill out" area, specifically designed to provide our

Distributors with a conducive environment to conduct discussions, prospecting activities or even product demonstrations. The availability of Amway2u.com kiosks in the Shop premise again added to the convenience of our Distributors.

New shop opening aside, we carried on with the transition of our Regional Distribution Centres (RDCs) to Shops. We transitioned three RDCs in 2012, beginning with Butterworth which opened for business on 18 September, followed by Sibu on 8 October, and finally Ipoh on 18 November. At each location, our Distributors turned up in enthusiastic numbers to celebrate the openings, injecting excitement to the field and, in some cases, reviving interests towards the AMWAY Business Opportunity and its stable of products.

SUMMARY

The Group's commendable performance in 2012 is a reflection of the decisive execution of our strategies and the increased commitment of our Distributor force. Effective management of our product portfolio and an increase in business activities in the form of rallies, conventions and events have proven successful in keeping the AMWAY business model relevant and in sustaining a high level of engagement with our Distributors. Our focus on developing the competencies and calibre of our Distributor force and employees have also produced good results, ensuring the Group's increased resilience in facing intensified competition in the market. In 2012, we also emphasised on improving accessibility to our products and brands. This accessibility strategy via the opening of shops was complemented with our foray into the digital media arena. Leveraging on digital tools such as mobile apps and the social media platform, we were able to reach a greater number of Distributors, in particular those under the age of 35. This contributed to the increase in the number of new AU35 Distributors in our Distributor force. Going into 2013, we intend to continue pursuing the strategies that have served us well in the past year, namely our focus on our Distributors and employees, and the expansion of our presence in the digital frontier - all which will, no doubt, take the Group to a next level of achievement.



CORPORATE

At AMWAY™, we have long since recognised that the measure of our success extends beyond the performance of our products. Equally important is our responsibility as a good corporate citizen and our commitment to continually integrate sustainability into our work environment and business processes. In 2012, we had undertaken good Corporate Responsibility and Sustainability practices in four key areas of our business, namely in the workplace, the marketplace, in the community, and in the environment in which we operate.

<u>RESPONSIBILITY</u>



A colourful carnival of sight and sound was the highlight of the Balik Kampung programme, which attracted enthusiastic participation from Distributors and employees

interactions among employees, AMWAY Malaysia launched an intranet portal in 2012. A facility that is available to all employees, we are confident that the intranet would contribute to the development of a strong corporate culture underscored by teamwork and unity.

We are also committed to our employees' professional personal development. In 2012, our employees across levels were given opportunities to participate in up to 55 workshops that helped them hone their skills and competencies. Among these workshops was the Employee Development Programme (EDP) launched in July of 2012. This 18-month programme aims to equip employees with the correct and relevant skills set and to nurture essential attitudes and behaviours that would help them be more effective in their workplace. For employees who were keen to pursue further studies and specialised courses, we made available an Education Assistance Programme that provides financial assistance to employees.

On the social front, we encouraged our employees to participate in corporate social responsibility (CSR) initiatives which the company embarked on to instil a stronger than ever sense of social awareness.

MARKETPLACE

For AMWAY Malaysia, corporate responsibility encompasses the manner in which we conduct business. We adhered to the Code of Conduct of the Direct Selling Association of Malaysia – a set of business values and standards of behaviour. We expect our Distributors to also observe similar self-regulation and uphold high

WORKPLACE

AMWAY is committed to safeguarding our employees' well-being. Guided by our Safety and Health Policy, we emphasised on providing a conducive, productive and safe work environment for our employees. This Policy also extends to ensuring the safety and health of all persons who may be affected by our business activities, including our Distributors, customers and business partners. We have established an Emergency Response Team, consisting of employees, whose responsibilities include ensuring the quick and safe evacuation of staff in the event of an emergency, rendering distillation.

We also encourage our employees to lead a healthier lifestyle. In addition to our well-equipped gymnasium and yoga classes, our Sports and Recreation Club also played a key role in encouraging our employees to be more physically active. Game competitions, and outdoor team building events are regularly organised to build camaraderie.

To further promote a more conducive work environment and healthy

AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U) ANNUAL REPORT 2012 standards of behaviour, as detailed in the AMWAY Rules of Conduct.

Apart from our business conduct in the field, we have established policies and procedures to ensure the integrity of the company's internal control system. One such policy is our Investor Relations Policy, which ensures that we communicate effectively with our shareholders, prospective investors, and stakeholders.

COMMUNITY

As a leader in direct selling, we believe strongly in our responsibility to make a lasting difference in the lives of the people we come across and the communities in which we operate. Children continued to be our focus in our One By One CSR programme and in 2012, we completed and handed over our 11th refurbished ward to the Hospital Melaka Paediatric Day Care Centre under our Happy Healthy Wards project. This project, which began in 2006, aims to provide a more cheerful environment for recovering children in government hospitals. To date, our total investment in this project has reached RM660,000 with RM80,000 invested in 2012 alone.

In March, we launched our third project under our One By One Programme with the aim to nurture children's appreciation for music and the environment through the expression of music using recycled materials. We partnered with Hands Percussion, a homegrown performing arts group,



Distributors purchase and use AMWAY reusable bags to help reduce plastic usage



Powered by BIOQUEST FORMULA™ Technology, the new AMWAY HOME range contains active ingredients sourced from nature for better cleaning performance and protection of the ecosystems

uses music and the arts to reach out to children in rural areas. Additionally, Balik Kampung also served as a platform to uncover and nurture musical talents in children, especially those from more remote locations, who had limited access to such opportunities. With our sponsorship of RM270,000, the Hands Percussion troop was able to reach out to children in Bukit Tinggi (Pahang), Parit Jawa (Johor), Semabok (Melaka), Kuching (Sarawak) and Pulau Ketam (Selangor). Our sponsorship also covered a full-day carnival at the Kuala Lumpur Performing Arts Centre (KLPAC). Children from all locations visited by Hands Percussion were invited to this carnival for a day of celebration. They participated in a three-kilometre parade, following a procession of floats and drummers in their colourful handmade costumes. AMWAY Distributors and employees also took part in the parade, forming a convoy of vibrant colours and beats in their hand-painted costumes and makeshift percussion instruments fashioned from recyclable items such as biscuit tins, paint cans and kettle.

ENVIRONMENT

Our commitment to the environment has been evident since the launch of our first product, the L.O.C.™ Multi-Purpose Cleaner — the first biodegradable product in the market in 1959. Through the years, our commitment has not wavered. Our household cleaning

products, rebranded under AMWAY HOME™ in 2012, are now powered by BIOQUEST FORMULA™ Technology and contain active ingredients sourced from nature, which are completely biodegradable.

In our food supplement line, we continue to practise organic farming techniques in our NUTRILITE farms, which ensured not only the freshness and safety of ingredients that go into the making of our products, but also guarantee better protection to the ecosystems.

Other efforts in conservation included regulating air-conditioner temperatures at our headquarters to reduce energy consumption and the launch of our own reusable bag to encourage our Distributors to reduce usage of plastics.

LOOKING AHEAD

AMWAY will continue to stress on the importance of Corporate Responsibility and Sustainability in 2013. Guided by our Corporate Responsibility framework and Sustainability Policy, which was formalised in 2012, we will strive to:

- manage and minimise the environmental impact of our business operations.
- protect the lives and health of our employees and the communities surrounding our operations.
- adhere to all provisions of law and regulatory requirements, including standards and best practices, and ensuring that this compliance is upheld at all times by our employees.

We will also continue to explore new areas where we can expand our Corporate Responsibility commitment and improve our Sustainability performance in order to continually deliver value to all our stakeholders.



Sports and Recreation Club activities throughout the year helped employees embrace a healthier, physically active lifestyle and build camaraderie in the workplace

STATEMENT ON

CORPORATE GOVERNANCE

The Board of Directors ("Board") of Amway (Malaysia) Holdings Berhad (the "Company") supports the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). The Board recognises the importance of enhancing shareholder value through building a sustainable business by implementing and maintaining high standards of corporate governance in managing the business affairs of the Company.

PRINCIPLE 1ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Company's business;
- overseeing the conduct of the Company's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Company and its subsidiaries and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board and Executive Directors;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company:
- reviewing the adequacy and integrity of the Group's internal control and management information systems;
- determining the remuneration of Executive Directors and recommending the fees of Non-Executive Directors of the Company for shareholders' approval, with the individuals concerned abstaining from discussions of their own remuneration; and
- ensuring that the Group adheres to high standards of ethics and corporate behaviour.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Remuneration Committee and Nominating Committee, to examine specific matters 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, however, lies with the Board.

BOARD CHARTER

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. Key matters reserved for the Board include the approval of strategic plans, annual operating and capital budgets, quarterly and annual financial statements for announcement and monitoring of financial and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter") which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

Steps will be taken to upload the salient features of the Charter on the Company's website at www.amway2u.com.

CODE OF ETHICS AND WHISTLE-BLOWER POLICY

The Board has also formalized in writing a Code of Ethics, setting out the standards of ethics and conduct expected from Directors and employees to engender good corporate behaviour. To augment the Code of Ethics, the Company's whistle-blower policy was formalized in 2007, which outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group. It allows the whistle-blower the opportunity to raise concern outside the Management line. The identity of whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution. All concerns reported by the whistle-blower are made to the Legal Counsel or Chairman of the Audit Committee and shall be set forth in writing, orally or via electronic mail.

During the year, the Company enhanced its procedures on the reporting and investigation of any suspicion of wrongdoing or misconduct committed by any employee of the Group or people performing services for Amway and members of the public. The Board recognizes the importance on adherence to the Code of Ethics by all personnel in the Group and will take measures to put in place a process to ensure its compliance, including steps to upload a summary of the Code of Ethics on the Company's website at www.amway2u.com.

SUSTAINABILITY OF BUSINESS

The Board is mindful of the importance of business sustainability and, in developing the corporate strategy of the Group, its impact on the environmental, social and governance aspects is taken into consideration. The Company's activities on corporate social responsibilities for the year under review are disclosed on pages 22 to 23 of this Annual Report.

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.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least one (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 meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of both the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD

The Board consists of nine (9) members, comprising two (2) Executive Directors and seven (7) Non-Executive Directors, four (4) of whom are Independent. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 14 to 17 of this Annual Report.

NOMINATING COMMITTEE – SELECTION AND ASSESSMENT OF DIRECTORS

Throughout the year under review, the Company has a Nominating Committee, which comprised wholly Non-Executive Directors, with a majority being Independent. The members are as follows:

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

Mrs Eva Cheng was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director with effect from 31 January 2013 following her retirement as Non-Executive Chairperson of Amway (China) Co Ltd on 31 December 2010.

The Nominating Committee was formed by the Board with specific terms of reference, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Board. In discharging its responsibilities, the Nominating Committee has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nominating Committee considers, inter-alia, the competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

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 based on the criteria adopted before recommending to the Board for appointment. Following the appointment of new Directors to the Board, the Committee ensures that an induction programme is arranged, including visits to the Group's significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

The Committee reviews annually the required mix of skills and experience of Directors; succession plans and boardroom diversity, including gender diversity; training courses for Directors 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. Insofar as boardroom diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. 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 where Directors assess their own and also their 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 under review, two (2) Committee meetings were held and attended by all its members. During the meeting held in February 2012, the Nominating Committee reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the corecompetencies of both Executive and Non-Executive Directors; the contribution of each individual Director; effectiveness of the Board, as a whole, and the Board Committees and also the retirement of Directors by rotation who were eligible for re-election.

STATEMENT ON CORPORATE GOVERNANCE (contd.)

DIRECTORS' TRAINING

The Board, via the Nominating Committee, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. During the financial year under review, all Directors attended development and training programmes as well as conferences in areas of finance, tax, corporate governance, leadership, legal, business intelligence, industry and regulatory developments. Some of the Directors have also participated as speakers at local and international conventions on topics relevant to their expertise.

The programmes attended by the Directors and participated as speakers during the financial year ended 31 December 2012 included the following:

Directors	Details of Programme
Dato' Ab. Halim Bin Mohyiddin	 New Corporate Governance Blueprint and Regulatory update Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 4th Petronas BAC Forum 2012 Effective Dispute Resolution for Corporate Malaysia Malaysian Code on Corporate Governance 2012 Implication and Challenges to Public Listed Companies Disclosure Obligations of Directors and Substantial Shareholders MFRS Update 2012/2013 BDO Tax Forum: Time for Action Driving Transformation Towards Developed Nation ICAA-MICPA Audit Forum — Role of Audit Committee MICPA-BURSA Malaysia Business Forum
Low Han Kee	 Global Growth Conference: Enterprise Strategic Direction & The Many Facets of Inspired Leadership Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Malaysian Code on Corporate Governance 2012 MLM Regulations & trends in the US & region
Scott Russell Balfour	 Global Growth Conference: Enterprise Strategic Direction & The Many Facets of Inspired Leadership Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Speaker at "MLM Regulations & trends in the US & region" & "Rules Issues, Follow-up" seminars
Yee Kee Bing	 Global Growth Conference: Enterprise Strategic Direction & The Many Facets of Inspired Leadership Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Governance, Risk Management and Compliance: "What Directors Should Know" Breakfast Briefing on Lessons Learned from the World's Most Admired Organisations
Eva Cheng Li Kam Fun	 Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Boardroom Training Need for a Risk and Sustainability Committee Retailing in 2020 Update on Price Sensitive Information Disclosure Speaker at "The Making of a Leader", at 2"d Annual Women in Leadership Forum Asia Speaker at "Learning From Mistakes", at Kellogg - Hong Kong University of Science & Technology Executive MBA Programme
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	 Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Procedures & Approval for Land Development & Housing Development Projects Speaker at "Malaysian Land Laws & Land Development Training Course for Real Estate & Housing Developers", "Land Matters and Property Development Training Course", "Emerging Property Trend – What's beyond the Horizon?" seminars
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	 Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 International Council For Commercial Arbitration (ICCA) 2012 Congress Introduction to International Chamber of Commerce (ICC) Arbitration London Court of International Arbitration European Users' Council Symposium Moderator at Effective Dispute Resolution for Corporate Malaysia
Mohammad Bin Hussin	 Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Dynamic Evolution of the Pensions World Global Issues Influencing the Capital Market Outlook Islamic Financial Planning & Wealth Management Conference Behavioural Finance (Neuroscience), Business Strategy & The Market Safety & Health seminar PNB Nominee Directors' Convention & Executive Luncheon Talk 2012
James Bradley Payne	 Global Growth Conference: Enterprise Strategic Direction & The Many Facets of Inspired Leadership Amendments to Listing Requirements of Bursa Malaysia New Corporate Disclosure Guide & Corporate Governance Blueprint 2011 Direct Selling News Global 100 Celebration Conference International Talent Development

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 briefed the Board members on any changes to the Malaysian 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.

REMUNERATION COMMITTEE - DIRECTORS' REMUNERATION

The Remuneration Committee, established by the Board, is responsible for setting the policy, framework and determining the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' 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.

During the financial year under review, the Remuneration Committee comprised the following members:

- James Bradley Payne (Non-Independent Non-Executive Director; appointed as Chairman of the Committee on 27 August 2012);
- Dato' Ab. Halim Bin Mohyiddin (Senior Independent Non-Executive Director; appointed on 19 October 2005); and
- Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof (Independent Non-Executive Director; appointed on 9 February 2006).

The Remuneration Committee is entrusted to recommend 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 deciding their own remuneration but may attend the committee meetings at the invitation of the Chairman of the Committee if their presence is required. The determination of remuneration of 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.

During the financial year under review, two (2) Committee meetings were held and attended by all its members. The Remuneration Committee reviewed and recommended to the Board, the remuneration for the Executive Directors of the Company and further recommended all the Independent Non-Executive Directors' fees to the Board for shareholders' approval at the Company's Annual General Meeting.

Details of remuneration of Directors of the Company from the Group for the financial year ended 31 December 2012 are as follows:

	Executive RM'000	Non-Executive RM'000
Fees	-	259
Salaries and other emoluments	825	-
Bonus	494	-
EPF	218	-
Allowances	37	17
Benefits-in-kind	38	-
TOTAL	1,612	276

Bonuses payable to Executive Directors are performance based and relate 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
RMO - RM 50,000	-	4
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	-	1
RM700,001 - RM750,000	1	-
RM850,001 - RM900,000	1	-
TOTAL	2	7

PRINCIPLE 3 REINFORCE INDEPENDENCE OF THE BOARD

There is clear division of responsibilities between the Chairman and the Managing Director to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by the Senior Management team, implements the Group's strategic plan, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Board recognizes the importance of independence and objectivity in the decision making process. In line with the MCCG 2012 and to enable a balance of power and authority in the Board, the Board Charter was revised during the year such that the Board should comprise a majority of Independent Directors in the event the Chairman of the Board is a Non-Independent Non-Executive Director.

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. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Dato' Ab. Halim Bin Mohyiddin is the Chairman of the Board and he has also been identified as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria developed by the Nominating Committee.

The Board Charter was enhanced during the financial year restricting the tenure of an Independent Director to a cumulative term of nine (9) years.

However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following an assessment by the Nominating Committee and deliberation at its meeting held in August 2012, Dato' Ab. Halim bin Mohyiddin who served as an Independent Non-Executive Chairman of the Company for a cumulative term of more than 9 years as at the end of the financial year under review had been recommended by the Board to continue to act as Independent Non-Executive Chairman subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for his recommended continuance as an Independent Non-Executive Director are as follows:

- he fulfils the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and therefore is able to bring independent and objective judgment to the Board;
- his experience in the audit and accounting industry enables him to provide the Board and Audit Committee with a pertinent set of experience, expertise, skills and competence;
- he has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Audit Committee and Board meetings;
- he has contributed sufficient time and efforts in attending all the Audit Committee and Board meetings as well as meeting Management prior to Audit Committee and Board meetings for informed and balanced decision making; and
- he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

PRINCIPLE 4 FOSTER COMMITMENT OF DIRECTORS

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 matters. 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 matters 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 under review, four (4) meetings were held and details of attendance of members 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 (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)	3/4
Mohammad Bin Hussin (Non-Independent Non-Executive Director)	3/4
James Bradley Payne (Non-Independent Non-Executive Director)	3/4

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

PRINCIPLE 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

The Board has established an Audit Committee, comprising wholly Non-Executive Directors, the majority of whom are Independent, with Dato' Ab. Halim Bin Mohyiddin as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities are set out on pages 30 to 33 of this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the Audit Committee, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent

throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

PRINCIPLE 6RECOGNISE AND MANAGE RISKS

Recognising the importance of risk management, the Board has in past years formalised a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the risk management framework are set out in the Internal Control Statement of this Annual Report.

In line with the MCCG 2012 and the Listing Requirements, the Board has established an independent internal audit function that reports directly to the Audit Committee. This internal audit function is outsourced to an independent professional firm, namely KPMG Management & Risk Consulting Sdn Bhd. The scope of work covered by the internal audit function during the financial year under review is provided in the Internal Control Statement of this Annual Report.

PRINCIPLE 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. During the financial year under review, the Board formalized pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To augment the process of disclosure, the Board has established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices, and the Company's Annual Report may be accessed.

PRINCIPLE 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

SHAREHOLDER PARTICIPATION AT GENERAL MEETING

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

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. During the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board. All the resolutions set out in the Notice of the $17^{\rm th}$ AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. At the AGM, shareholders participate in deliberating on resolutions being proposed.

During the last AGM, the Executive Director also provided shareholders with a brief review of the Group's operations for the financial year while the Finance Director provided a brief financial overview of the financial year's performance. The Chairman also shared with shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

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, 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 can access corporate information, annual reports, press releases, financial information, company announcements and share prices.

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.

INVESTOR RELATIONS

The Board has formalised 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. To maintain transparency and to effectively address any matters and concerns, the Company has a dedicated an electronic mail, i.e. ir@amway.com to which stakeholders can direct their queries.

During the year, the Company has established a dividend policy with a dividend payout ratio of no less than 80% of the Company's current year net earnings. The Board will re-assess this policy on an ongoing basis to ensure efficient distribution of dividend to shareholders and to ensure that the Company's dividend payment will continue to reflect the Group's underlying financial performance.

AUDIT COMMITTEE

REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

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 - appointed on 20 February 2013	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:

- 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 ("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 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.

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.

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:
- 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 2012, four (4) meetings were held and details of attendance of members are as follows:

Members	Number of meetings attended
Dato' Ab. Halim Bin Mohyiddin (Chairman, Senior Independent Non-Executive Director)	4/4
Scott Russell Balfour (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)	3/4

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 2013;
- approved the Internal Audit Plan for financial year 2012;
- 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;
- reviewed the external auditors' scope of work and audit plan prior to the commencement of the audit for the financial year 2012;
- 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 Management & Risk Consulting Sdn Bhd, an independent professional services firm, which highlighted the audit observations, recommendations and Management's response. Discussed with Management the

- 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;
- reviewed the quarterly unaudited financial results for 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
- proposed the re-appointment of the internal auditors.

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, business intelligence, industry and regulatory developments, including updates on the new Malaysian Financial Reporting Standards and the Main Market Listing Requirements of Bursa Securities to enhance their knowledge to enable them to discharge their duties more effectively.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is supported by the Internal Audit Charter and is outsourced to an independent professional services firm, namely KPMG Management & Risk Consulting Sdn Bhd, to carry out internal audit on the Group. The Head of Internal Audit reports directly to the Audit Committee. 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 risk 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 good corporate governance practices.

The Internal Auditors undertake internal audit 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.

The Head of internal audit is responsible for providing assurance to the Board that the internal controls are operating effectively.

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 key 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 total cost incurred in outsourcing of the internal audit function to an independent professional firm, namely KPMG Management & Risk Consulting Sdn Bhd, during the financial year amounted to approximately RM98,000.

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"), led by the Executive Director and represented by divisional/departmental heads and managers from all functions, 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.

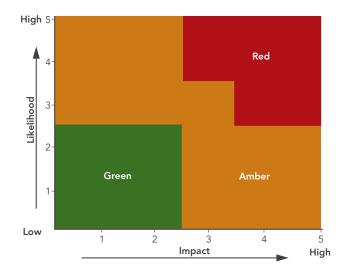
The RMC's responsibilities include the following:

- review and recommend overall risk management policies and processes, risk tolerance and the parameters used in establishing the risk tolerance;
- review risk profile and the mitigation plans to address significant residual risks:
- monitor significant risks through the review of risk-related performance measures, and progress on action plans;
- ensure risk management processes are integrated into all core business processes; and
- 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:



A risk map depicting the positioning of the risks in terms of the impact and likelihood of occurrence would be updated accordingly after the review.



The location of the risks in each quadrant depicts the following:

Amber quadrant

- high possibility of occurring; significant impact

 low possibility of occurring; significant impact high possibility of occurring; insignificant impact

Green quadrant

- low possibility of occurring; insignificant impact

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

Selected divisional business continuity plans were tested to enhance the Group's crisis readiness during the financial year under review. The divisional / departmental heads presented their respective business continuity plans on their crisis preparedness during the business continuity plans testing session.

The Audit Committee was briefed by the Senior Management on the Group's risk register in May 2012 and November 2012.

INTERNAL CONTROL

STATEMENT

INTRODUCTION

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Internal Control Statement ("Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2012. For the purpose of disclosure, this Statement also takes into account the Guidelines for Directors of Listed Issuers issued by Bursa Securities on the issuance of Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's systems 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 system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Board has in place 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, including mitigating measures taken by Management, via the Risk Management Committee to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

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 ("ERM") framework, in line with Recommendation 6.1 of the Malaysian Code on Corporate Governance ("MCCG 2012"). This framework includes a risk management process which is on-going and results in the compilation of a Corporate Risk Register with specific risk profile 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. The Risk Management Committee is led by the Executive Director and represented by divisional/departmental heads and managers from all functions. 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.

The Group is committed to a process of continuous development and improvement through developing systems in response to any relevant reviews and developments on good governance in compliance with the MCCG 2012.

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 re-assessed and categorized based on the different levels of risks and appropriate actions were identified to mitigate the risks discussed at these quarterly meetings.

The risk profile and register are periodically reviewed by the Board through the Audit Committee, focusing on the progress of mitigation plans for the key business risks identified.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the internal audit function to assess its effectiveness in the discharge of its responsibilities. The independent internal audit function, which is outsourced to a professional services firm, namely KPMG Management & Risk Consulting Sdn Bhd, provides assurance to the Audit Committee through the execution of internal audit based on an approved risk-based internal audit plan. Observations from these audits 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.

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 and limits 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.

(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 to 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

- there is an 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.
- The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.
- 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 or calamity befalling the Group.

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 risk management and 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 2012 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 systems of risk management and internal controls. This Statement was approved by the Board on 20 February 2013.

AMWAY (MALAYSIA) HOLDINGS BERHAD (34 ANNUAL REPORT 2012

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:

Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year.

Share Buy-Back

There was no share buy-back effected during the financial year ended 31 December 2012.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2012.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2012.

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 RM72,000 by the Company's auditors or a firm or a company affiliated to the auditor's firm.

Variation in Results

There was no profit forecast issued by the Company or its subsidiaries during the financial year ended 31 December 2012.

Profit Guarantee

There was no profit guarantee during the financial year ended 31 December 2012.

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 2012 or entered into since the end of the previous financial year.

Contracts Relating to Loans

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

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the seventeenth Annual General Meeting ("AGM") held on Wednesday, 30 May 2012, 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 2012 is set out on pages 73 to 74 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 2012 is stated on pages 22 to 23 of the Annual Report.

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.

AWAY (MALAYSIA) HOLDINGS BERHAD (عد المالية REPORT 2012

DIRECTORS'REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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 net of tax	99,708	64,457

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 amounts of dividends paid by the Company since 31 December 2011 were as follows:

In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:

	RM′000
(i) Fourth interim tax exempt (single-tier) dividend of 9.0 sen per share, on 164,385,645 ordinary shares, declared on 15 February 2012 and paid on 30 March 2012.	14,793
In respect of the financial year ended 31 December 2012 were as follows:	
(i) First interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 30 May 2012 and paid on 28 June 2012;	16,439
(ii) Second interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 27 August 2012 and paid on 26 September 2012; and	16,439
(iii) Third interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 14 November 2012 and paid on 14 December 2012.	16,439
	49,317
Total dividends paid	64,110

Subsequent to reporting date the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of RM16,439,000 and special interim tax exempt dividend of 22.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of RM36,987,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

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

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof Tan Sri Dato' Cecil Wilbert Mohanarai Abraham

Mohammad Bin Hussin

Eva Cheng Li Kam Fun

James Bradley Payne

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:

James Bradley Payne

Dato' Ab. Halim Bin Mohyiddin

Professor 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 as shown in the Note 10 of the financial statements or the fixed salary of a fulltime employee of the Company) 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' 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

	As at 1.1.2012	Acquired	Sold	As at 31.12.2012
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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance 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 allowance 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.
- (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 8 March 2013.

DATO' AB. HALIM BIN MOHYIDDIN LOW HAN KEE

AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-1) ANNUAL REPORT 2012

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 42 to 69 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2012 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 31 on page 70 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 8 March 2013.

DATO' AB. HALIM BIN MOHYIDDIN LOW HAN KEE

STATUTORY declaration

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

I, Ho Kim Poi, 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 42 to 69 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 Ho Kim Poi at Kuala Lumpur in Federal Territory on 8 March 2013

HO KIM POI

Before me,

Lee Chin Hin Commissioner for Oaths Kuala Lumpur

AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-1) ANNUAL REPORT 2012

INDEPENDENT

AUDITORS' REPORT

To the members of Amway (Malaysia) Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Amway (Malaysia) Holdings Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows 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 42 to 69.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) 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.
- (d) 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 on page 70 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

OTHER MATTERS

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 8 MARCH 2013 PHANG OY LIN NO. 2985/03/14(J) CHARTERED ACCOUNTANT

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended at 31 December 2012

		Gro	up	Com	pany
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	5	797,523	735,818	63,188	106,142
Cost of sales	6	(545,989)	(494,179)	-	-
Gross profit		251,534	241,639	63,188	106,142
Other income	7	5,209	4,815	2,727	2,728
Distribution expenses		(37,712)	(35,823)	-	-
Selling and administrative expenses		(81,965)	(89,645)	(779)	(724)
Profit before tax	8	137,066	120,986	65,136	108,146
Income tax expense	11	(37,358)	(31,027)	(679)	(677)
Profit net of tax		99,708	89,959	64,457	107,469
Other comprehensive income:					
Foreign currency translation		51	31	-	-
Other comprehensive income for the year, net of tax		51	31	-	-
Total comprehensive income for the year		99,759	89,990	64,457	107,469
Profit attributable to owners of the parent		99,708	89,959	64,457	107,469
Total comprehensive income attributable to owners of the parent		99,759	89,990	64,457	107,469
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	12	60.65	54.72		

AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U) ANNUAL REPORT 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

			Group			Company	
	Note	31.12.2012 RM′000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM′000	31.12.2011 RM'000	1.1.2011 RM'000
Assets							
Non-current assets							
Property, plant and equipment	14	77,205	81,135	91,000	-	_	_
Intangible asset	15	4,782	4,782	4,782	-	_	-
Investments in subsidiaries	16	-	-	-	86,202	86,202	86,202
Deferred tax asset	17	3,972	6,025	5,586	-	-	-
		85,959	91,942	101,368	86,202	86,202	86,202
Current assets							
Inventories	18	68,019	68,495	57,344	-	-	-
Trade and other receivables	19	31,755	22,322	25,774	126	183	225
Cash and cash equivalents	20	148,855	123,201	136,796	88,871	88,450	89,394
		248,629	214,018	219,914	88,997	88,633	89,619
Total assets		334,588	305,960	321,282	175,199	174,835	175,821
Equity and liabilities							
Equity							
Share capital	21	164,386	164,386	164,386	164,386	164,386	164,386
Share premium		685	685	685	685	685	685
Other reserves		1,447	1,396	1,365	1,365	1,365	1,365
Retained earnings	22	61,453	25,855	44,391	8,316	7,969	8,995
Total equity attributable to owners of the parent		227,971	192,322	210,827	174,752	174,405	175,431
Non-current liability							
Deferred tax liabilities	17	26	_	-	-	_	-
Current liabilities							
Trade and other payables	23	98,246	105,355	107,366	253	285	270
Current tax payable		8,345	8,283	3,089	194	145	120
22		106,591	113,638	110,455	447	430	390
Total liabilities		106,617	113,638	110,455	447	430	390
Total equity and liabilities		334,588	305,960	321,282	175,199	174,835	175,821
4. 4		,		/	,	.,3	-/

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

		•	– Non-Distributa	ble	→ Distributable →	
	Share capital RM'000	Share premium RM'000	Capital redemption reserve	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group						
At 1 January 2012 As previously stated, under FRS Effect of adopting MFRS 1 (Note 3.2)	164,386	685 -	1,365	232 (201)	25,654 201	192,322 -
At 1 January 2012, under MFRS Total comprehensive income	164,386	685	1,365	31 51	25,855 99,708	192,322 99,759
Transaction with owners Dividends on ordinary shares (Note 13)	-	-	-	-	(64,110)	(64,110)
At 31 December 2012	164,386	685	1,365	82	61,453	227,971
At 1 January 2011 As previously stated, under FRS	164,386	685	1,365	201	44,190 201	210,827
Effect of adopting MFRS 1 (Note 3.2)	-	-	-	(201)	201	-
At 1 January 2011, under MFRS Total comprehensive income	164,386	685	1,365 -	31	44,391 89,959	210,827 89,990
Transaction with owners Dividends on ordinary shares (Note 13)	-	-	-	-	(108,495)	(108,495)
At 31 December 2011, under MFRS	164,386	685	1,365	31	25,855	192,322

AMWAY (MALAYSIA) HOLDINGS BERHAD (34 ANNIIAI REPORT 2012

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2012 (contd.)

		← Non-Dis	stributable —	→ Distributable →	
	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Company At 1 January 2012 Total comprehensive income	164,386	685	1,365	7 ,969 64,457	174,405 64,457
	164,386	685	1,365	72,426	238,862
Transaction with owners Dividends on ordinary shares (Note 13)	-	-	-	(64,110)	(64,110)
At 31 December 2012	164,386	685	1,365	8,316	174,752
At 1 January 2011 Total comprehensive income	164,386	685	1,365	8 ,995 107,469	175,431 107,469
	164,386	685	1,365	116,464	282,900
Transaction with owners Dividends on ordinary shares (Note 13)	-	-	-	(108,495)	(108,495)
At 31 December 2011	164,386	685	1,365	7,969	174,405

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2012

	Gro			
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit before tax	137,066	120,986	65,136	108,146
Adjustments for:				
Property, plant and equipment				
- depreciation	8,335	9,769	-	-
- (gain)/loss on disposals	(60)	19	-	-
- written off	18	-	-	-
Interest income	(4,976)	(4,682)	(2,727)	(2,664)
Dividend income	-	-	(63,188)	(106,142)
Impairment loss on trade receivables	240	235	-	-
Allowance/(writeback) for inventory obsolesces	2,286	(545)	-	-
Unrealised foreign exchange gain	(104)	(91)	-	(64)
Operating profit/(loss) before working capital changes	142,805	125,691	(779)	(724)
(Increase)/decrease in receivables	(8,921)	3,087	57	42
Increase in inventories	(1,793)	(10,606)	-	-
(Decrease)/increase in payables	(5,966)	1,149	4	(24)
Cash generated from/(used in) operations	126,125	119,321	(718)	(706)
Tax paid	(35,220)	(26,272)	(630)	(652)
Net cash generated from/(used in) operating activities	90,905	93,049	(1,348)	(1,358)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note a)	(4,423)	(2,253)		
Proceeds from disposals of property, plant and equipment	70	(2,203)		
Dividend received	70	-	63,188	106,142
Interest received	4,976	4,682	2,727	2,664
IIIIOIOSI TOOOIYOU	4,070	4,002	2,121	2,004
Net cash generated from investing activities	623	2,436	65,915	108,806

AMWAY (MALAYSIA) HOLDINGS BERHAD ఁɜ‹

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2012 (contd.)

	Gro	oun	Com	panv
	2012 2011 RM'000 RM'000		2012 RM'000	2011 RM'000
Onch thouse from Connection and initial				
Cash flows from financing activities	(04.110)	(3.00, 4.05)	(0.4.3.3.0)	(100.405)
Dividends paid	(64,110)	(108,495)	(64,110)	(108,495)
Repayment to related companies	(5,615)	(569)	-	-
Payments made on behalf by penultimate holding company	3,780	97	-	-
(Repayment to)/payments made on behalf of subsidiary	-	-	(36)	39
Net cash used in financing activities	(65,945)	(108,967)	(64,146)	(108,456)
Net increase/(decrease) in cash and cash equivalents	25,583	(13,482)	421	(1,008)
Effects of foreign exchange rate changes	71	(113)	-	64
Cash and cash equivalents at beginning of year	123,201	136,796	88,450	89,394
Cash and cash equivalents at end of year (Note 20)	148,855	123,201	88,871	88,450
Note a:				
Purchase of property, plant and equipment during the year were by way of:				
- Cash	4,423	2,253	-	-
- Other payables	-	895	_	-
	4,423	3,148	-	-

NOTES TO THE

FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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 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 principal activities during the financial year.

The financial statements for the financial year ended 31 December 2012 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 March 2013.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

These financial statements are the Group's and the Company's first MFRS financial statements for the year ended 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (*MFRS 1") has been applied. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

For the periods up to including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRS").

In preparing its opening MFRS Statement of financial position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amount previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out in Note 3 below. These notes include reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statements of cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with MFRS and the requirements of the Companies Act, 1965 in Malaysia. These financial statements also comply with the Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

3.2 APPLICATION OF MFRS 1

The audited financial statements of the Group and of the Company for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition of MFRS, the cumulative foreign currency translation differences of RM201,000 (31 December 2012 and 2011: RM201,000) were adjusted to retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

3.2 APPLICATION OF MFRS 1 (contd.)

The effects arising from MFRS 1 for the financial year ended 31 December 2012 are discussed below:

	As stated under FRS RM'000	Foreign currency translation reserve RM'000	As stated under MFRS RM'000
Group			
Statements of financial position			
At 1 January 2011			
Equity			
Other reserves	1,566	(201)	1,365
Retained earnings	44,190	201	44,391
At 31 December 2011			
Equity			
Other reserves	1,597	(201)	1,396
Retained earnings	25,654	201	25,855

3.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations Issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures: Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

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

3.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2012.

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 when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received

- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

3.4 BASIS OF CONSOLIDATION (contd.)

(a) 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.

(b) Business combinations and goodwill

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.

3.5 INTANGIBLE ASSET

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.6 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

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

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 as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

3.7 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.

3.8 LEASES

The determination of whether an arrangement is, or contains, a lease is based on substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2011, the date of inception is deemed to be 1 January 2011 in accordance with MFRS 1.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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.

3.9 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.

3.10 INCOME TAXES

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a
 transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit
 or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

3.10 INCOME TAXES (contd.)

(b) Deferred tax (contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) 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.

(b) Interest income

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

3.12 FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2011 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1 January 2011, the date of transition to MFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

3.12 FOREIGN CURRENCIES (contd.)

(b) Group companies (contd.)

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

	2012	2011
	RM	RM
United States Dollar	3.05	3.18
Singapore Dollar/Brunei Dollar	2.50	2.44
Euro	4.04	4.12

3.13 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statements in expense categories consistent with the function of the impaired asset, except for a property previously revalued when 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.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.14 EMPLOYEE BENEFITS

(a) 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.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Long-Term Incentive Plan

The Company has a Long-Term Incentive Plan ("LTIP") Scheme for key management personnel of the Company. At the beginning of each fiscal year, a new three-year class will begin where incentive plan will be established for each LTIP participant. The incentive based upon the achievement of financial performance measures are distributed at the end of the three-year class.

3.15 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. All financial assets of the Group and of the Company are classified as loans and receivables.

Loans and receivables

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

3.15 FINANCIAL ASSETS (contd.)

Loans and receivables (contd.)

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.

3.16 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 MFRS 139, 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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. All financial liabilities of the Group and of the Company are classified as other financial liabilities.

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.

3.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits.

3.18 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.

3.19 SHARE CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

4. 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 15 - measurement of the recoverable amounts of cash-generating units.

5. REVENUE

	Gr	oup	Company		
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	
Sales of consumer products	797,523	735,818	-	-	
Dividends	-	-	63,188	106,142	
	797,523	735,818	63,188	106,142	

6. COST OF SALES

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

7. OTHER INCOME

Included in other income are the following:

	Gro	oup	Company		
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	
Interest income on deposits with licensed bank and licensed financial institutions	4,976	4,682	2,727	2,664	
Unrealised gain on foreign exchange	104	91	-	64	
Gain on disposal of property, plant and equipment	60	-	-	-	

8. PROFIT BEFORE TAX

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

	Gro	up	Com	pany
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Employee benefits expense (Note 9)	36,136	33,423	-	-
Non-executive directors' remuneration excluding benefits-in-kind (Note 10)	296	264	276	245
Auditors' remuneration				
- statutory - other services	132 10	123 10	25 10	23 10
Allowance/(writeback) of inventory obsolesces	2,286	(545)	-	-
Rental of premises	2,187	1,894	-	-
Property, plant and equipment				
depreciation (Note 14)loss on disposalwritten off	8,335 - 18	9,769 19	- - -	- - -
Realised foreign exchange loss	7	199	-	3
Impairment loss on trade receivables (Note 19)	240	235	-	-
Support charges received / receivable from related companies	(4,014)	(3,712)	-	-
Support charges paid / payable to related companies	13,515	10,618	-	-

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9. EMPLOYEE BENEFITS EXPENSE

	GR	OUP
	2012 RM'000	2011 RM'000
Wages, salaries and bonus	27,324	26,451
Contribution to defined contribution plan	4,343	4,134
Social security contributions	628	205
Other benefits	3,841	2,633
	36,136	33,423

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,574,000 (2011: RM1,915,000) as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

The directors' remuneration are as follows:

	Gro	oup	Company		
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM′000	
Executive directors' remuneration (Note 9): - Other emoluments	1,574	1,915	-	-	
Non-executive directors' remuneration (Note 8): - Fees - Other emoluments	279 17	250 14	259 17	231 14	
	296	264	276	245	
Total directors' remuneration	1,870	2,179	276	245	
Estimated money value of benefits-in-kind	38	41	-	-	
Total directors' remuneration including benefits-in-kind	1,908	2,220	276	245	

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

	Gro	oup	Com	pany
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive: - Salaries and other emoluments - Bonus - Defined contribution plan - Allowances	825 494 218 37	845 765 264 41	-	- - - -
- Estimated money value of benefits-in-kind	38	1,956	-	-
Non-Executive: - Fees - Allowances	279 17	250 14	259 17	231 14
	1,908	2,220	276	245

10. DIRECTORS' REMUNERATION (contd.)

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

Number of directors

	Co	mpany
	201:	2011
Executive directors:		
RM700,001 - RM750,000		1
RM850,001 - RM900,000		1
RM1,200,001 - RM1,250,000		- 1
Non-executive directors:		
RMO - RM50,000		4
RM50,001 - RM100,000		2
RM100,001 - RM150,000		1
		9

11. INCOME TAX EXPENSE

	Gro	oup	Com	pany
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM′000
Current tax expense: - Malaysian income tax - Foreign tax	33,986 371	32,066 129	679 -	679 -
	34,357	32,195	679	679
Under/(over)provision in prior years - Malaysian income tax - Foreign tax	891 31	(729)	-	(2)
	35,279	31,466	679	677
Deferred tax (Note 17): - Relating to origination and reversal of				
temporary differences - Under/(over)provision in prior year	2,214 14	(280) (159)	-	-
- Reduction in income tax rate	(149)	-	-	-
	2,079	(439)	-	-
Total income tax expense	37,358	31,027	679	677

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

11. INCOME TAX EXPENSE (contd.)

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. The income tax rate applicable to company in Brunei is 20% (2011: 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:

	Gro	oup	Com	npany	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	
Profit before tax	137,066	120,986	65,136	108,146	
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	34,267	30,247	16,284	27,037	
Different tax rate and tax structure in other jurisdiction	(184)	(114)	-	-	
Deferred tax recognised at reduced tax rates	(149)	-	-	-	
Income not subject to tax	(1)	(4)	(15,797)	(26,536)	
Expenses not deductible for tax purposes	2,489	1,786	192	178	
Under/(over)provision of deferred tax in prior year	14	(159)	-	-	
Under/(over)provision of tax expense in prior years	922	(729)	-	(2)	
Income tax expense	37,358	31,027	679	677	

12. 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.

	Gro	oup
	2012	2011
Profit attributable to ordinary equity holders of the Company (RM'000)	99,708	89,959
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic earnings (sen per share)	60.65	54.72

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

13. DIVIDENDS

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2012			
nterim tax exempt (single-tier):			
Fourth quarter interim 2011 ordinary	9 .00	14,793	30 March 2012
First quarter interim 2012 ordinary	10.00	16,439	28 June 2012
Second quarter interim 2012 ordinary	10.00	16,439	26 September 2012
Third quarter interim 2012 ordinary	10.00	16,439	14 December 2012
		64,110	
Recognised in the financial year ended 31 December 2011			
nterim tax exempt (single-tier):			
Fourth quarter interim 2010 ordinary	9 .00	14,795	22 March 2011
First quarter interim 2011 ordinary	9 .00	14,795	10 June 2011
Second quarter interim 2011 ordinary	9 .00	14,795	15 September 2011
Third quarter interim 2011 ordinary	9 .00	14,795	21 December 2011
Special interim 2011 ordinary	30.00	49,315	21 December 2011
		108,495	

Subsequent to reporting date the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of RM16,439,000 and special interim tax exempt dividend of 22.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of RM36,987,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Long term leasehold land	Buildings	Building improvements	Leasehold fixtures and improvements	Furniture, fittings and equipment	Motor vehicles	Capital work-in progress	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2012	KW 000	KW 000	KW 000	KW 000	KW 000	KW 000	KW 000	KW 000	KW 000
Al 31 December 2012									
Cost									
At 1 January 2012	1,420	17,493	33,900	21,556	3,141	30,691	2,371	-	110,572
Additions	-	-	12	13	1,065	2,616	175	542	4,423
Disposals	-	-	-	-	-	(56)	(218)	-	(274)
Write-offs	-	-	-	-	(118)	(583)	-	-	(701)
Effect of movements in exchange rates	_	-	-	-	6	12	-	_	18
At 31 December 2012	1,420	17,493	33,912	21,569	4,094	32,680	2,328	542	114,038
Accumulated depreciation									
At 1 January 2012	-	1,745	2,315	5,758	2,226	15,938	1,455	-	29,437
Charge for the year (Note 8)	-	269	678	2,040	621	4,273	454	-	8,335
Disposals	-	-	-	-	-	(46)	(218)	-	(264)
Write-offs	-	-	-	-	(118)	(565)	-	-	(683)
Effect of movements in exchange rates	-	-	-	-	4	4	_	-	8
At 31 December 2012	-	2,014	2,993	7,798	2,733	19,604	1,691	-	36,833
Net carrying amount	1,420	15,479	30,919	13,771	1,361	13,076	637	542	77,205

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14. PROPERTY, PLANT AND EQUIPMENT (contd.)

	Freehold land	Long term leasehold land	Buildings	Building improvements	Leasehold fixtures and improvements	Furniture, fittings and equipment	Motor vehicles	Total
Group (Contd.)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2011								
Cost								
At 1 January 2011	1,420	17,493	37,118	20,246	2,904	30,027	2,314	111,522
Additions	-	-	-	1,310	661	1,112	65	3,148
Disposals	-	-	-	-	(428)	(457)	(8)	(893)
Adjustments*	-	-	(3,218)	-	-	-	-	(3,218)
Effect of movements in exchange rates	-	-	-	-	4	9	-	13
At 31 December 2011	1,420	17,493	33,900	21,556	3,141	30,691	2,371	110,572
Accumulated depreciation								
At 1 January 2011	-	1,476	1,417	3,472	1,994	11,181	982	20,522
Charge for the year (Note 8)	-	269	898	2,286	654	5,181	481	9,769
Disposals	-	-	-	-	(426)	(433)	(8)	(867)
Effect of movements in exchange rates	-	-	_	-	4	9	_	13
At 31 December 2011	-	1,745	2,315	5,758	2,226	15,938	1,455	29,437
Net carrying amount								
- At 31 December 2011	1,420	15,748	31,585	15,798	915	14,753	916	81,135
- At 1 January 2011	1,420	16,017	35,701	16,774	910	18,846	1,332	91,000

^{*}Adjustments are relating to final certificate of completion.

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 RM11,277,000 (2011: RM9,750,000).

15. INTANGIBLE ASSET

	Gi	roup
	2012 RM'000	
Goodwill		
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) and that no reasonably possible change in any of the above assumptions would cause the carrying values of the cash flows generated to materially affect the recoverable amount.

16. INVESTMENTS IN SUBSIDIARIES

	Company		
	2012	2011	
	RM'000	RM'000	
Unquoted shares at cost	86,202	86,202	

Details of the subsidiaries are as follows:

	Issued and paid-up	Proportion of ownership interest		Dringing activities	
Name of subsidiaries	share capital	2012	2011	Principal activities	
		%	%		
Held by the Company:					
Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia	RM35,499,000	100	100	Distribution of consumer products principally under the "AMWAY" trademark	
Amway (B) Sdn. Bhd., incorporated in Negara Brunei Darussalam *	BND10,000	100	100	Distribution of consumer products principally under the "AMWAY" trademark	

^{*}Audited by a member firm of Ernst & Young Global in Brunei Darussalam.

17. DEFERRED TAX

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM′000
At beginning of financial year	6,025	5,586	-	-
Recognised in profit or loss (Note 11)	(2,079)	439	-	-
At end of financial year	3,946	6,025	-	-
Presented after appropriate offsetting as follows:				
Deferred tax asset	3,972	6,025	-	-
Deferred tax liability	(26)	-	-	-
	3,946	6,025	-	-

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

Deferred tax liability of the Group:	Property, plant and equipment RM'000
At 1 January 2011	(4,962)
Recognised in profit or loss	(100)
At 31 December 2011	(5,062)
Recognised in profit or loss	(62)
At 31 December 2012	(5,124)

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17. DEFERRED TAX (contd.)

Deferred tax asset of the Group:	Accrued expenses RM'000
At 1 January 2011	10,548
Recognised in profit or loss	539
At 31 December 2011	11,087
Recognised in profit or loss	(2,017)
At 31 December 2012	9,070

18. INVENTORIES

	Gro	ир
	2012 RM'000	2011 RM′000
Consumer products:		
At cost	67,903	68,413
At net realisable value	116	82
	68,019	68,495

During the financial year, inventories recognised as cost of sales amounted to RM317,121,000 (2011: RM286,525,000).

19. TRADE AND OTHER RECEIVABLES

	Gro	Group Comp		npany	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM′000	
Trade receivables					
Third parties	8,450	2,258	-	-	
Due from related companies	1,690	179	-	-	
	10,140	2,437	-	-	
Less: Allowance for impairment on					
amounts due from third parties	(413)	(358)	-	-	
Trade receivables, net	9,727	2,079	-		
Other receivables					
Amounts due from related companies	16,491	17,257	-	-	
Sundry receivables	2,522	957	121	183	
Deposits	1,106	825	5	-	
Prepayments	1,909	1,204	-	-	
	22,028	20,243	126	183	
Total trade and other receivables	31,755	22,322	126	183	
Add: Cash and cash equivalents (Note 20)	148,855	123,201	88,871	88,450	
Less: Prepayments	(1,909)	(1,204)	-	-	
Total loans and receivables	178,701	144,319	88,997	88,633	

19. TRADE AND OTHER RECEIVABLES (contd.)

(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 (2011: 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.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

		Group
	2012 RM'000	2011 RM'000
Neither past due nor impaired	9,727	2,079
Impaired	413	358
	10,140	2,437

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

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
	Individ	ually Impaired
	2012 RM'000	2011 RM'000
At beginning of financial year	358	290
Charge for the year (Note 8)	240	235
Recovered	(185)	(167)
At end of financial year	413	358

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. Amounts 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 (2011: 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 27.

Other information on financial risks of other receivables are disclosed in Note 28.

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20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks Deposits with:	16,396	14,207	160	216
Licensed banks Licensed financial institutions	132,459	98,994 10,000	88,711	88,234
Total cash and cash equivalents	148,855	123,201	88,871	88,450

Other information on cash and cash equivalents are disclosed in Note 28.

21. SHARE CAPITAL

Group/Company

	Number of ordinary shares of RM1 each			Amount	
	2012 ′000	2011 ′000	2012 RM'000	2011 RM′000	
Authorised At beginning/end of financial year	250,000	250,000	250,000	250,000	
Issued and fully paid At beginning/end of financial year	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.

22. RETAINED EARNINGS

The Company may distribute dividends on a single-tier basis out of its entire retained earnings as at 31 December 2012 without any restrictions.

23. TRADE AND OTHER PAYABLES

	Gro	oup	Com	pany
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Third parties	20,884	17,517	-	-
Due to related companies	13,380	18,426	-	-
	34,264	35,943	-	-
Other payables				
Amounts due to:				
Penultimate holding companyA subsidiaryRelated companies	5,056 - 126	1,297 - 11	3	39
Sundry payables	1,617	1,212	27	23
Accruals	57,183	66,892	223	223
	63,982	69,412	253	285
Total financial liabilities carried at amortised cost	98,246	105,355	253	285

23. TRADE AND OTHER PAYABLES (contd.)

(a) Trade payables

Amounts due to third parties are non-interest bearing and the normal credit term granted to the Group range from 30 to 90 (2011: 30 to 90) days.

(b) Due to related companies

The amounts 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 (2011: 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 (2011: 90) days from the date of invoice. These amounts are to be settled in cash.

(d) Due to a subsidiary

The amount due to a subsidiary is in respect of advances, which is unsecured, non-interest bearing and repayable on demand.

(e) Accruals

Accruals amounting to RM43,076,000 (2011: RM49,523,000) are in respect of distributors' bonuses, seminars and other expenses. It also includes accruals for support charges of RM Nil (2011: RM6,038,000).

Further details on related parties transactions are disclosed in Note 27. Other information on financial risks of other payables are disclosed in Note 28.

24. SEGMENT REPORTING

Although the Group has an operation in Negara Brunei Darussalam, there is no disclosure of this operation as a separate geographical segment as the revenue contributed by this foreign incorporated company is not material to constitute an independent geographical segment as stipulated under MFRS 8: Operating Segments. Accordingly, information on geographical and business segments of the Group's operations are not presented.

25. CAPITAL COMMITMENTS

		Group
	2012 RM′000	
Capital expenditure in respect of		
Property, plant and equipment:		
- Approved and contracted for	438	496
- Approved and not contracted for	656	5,600

26. OPERATING LEASE ARRANGEMENTS

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:

	G	Group	
	2012 RM'000		
Future minimum rentals payments			
Not later than 1 year Later than 1 year and not later than 5 years	2,354 2,335		
	4,689	2,513	

The lease payments recognised in profit or loss during the financial year are disclosed in Note 8.

26 . OPERATING LEASE ARRANGEMENTS (contd.)

The Group as lessee (contd.)

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

One (1) lease - renew the lease for a further term by notifying the lessor in writing at least three (3) months before expiry.

Fifteen (15) 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.

One (1) lease - renew the lease for a period of twelve (12) months 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 three (3) 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 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 six (6) months before expiry.

The Group has also leases a shop lot where it will only be terminated upon the lessee's written notice of one month period.

27. 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.

	Gro	Group	
	2012 RM'000	2011 RM′000	
Sales of goods and services:			
- Related company, Amway (Singapore) Pte. Ltd.	(3,036)	(2,753)	
Purchases:			
- Related company, Access Business Group International LLC.	206,366	204,299	
Payment on behalf of intermediate holding company, Amway International Inc.	-	(15,345)	
Support charges:			
- Penultimate holding company, Alticor Inc.	8,389	5,102	
- Intermediate holding company, Amway International Inc.	5,126	3,651	
- Related company, Amway IT Services Sdn. Bhd.	-	1,865	
- Related company, Amway Vietnam Co. Ltd.	(1,267)	(1,274)	
Related company, Amway (Singapore) Pte. Ltd.Related company, P.T. Amway Indonesia	(814) (862)	(611) (819)	
- Related company, Amway Indonesia - Related company, Amway Philippines LLC.	(372)	(371)	
- Related company, Amway (Thailand) Ltd.	(699)	(637)	
Royalties paid:			
- Related company, Access Business Group International LLC.	1,377	1,605	

The transactions with related parties are at rates mutually agreed by the parties concerned.

Information regarding outstanding balances arising from related party transaction as at 31 December 2012 are disclosed in Notes 19 and 23.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (contd.)

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

	Gr	Group	
	2012 RM′000	2011 RM′000	
Short-term employee benefits	2,574	2,974	
Post-employment benefits:	2,374	2,914	
- Defined contribution plan	660	539	
- Allowances	184	136	
	3,418	3,649	
Included in the remuneration of key management personnel are:			
- Executive directors' remuneration (Note 10)	1,574	1,915	

28. 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 interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit 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 year under review, 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.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from deposits with licensed banks and financial institutions.

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 2012			
Group Deposits with licensed banks	3.40	132,459	132,459
Company Deposits with licensed banks	3.10	88,711	88,711
At 31 December 2011			
Group Deposits with licensed banks and financial institutions	2.97	108,994	108,994
Company Deposits with licensed banks	3.02	88,234	88,234

28. FINANCIAL INSTRUMENTS (contd.)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

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 ("USD") and Singapore Dollar ("SGD").

During the year, the Group entered into a product supply agreement with its related company where the pricing of the products are specified in RM in order to mitigate the foreign currency risk.

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

	2012 RM'000	2011 RM'000
Due from related companies		
Singapore Dollar	1,690	766
United States Dollar	1,167	1,759
Due to penultimate company United States Dollar	1,065	1,207
Due to related companies Singapore Dollar United States Dollar	- 101	1 2,001

Sensitivity analysis for foreign currency risk

The Group's exposure to currency risk is not significant in the context of the financial statements and accordingly the sensitivity analysis is not presented.

(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

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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.

(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:

Moto

	NOIE
Trade and other receivables	19
Amounts due from related companies	19
Amounts due to related companies and related parties	23
Amounts due to penultimate holding company	23
Trade and other payables	23

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

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a 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 2012 and 31 December 2011.

The Group and the Company is not subject to any externally imposed capital requirements.

30. COMPARATIVES

Certain comparative amounts have been restated to conform with current year's presentation as disclosed in Note 3.2.

31. 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 2012 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM′000
Total retained profits of the Company and its subsidiaries				
- Realised	64,746	25,305	8,316	7,905
- Unrealised	3,946	6,318	-	64
	68,692	31,623	8,316	7,969
Less: Consolidation adjustments	(7,239)	(5,768)	-	-
Total retained profits as per financial statements	61,453	25,855	8,316	7,969

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

AMWAY (MALAYSIA) HOLDINGS BERHAD (34

PARTICULARS OF PROPERTIES

As at 31 December 2012

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	3	30,585	9 March 2006
26 & 26A Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Warehouse	Leasehold expiring 26 March 2069	3	27,746	19 November 2004
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	3,841	Office & Warehouse	Freehold	12	2,169	6 March 2000
34, Hala Rapat Baru 22 Taman Perusahaan Ringan Kinta Jaya Off Jalan Raja Nazrin Shah 31350 Ipoh Perak Darul Ridzuan	1,271	Warehouse	Leasehold expiring 18 August 2094	17	543	21 August 1995
10, Lorong Nagasari 4 Taman Nagasari 13600 Prai Penang	975	Warehouse	Freehold	21	546	19 June 1991

AMWAY (MALAYSIA) HOLUINGS BERHAU (ANNUAL REPORT 2012

GROUP'S PHYSICAL PRESENCE

As at 31 December 2012

CORPORATE HEADQUARTERS

- Van Andel & DeVos Training Centre
- One-stop Customer Service Centre
- Shop Facility

- Brand Experience Centre
- Warehouse & Logistic Facility
- Office Block

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

REGIONAL DISTRIBUTION CENTRES

Johor Bahru

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

Kota Kinabalu

Lot 30, Jalan Sembulan Lama Karamunsing 88000 Kota Kinabalu Sabah

Kuching

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

Miri

Lot 302 Ricemill Road MCLD, 98000 Miri Sarawak

Sandakan

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

AMWAY SHOPS

Alor Setar

35, Taman Bandar Baru Mergong Lebuhraya Sultanah Bahyah 06250 Alor Setar Kedah Darul Aman

Batu Pahat

26 & 27 Jalan Flora Utama 1 Taman Flora Utama 83000 Batu Pahat Johor Darul Takzim

Bintulu

Lot 4075, 4076 & 4077 Parkcity Commercial Square Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak

Ipoh

8 & 10 Bercham Bistari 1 Medan Bercham Bistari 31400 Ipoh Perak Darul Ridzuan

Klang

55 & 57 Ground Floor Jalan Mahogani 5/KS7 Bandar Botanic 41200 Klang Selangor Darul Ehsan

Kota Bharu

10 & 11 Bangunan Yakin Jalan Raja Perempuan Zainab 2 Bandar Baru Kubang Kerian 16150 Kota Bharu Kelantan Darul Naim

Kuala Terengganu

24

Bangunan Pusat Niaga Paya Keladi 20100 Kuala Terengganu Terengganu Darul Iman

Kuantan

A255 Ground Floor Jalan Air Putih 25300 Kuantan Pahang Darul Makmur

Melaka

108A, Jalan Berkat 15 Taman Malim Jaya 75250 Melaka

Mentakab

28B & 28C Jalan Zabidin 28400 Mentakab Pahang Darul Ridzuan

Nusa Bestari

26G, Jalan Bestari 7/2 Taman Nusa Bestari 79150, Nusajaya Johor Darul Takzim

Penang

28-G-1 Jalan Tanjong Tokong 10470 Penang

Perai

1797-G-07 & 08 Kompleks Auto World Jalan Perusahaan Juru Interchange 13600 Perai Pulau Pinang

Segamat

31 & 32 Jalan Genuang Kampong Segamat 85000 Johor Darul Takzim

Seremban

255 & 256 Ground Floor Jalan S2 B12 Uptown Avenue Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus

Sibu

25, Ground Floor Lorong Wong King Huo 1B 96000 Sibu Sarawak

Taiping

13,15 & 17, Tingkat Bawah Jalan Medan Saujana Kamunting Taman Medan Saujana Kamunting 34600 Kamunting Taiping Perak Darul Ridzuan

Wangsa Maju

34N-0-3 Jalan Wangsa Delima 6 Jalan 1/27F KLSC Section 5 Pusat Bandar Wangsa Maju 53300 Kuala Lumpur

Brunei

6 & 7, Block A Kompleks Shakirin Kampong Kiulap Bandar Seri Begawan BE1518 Brunei Darussalam.

//WAY (MALAYSIA) HOLDINGS BERHAD (3.

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At the Seventeenth Annual General Meeting held on 30 May 2012, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions 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 2012 pursuant to the shareholders' mandate are disclosed as follows:

TRANSACTING PARTIES

TRANSACTING	5 PARTIES			
Related Parties	Companies within our Group	Name of other Related Parties	Amount transacted during the financial year RM'000	Nature of transactions by 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")	1,377	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	206,366	Purchase of consumer products from ABGIL
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Amway Nederland and GDA	13,515	Procurement of administrative and marketing support services from Alticor and Amway International
Amway (Singapore) Pte Ltd ("Amway (S)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	3,036	a) Sale of products to Amway (S)
(Alliway (6))			814	b) Procurement of administrative and marketing support services from AMSB
Amway Vietnam Co. Ltd (*Amway (V)*)	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland, GDA and Amway Foreign Development LLC ("AFD")	1,267	Procurement of administrative and marketing support services from AMSB
P.T. Amway Indonesia (*Amway (I)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland, GDA and Amway International Development, Inc. (*AID*)	862	Procurement of administrative and marketing support services from AMSB

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

TRANSACTING PARTIES				
Related Parties	Companies within our Group	Name of other Related Parties	Amount transacted during the financial year RM'000	Nature of transactions by companies within our Group
Amway Philippines LLC (*Amway (P)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland, GDA, AFD and Amway Foreign Investment Co. ("AFI")	372	Procurement of administrative and marketing support services from AMSB
Amway (Thailand) Limited ("Amway (T)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	699	Procurement of administrative and marketing support services from AMSB

Notes:

- 1. ABGIL, a company incorporated in the United States of America ("USA"), 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 USA, is a wholly-owned subsidiary of SHI which in turn is a wholly-owned subsidiary of AGH.
- 3. Amway International, a company incorporated in the USA, is a wholly-owned subsidiary of Alticor.
- 4. Amway (S), a company incorporated in the Republic of Singapore, is a wholly-owned subsidiary of Amway International.
- 5. Amway (V), a company incorporated in the Socialist Republic of Vietnam and a wholly-owned subsidiary of AFD, a company incorporated in the USA and a wholly-owned subsidiary of Amway Nederland.
- 6. Amway (I), a company incorporated in the Republic of Indonesia and a wholly-owned subsidiary of AID, a company incorporated in the USA which is 60%-owned by Amway International and 40%-owned by Alticor.
- 7. Amway (P), a company incorporated in the USA which is 99%-owned by AFD and 1%-owned by AFI. AFI is a company incorporated in the USA and a wholly-owned subsidiary of Amway International.
- 8. Amway (T), a company incorporated in the Kingdom of Thailand which is 98.97%-owned by Amway Nederland and the remaining 1.03% owned by eight (8) wholly-owned subsidiaries of AGH.
- 9. 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 USA, 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.

AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-1) ANNUAL REPORT 2012

NOTICE OF

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of AMWAY (MALAYSIA) HOLDINGS BERHAD (the "Company") will 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, 29 May 2013 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 2012 together with the Directors' and the Auditors' Reports thereon.

(Please refer to Note 1 of the Explanatory Notes)

- 2. To re-elect Mr Low Han Kee who is retiring pursuant to Article 87.1 of the Company's Articles of Association.
- 3. To re-elect Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham who is retiring pursuant to Article 87.1 of the Company's Articles of Association.
- Ordinary Resolution 1
 Ordinary Resolution 2
- 4. To re-elect Encik Mohammad Bin Hussin who is retiring pursuant to Article 87.1 of the Company's Articles of Association.
- Ordinary Resolution 3
- 5. To approve the Directors' fees up to RM320,000 for the financial year ending 31 December 2013 (2012: up to RM265,000).
- Ordinary Resolution 4
- 6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.
- Ordinary Resolution 5

As Special Business

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

7. Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director

Ordinary Resolution 6

- "THAT authority be and is hereby given to Dato' Ab. Halim Bin Mohyiddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012."
- 8. 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"), P.T. Amway Indonesia ("Amway (I)"), Amway Philippines LLC ("Amway (P)"), Amway (Singapore) Pte Ltd ("AMWAY (S)"), Amway (Thailand) Limited ("Amway (T)") and Amway Vietnam Co., Ltd. ("AMWAY (V)"); and

Ordinary Resolution 7

Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group Singapore Pte Ltd ("ABGS"), Amway Business Services Asia Pacific Sdn Bhd ("ABSAP"), Amway of Australia ("Amway (A)") and Amway of New Zealand ("Amway (NZ)")

(The detailed text and rationale on Item 8 are contained in the Circular dated 30 April 2013 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: 30 April 2013

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 is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 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.
- 6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director

The Board of Directors ("Board") has via the Nominating Committee conducted an annual performance evaluation and assessment of Dato' Ab. Halim Bin Mohyiddin, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board;
- b. his experience in the audit and accounting industries enable him to provide the Board with a diverse set of experience, expertise, skills and competence.
- c. he has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- d. he has contributed sufficient time and efforts and attended all the Audit Committee and Board meetings as well as meeting the Management prior to Audit Committee and Board meetings for informed and balanced decision making; and
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.
- 3. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with ABGIL, Alticor, Amway International, Amway (I), Amway (P), AMWAY (S), Amway (T) and AMWAY (V); and

Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with ABGS, ABSAP, Amway (A) and Amway (NZ)

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

WAY (MALAYSIA) HOLDINGS BERHAD (340

ANALYSIS OF SHAREHOLDINGS

As at 21 March 2013

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	207	4.99	6,936	0.00
100	-	1,000	1,555	37.48	1,182,887	0.72
1,001	-	10,000	2,137	51.51	6,907,717	4.20
10,001	-	100,000	208	5.01	5,926,789	3.61
100,001	-	8,219,281	38	0.91	23,491,700	14.29
8,219,282 and above		4	0.10	126,869,616	77.18	
Total			4,149	100.00	164,385,645	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

	← □	Direct -	◆ In	direct -
Name of Shareholders	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
GDA B.V. ("GDA")	84,990,283	51.70	-	-
Amway Nederland Ltd ("Amway Nederland")	-	-	*i84,990,283	51.70
Amway International Inc ("Amway International")	-	-	*ii84,990,283	51.70
Alticor Inc. ("Alticor")	-	-	*iii84,990,283	51.70
Solstice Holdings Inc. ("SHI")	-	-	*iv84,990,283	51.70
Alticor Global Holdings Inc. ("AGH")*vi	-	-	*v84,990,283	51.70
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	19,523,000	11.88	-	-
Employees Provident Fund Board	12,061,333	7.34	-	-
Kumpulan Wang Persaraan (Diperbadankan)	11,665,000	7.10	982,900	0.60

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.

ANALYSIS OF SHAREHOLDINGS

As at 21 March 2013 (contd.)

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	-	-
9. James Bradley Payne	-	-

^{**} Negligible

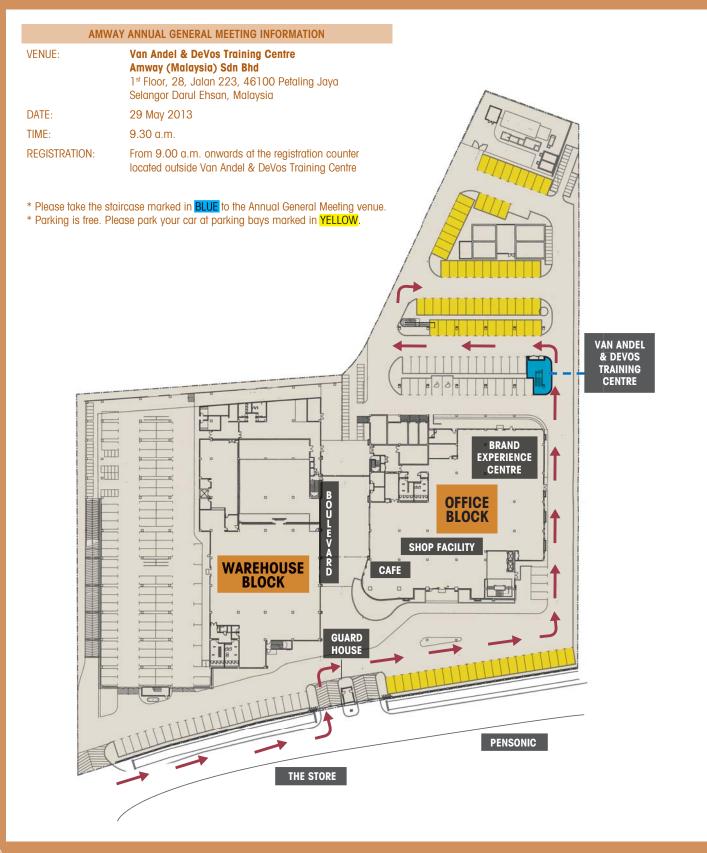
AMWAY (MALAYSIA) HOLDINGS BI

ANALYSIS OF SHAREHOLDINGS

As at 21 March 2013

THIRT	Y LARGEST SHAREHOLDERS	,	AS ULZ ENUICH ZUTS
	of 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	19,523,000	11.88
3.	Kumpulan Wang Persaraan (Diperbadankan)	11,665,000	7.10
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	10,691,333	6.50
5.	AmanahRaya Trustees Berhad - Amanah Saham Malaysia	7,715,700	4.69
6.	Valuecap Sdn Bhd	3,337,600	2.03
7.	AmanahRaya Trustees Berhad - Amanah Saham Didik	2,210,300	1.34
8.	AmanahRaya Trustees Berhad - Public Islamic Select Treasures Fund	1,149,900	0.70
9.	AmanahRaya Trustees Berhad - Public Islamic Opportunities Fund	1,091,500	0.66
10.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	546,900	0.33
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	544,400	0.33
12.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (RHB Inv)	500,000	0.30
13.	Employees Provident Fund Board	500,000	0.30
14.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	399,300	0.24
15.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (KIB)	370,000	0.23
16.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (RHB Inv)	350,000	0.21
17.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for MAAKL Dividend Fund (5311-401)	343,000	0.21
18.	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Navis Yield Fund	314,600	0.19
19.	AmanahRaya Trustees Berhad - Amanah Saham Nasional 2	314,100	0.19
20.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for Kenanga Islamic Investors Berhad	305,900	0.19
21.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Kenanga Premier Fund (4959)	278,400	0.17
22.	AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Kesihatan	260,600	0.16
23.	Ho Teik Chuan @ Ho Sonney	230,000	0.14
24.	Pelaburan MARA Berhad	230,000	0.14
25.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Kenanga Growth Fund (3795)	218,000	0.13
26.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for Kenanga Investors Bhd	201,000	0.12
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	199,300	0.12
28.	CIMB Commerce Trustee Berhad - Public Focus Select Fund	184,200	0.11
29.	AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Pendidikan	170,000	0.10
30.	AmanahRaya Trustees Berhad - Dana Al-Aiman	140,000	0.09
		148,974,316	90.62

INFORMATION FOR SHAREHOLDERS ON EIGHTEENTH ANNUAL GENERAL MEETING





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

PROXY FORM

CDS account number of holder

I/We,	/IDNo./CompanyNo(new)	_(name	of s	hareholder	as p	oer NRI	C, in	capita	l letters) (old)
OT	a member of AMWAY (MALAYSIA) HOLDINGS BERHAD, hereby						(TUII	address)
(nam	e of proxy as per NRIC, in capital letters) IC No.	ирропп		(new)					(old)
of								(full	address)
or 1	ailing him/her(new)	(name old)	ot d) of	proxy as	s per	NRIC,	in (capitai	leffers)
the I Andel	Meeting as my/our proxy to vote for me/us on my/our behalf at the Eighteent & DeVos Training Centre, Amway (Malaysia) Sdn Bhd, 28, Jalan 223, 46100 Peta at 9.30 a.m. or at any adjournment thereof.	h Annual	l Gene	ral Meeting	of the	Compar	ny to be	held c	it the Van
My/o	r proxy is to vote as indicated below.								
	RESOLUTIONS					ı	FOR	AG	AINST
1	Re-election of Mr Low Han Kee as Director		O	dinary Res	olution	1			
2	Re-election of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham as Director		O	rdinary Res	olution	2			
3	Re-election of Encik Mohammad Bin Hussin as Director		Oı	dinary Res	olution	3			
4	Approval of Directors' fees for the financial year ending 31 December 2013		O	dinary Res	olution	4			
5	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		Oı	dinary Reso	olution	5			
6	Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director		O	dinary Reso	olution	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., P.T. Amway Indonesia, Amway Philippines LLC, Amway (Singapore) Pte Ltd, Amway (Thailand) Limite and Amway Vietnam Co., Ltd.; and		Ol	dinary Reso	olution	7			
	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group Singapore Pte Ltd, Amway Business Services Asia Pacific Sdn Bhd, Amway of Australia and Amway of New Zealand								
	se indicate with an "X" in the spaces provided on how you wish your vote to be c (her discretion.)	ast. If yo	u do n	ot do so, the	e proxy	will vote	or absta	iin fror	n voting
				intment of to			_		
	Signature/Common Seal per of shares held:		oxy 1 oxy 2 tal		No. of	shares	Pe	ercento	% % 00%

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 is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 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.
- 6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Fold this flap for sealing		
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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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