



Creating Connections
Inspiring Growth

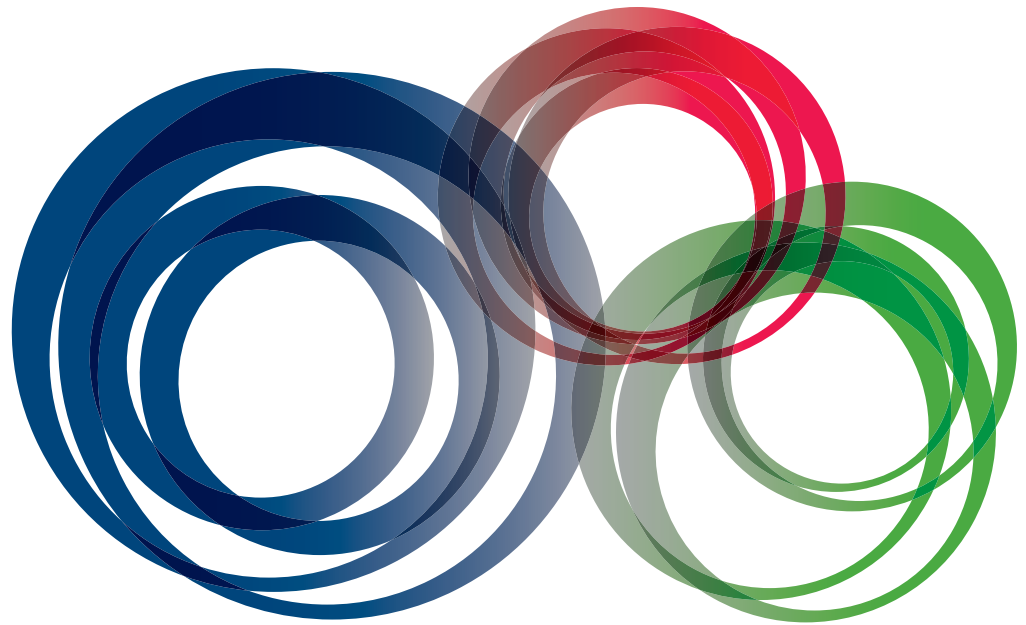
www.amway2u.com

AMWAY (MALAYSIA) HOLDINGS BERHAD
(340354-U)
28, Jalan 223, 46100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : 03 - 7946 2288
Fax : 03 - 7946 2399

Creating Connections Inspiring Growth

Undeniably, technology is a catalyst that decisively fast-tracks the pace of business. AMWAY™ Malaysia seeks to build a generation of tech-capable entrepreneurs ready to create connections and inspire growth.





Contents

2	Quarterly Performance	37	Directors' Report
3	5-Year Financial Highlights	40	Statement by Directors
4	Chairman's Statement	40	Statutory Declaration
7	Penyata Pengerusi	41	Independent Auditors' Report
10	Board of Directors	43	Statements of Comprehensive Income
10	Corporate Information	44	Statements of Financial Position
12	Profile of Directors	45	Statements of Changes in Equity
16	Operations Review	46	Statements of Cash Flows
20	Corporate Responsibility & Sustainability	47	Notes to the Financial Statements
24	Statement on Corporate Governance	71	Particulars of Properties
30	Audit Committee Report	72	Group's Physical Presence
34	Statement on Risk Management and Internal Control	73	Disclosure of Recurrent Related Party Transactions
36	Compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad	75	Notice of Annual General Meeting
		77	Analysis of Shareholdings
		80	Information For Shareholders on Nineteenth Annual General Meeting
		•	Proxy Form

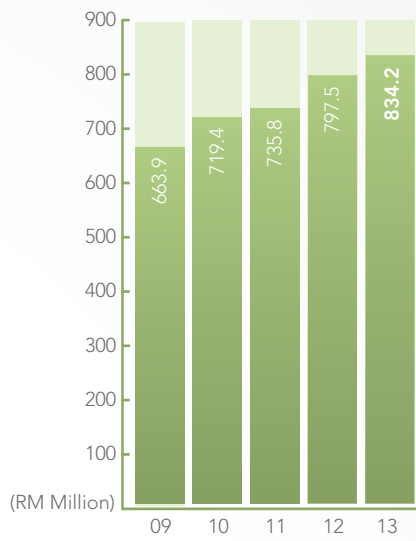
Quarterly Performance



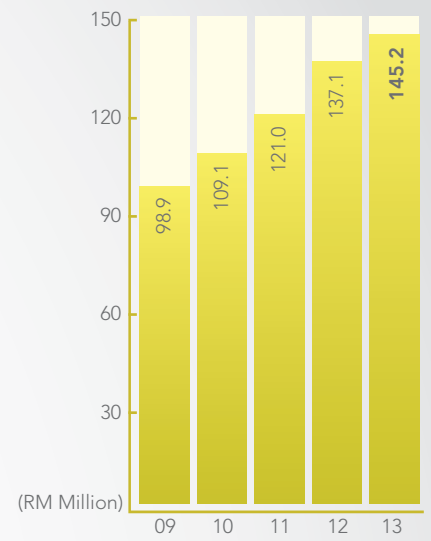
2013	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM Million)	203.9	195.3	237.6	197.4	834.2
Profit Before Taxation (RM Million)	31.1	32.1	45.7	36.3	145.2
Net Profit (RM Million)	23.1	23.7	33.3	28.9	109.0
Net Earnings Per Share (Sen)	14.0	14.5	20.2	17.6	66.3
Net Dividend Per Share (Sen)	10.0	10.0	10.0	32.5	62.5

2012	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM Million)	179.2	188.7	224.2	205.4	797.5
Profit Before Taxation (RM Million)	29.0	34.2	35.6	38.3	137.1
Net Profit (RM Million)	21.6	25.3	26.6	26.2	99.7
Net Earnings Per Share (Sen)	13.1	15.4	16.2	15.9	60.6
Net Dividend Per Share (Sen)	10.0	10.0	10.0	32.5	62.5

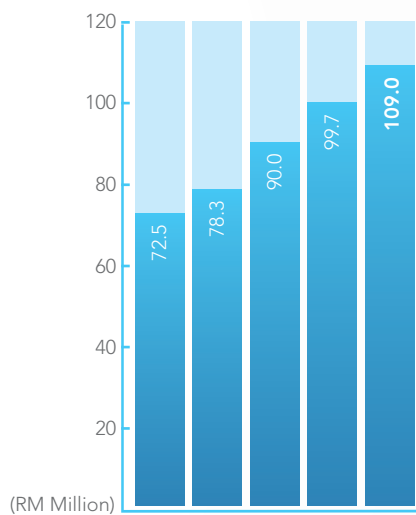
5-Year Financial Highlights



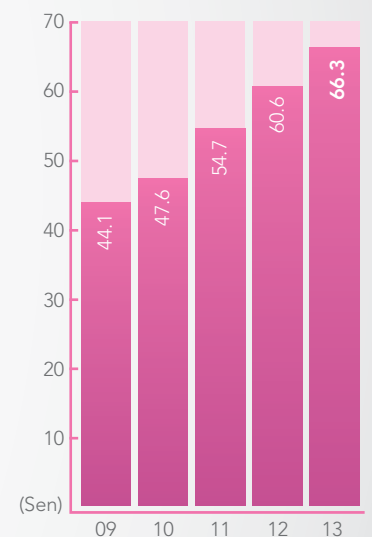
Sales Revenue



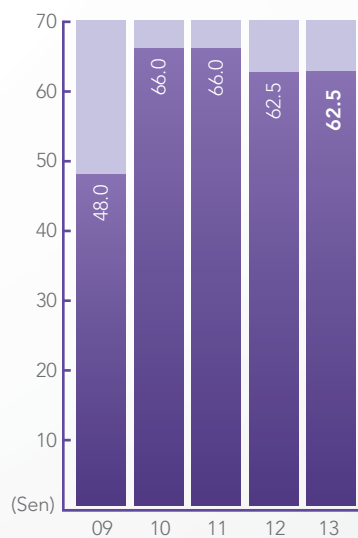
Profit Before Taxation



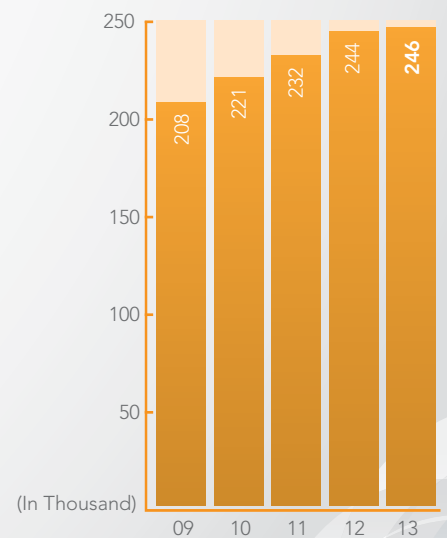
Net Profit



Net Earnings Per Share



Net Dividend Per Share



Core Distributor Force

Chairman's Statement

Dear Shareholders,



On behalf of the Board of Directors, I am pleased to report another year of record sales and profitability.

For the financial year ended 31 December 2013, amidst a competitive and challenging operating environment, we were able to grow our revenue by 4.6% to RM834.2 million compared to RM797.5 million in 2012. We attribute this growth to the positive impact of our plans which were executed on time throughout the year to support the continuing efforts of our Distributors to grow their AMWAY™ business.

Gross margin improved to 31.9% from 31.5% in 2012, primarily from higher selling prices. Profit after tax grew 9.3% to RM109.0 million compared to RM99.7 million the year before, largely due to higher sales and improved margin.

This year's record revenue represents our fourteenth year of consecutive growth and another feather in the cap for AMWAY Malaysia. In the 37 years since AMWAY was established in Malaysia in 1976, we have had 34 years of growth.

DIVIDEND

Total dividend declared for the financial year was 62.5 sen net per share. This single-tier dividend represents a net dividend payout of RM102.7 million or 94% of 2013 profit after tax, consistent with the Board's stated commitment to return no less than 80% of profits every year to shareholders.

OPERATIONAL REVIEW

Our Distributors

Besides partnering with our Distributors to grow the business, we also implemented initiatives to help them sponsor new Distributors and grow the Distributor population. Core Distributor Force (CDF) as of December 2013 was 246,000.

We continued to see encouraging results in the two segments of the population with the highest potential, namely the AU35 (adults under the age of 35) and Malay segments.

The AU35 group continued to come in strong, making up 55% of overall new sign-ups. In terms of CDF, the Malay segment grew 12.0%, significantly faster than the overall CDF. Additionally, we saw a 22.0% growth in new Malay Platinum Distributorships. These significant numbers show that our efforts to make the AMWAY Business Opportunity attractive and relevant are gaining traction.

Our Employees

We continued to invest in talent development to ensure we have sufficient capable human capital to support long-term growth and meet business requirements. For the year, our employees clocked in 1,240 training hours to equip them with new skills and leadership competencies. Two key training initiatives for the year were the AMWAY Leadership Programme to build a line of strong people managers, and the Employee Development Programme to develop employees to better perform their responsibilities in the company.

Channel Infrastructure

With the conversion in 2013 of our Sandakan RDC (Regional Distribution Centre) into an AMWAY Shop, we now have 21 AMWAY Shops and 5 RDCs. This continues our successful strategy of converting RDCs into AMWAY Shops to improve consumer accessibility to our brands and products.

Our Brand Experience Centre (BEC) at our Headquarters in Petaling Jaya was a hive of activity in 2013 with a record 24,000 visitors. There was also strong response to the educational talks held at the BEC which centred on pertinent topics such as weight management, fitness and beauty.



Patented Red Caviar Concentrate in breakthrough YOUTH XTEND™ Ultra reclaims skin's youthful glow

Technology

We completed the second phase of the revamp of our Amway2u.com website in December 2013. In this phase, we incorporated a new Business Centre to improve Distributors' transactional and business experience through this e-commerce platform. In conjunction with the completion of this phase of the revamp, we launched AMWAY Mobile Business Centre, a mobile web that enables Distributors to access business and product information via their smart devices.

We kept up the pace of our digital strategy in 2013 to make the business more appealing and relevant to the AU35 segment. Among the major digital initiatives for the year was the release of the AMWAY eViewer, an app that brings "augmented reality" video content to smart devices, and the AMWAY eLibrary, which provides business and product support materials online.

Brands

Our Beauty brand, ARTISTRY™, led the pack with 4 new product launches and 4 product revisions. In terms of new products, 2 garnered tremendous

response both from our loyal consumers and Distributors – IDEAL RADIANCE™, an advanced whitening skin care range, and YOUTH XTEND™ Ultra, a breakthrough anti-aging line formulated with the exclusive and patented Red Caviar Concentrate that effectively reclaims skin's lifted look and youthful glow.

In our Personal Care range, we are especially proud of our totally reformulated and redesigned SATINIQUE™ range of advanced hair care products, now sporting a vibrant new look and fortified with patented ENERJUVE™, an advanced hair care technology that nourishes and strengthens hair from the inside out.

In 2013, we also embarked on an optimisation initiative to review the performance of the products we carry. Each product (represented by an "SKU" or stock keeping unit) was assessed and the low-performing ones were eliminated while the high-performing ones were enhanced. The end result was a reduction of 38 SKUs, or 3.6% of total SKUs. This helped us to reduce storage cost, improve productivity and raise overall margins. Our SKU optimisation efforts will continue in 2014.

CORPORATE GOVERNANCE

The Board is committed to good corporate governance, which promotes the long-term interests of all stakeholders. The Directors have been steadfast in ensuring that financial and operating targets are achieved in accordance to principles of fairness, integrity and accountability.

In the year under review, the Board formalised policies and procedures on the provision of non-audit services by external auditors to ensure their independence and objectivity are not impaired. The Directors also attended training programmes and conferences on risk management, strategic direction and leadership, amongst others, to enhance their knowledge and skills as well as keep up with the current best practices and requirements to better discharge their duties and responsibilities.

CORPORATE RESPONSIBILITY

I am particularly gratified to see that our efforts to help children continued to make inroads in 2013.

Among the highlights, on 20 November 2013, AMWAY Malaysia, together with its affiliates around the world, celebrated the AMWAY Universal Children's Day. For Malaysia, we hosted 65 children from 4 Rumah Tunas Harapan foster homes at AMWAY Headquarters for a full-day of educational fun. We drew the children's focus to other worthy causes besides themselves to show them that they can also make a difference. Assisted by AMWAY Distributors and employees, the children created colourful flower pots to raise funds in aid of the victims of Typhoon Haiyan. A total of USD11,000 (approximately RM35,530) was raised through sales and donations.

Other highlights include 6 cheer visits made during the year by volunteers to Rumah Tunas Harapan foster homes and



An energetic performance by the teens at the AMWAY Universal Children's Day

a sponsored performance of the Hands Percussion drum troupe for 20 children from the Rumah Ozanam foster home. Apart from our efforts in helping children, we also emphasised on environmental stewardship. We continued to encourage lower electricity consumption at our Headquarters and the use of reusable bags at AMWAY Shops and RDCs.

OUTLOOK

We are braced for a significant rise in the cost of goods, services and utilities in 2014, based on official announcements. The flow-through effect on our operating expenditure is expected to be substantial while the impact on consumer confidence is likely to put a damper on sales.

To mitigate the effects of this difficult operating environment, we will focus our energies on initiatives to defend our market share and support our Distributors' retailing and sponsoring efforts.

This is the year we will conclude our successful RDC conversion strategy by converting 4 of our remaining 5 RDCs into AMWAY Shops. This will further strengthen our brand position and improve consumer accessibility to our products.

We have been successful in attracting new AU35 and Malay Distributors into our business. Our emphasis for the year will be on retaining them and helping them improve their productivity, and to build more leaders from among them.

Technology will continue to play a crucial role in the coming year, ensuring our business model remains up-to-date and relevant. We will continue to invest in digital tools to give our Distributors the edge in product knowledge and seamless transactional capability. This will free our Distributor force from a lot of tedious administrative work, giving them more bandwidth to sell, sponsor and service.

The smooth and timely execution of these strategies coupled with financial prudence and efficient utilisation of resources will be key determinants of our success in 2014.

APPRECIATION

On behalf of the Board, I would like to record our appreciation to AMWAY Distributors whose dedication, leadership and entrepreneurial spirit were instrumental in the commendable sales and profit growth we achieved in 2013. Most of all, I applaud their trust in the Company and their strong partnership with the management of AMWAY.

Next, I would like to take this opportunity to acknowledge the management and staff for their diligence and unwavering support. My deepest gratitude also goes to our shareholders and business partners for their faith in the Board and the management.

Finally, I would like to thank my fellow Board members for their commitment, engagement and wise counsel. I am confident their contribution coupled with the strong partnership of our Distributors will serve AMWAY advantageously in meeting the challenges and seizing the opportunities in 2014.

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

Penyata Pengerusi

Pemegang Saham yang Dihormati Sekalian,



Bagi pihak Lembaga Pengarah, saya dengan sukacitanya ingin melaporkan satu lagi tahun yang mencatatkan rekod jualan dan keuntungan.

Bagi tahun kewangan berakhir 31 Disember 2013, kami telah berjaya mengembangkan hasil kami sebanyak 4.6% kepada RM834.2 juta berbanding dengan RM797.5 juta pada 2012 walaupun beroperasi dalam persekitaran yang kompetitif dan mencabar. Pertumbuhan ini didorong oleh kesan positif rancangan kami yang dilaksanakan tepat pada masanya sepanjang tahun untuk menyokong usaha berterusan Pendedar kami mengembangkan perniagaan AMWAY™ mereka.

Margin kasar meningkat kepada 31.9% daripada 31.5% pada 2012, terhasil terutamanya daripada harga jualan yang lebih tinggi. Keuntungan selepas cukai berkembang 9.3% kepada RM109.0 juta berbanding RM99.7 juta tahun sebelumnya, sebahagian besarnya disebabkan oleh jualan yang lebih tinggi dan margin yang lebih baik.

Hasil yang mencatatkan rekod pada tahun ini merupakan tahun ke-14 berturut-turut dan satu lagi pencapaian hebat AMWAY Malaysia. Dalam tempoh 37 tahun AMWAY bertapak di Malaysia sejak 1976, kami telah mencapai pertumbuhan selama 34 tahun.

DIVIDEN

Jumlah dividen yang diisytiharkan bagi tahun kewangan ini adalah 62.5 sen sesaham bersih. Dividen satu peringkat ini mewakili pembayaran dividen bersih berjumlah RM102.7 juta atau 94% daripada keuntungan selepas cukai 2013, selaras dengan tekad Lembaga Pengarah untuk mengembalikan tidak kurang 80% daripada keuntungan setiap tahun kepada para pemegang saham.

TINJAUAN OPERASI

Pendedar Kami

Di samping bekerjasama dengan Pendedar kami untuk mengembangkan perniagaan, kami juga melaksanakan inisiatif untuk membantu mereka menaja Pendedar baharu dan menambah bilangan Pendedar. Setakat Disember 2013, Tenaga Pendedar Teras (CDF) berjumlah 246,000.

Kami terus menyaksikan keputusan memberangsangkan dalam dua segmen Pendedar yang mempunyai potensi tertinggi, iaitu segmen AU35 (dewasa di bawah usia 35 tahun) dan segmen Melayu.

Kumpulan AU35 terus menampilkan pertumbuhan mantap, mewakili 55% daripada pendaftaran baharu. Dari segi CDF, segmen Melayu berkembang 12.0%, ketara lebih cepat berbanding keseluruhan CDF. Selain itu, kami turut menyaksikan pertumbuhan sebanyak 22.0% dalam Pendedaran Platinum Melayu baru. Bilangan besar ini menunjukkan bahawa usaha untuk menjadikan AMWAY sebagai peluang perniagaan yang menarik mula membuahkan kejayaan.

Kakitangan Kami

Kami terus melabur dalam pembangunan bakat kerja bagi memastikan kami mempunyai modal insan yang mencukupi untuk menyokong pertumbuhan jangka panjang dan memenuhi keperluan perniagaan. Bagi tahun ini, kakitangan kami telah mengikuti 1,240 jam latihan bagi melengkapi mereka dengan pelbagai kemahiran baharu serta kecekapan kepimpinan. Dua inisiatif latihan utama bagi tahun ini ialah Program Kepimpinan AMWAY untuk membina barisan pengurus yang cekap dalam pengurusan manusia dan Program Pembangunan Kakitangan bagi membantu kakitangan meningkatkan prestasi dalam melaksanakan tanggungjawab mereka di dalam syarikat.

Infrastruktur Saluran

Dengan penukaran RDC (Pusat Pengedaran Daerah) Sandakan kepada Kedai AMWAY, kini kami mempunyai 21 buah Kedai AMWAY dan 5 RDC. Hal ini meneruskan kejayaan strategi kami menukar RDC kepada Kedai AMWAY bagi meningkatkan tahap kebolehcapaian para pengguna kepada jenama dan produk kami.

Pada tahun 2013, Pusat Pengalaman Jenama (BEC) kami di Ibu Pejabat di Petaling Jaya sering menganjurkan pelbagai aktiviti dengan mencatatkan 24,000 pengunjung. Ceramah pendidikan yang diadakan di BEC juga menerima sambutan menggalakkan yang tertumpu kepada pelbagai topik penting seperti pengurusan berat badan, kecergasan dan kecantikan.

Teknologi

Kami berjaya menyelesaikan fasa kedua peningkatan laman web Amway2u.com pada bulan Disember 2013. Dalam fasa ini, kami memasukkan Pusat Perniagaan baharu untuk mempertingkatkan pengalaman urus niaga dan perniagaan Pengedar melalui platform e-dagang ini. Bersempena dengan penyelesaian fasa peningkatan ini, kami telah melancarkan Pusat Perniagaan AMWAY Mudah Alih iaitu sebuah aplikasi mudah alih untuk membolehkan Pengedar mencapai perniagaan dan maklumat produk melalui peranti pintar.

Kami meneruskan perkembangan strategi digital kami pada 2013 bagi menjadikan perniagaan lebih menarik dan relevan dengan segmen AU35. Antara inisiatif digital utama bagi tahun ini adalah pengenalan AMWAY eViewer, sebuah aplikasi yang membawa kandungan video "luasan sebenar" kepada peranti pintar dan ePerpustakaan AMWAY yang menyediakan bahan sokongan perniagaan dan produk secara dalam talian.

Jenama

Jenama Kecantikan kami, ARTISTRY™, mendahului jenama lain dengan melakukan 4 pelancaran produk baharu dan 4 pelancaran semula produk. Dari segi produk baharu, 2 produk telah menerima sambutan hangat daripada pelanggan setia dan Pengedar kami



Rangkaian penjagaan rambut SATINIQUE™ yang dirumus semula dengan ENERJUVE™ berpaten

iaitu IDEAL RADIANCE™, rangkaian penjagaan kulit pencerahan termaju dan YOUTH XTEND™ Ultra, produk antipenuaan perintisan yang dirumus dengan Pekatan Kaviar Merah yang eksklusif dan telah patenkan yang berkesan mengembalikan penampilan kulit yang tampak tegang lagi berseri.

Dalam rangkaian Dandanan Diri, kami sangat bangga dengan rangkaian produk penjagaan rambut termaju SATINIQUE™ yang dirumus dan direka semula sepenuhnya yang kini membawa penampilan baharu yang lebih segar dan diperkuat dengan ENERJUVE™ yang dipatenkan. Ia merupakan teknologi penjagaan rambut termaju yang menyubur dan menguatkan rambut dari dalam ke luar.

Pada 2013, kami juga melancarkan usaha optimum bagi mengkaji prestasi produk yang kami bawa. Setiap produk (yang diwakili oleh "SKU" atau stock keeping unit – unit simpanan stok) dikaji dan produk yang berprestasi lemah akan dikeluarkan sementara produk yang berprestasi tinggi akan ditambah. Hasilnya ialah pengurangan 38 SKU atau 3.6% daripada jumlah SKU. Langkah ini membantu kami mengurangkan kos penyimpanan, meningkatkan produktiviti dan meninggikan margin keseluruhan. Langkah pengoptimuman SKU ini akan diteruskan pada 2014.

TADBIR URUS KORPORAT

Pihak Lembaga Pengarah komited terhadap tadbir urus korporat yang baik yang menggalakkan minat jangka panjang semua pihak yang berkepentingan. Para Pengarah sentiasa teguh dalam memastikan sasaran kewangan dan operasi dicapai selaras dengan prinsip kesaksamaan, integriti dan kebertanggungjawaban.

Dalam tahun yang ditinjau, pihak Lembaga Pengarah telah menetapkan dasar dan prosedur tentang peruntukan khidmat bukan audit oleh juruaudit luar untuk memastikan kebebasan dan keobjektifan mereka tidak terjejas. Para Pengarah juga telah menghadiri program latihan dan persidangan berkaitan antara lain pengurusan risiko, hala tuju strategik dan kepimpinan untuk mengukuhkan pengetahuan dan kemahiran mereka dan juga mengemas kini pengetahuan tentang amalan terbaik dan keperluan semasa untuk melaksanakan kewajipan dan tanggungjawab mereka dengan lebih baik.

TANGGUNGJAWAB KORPORAT

Saya amat bersyukur menyaksikan usaha kami untuk membantu kanak-kanak terus diperluaskan pada tahun 2013.

Antara aktiviti penting ialah pada 20 November 2013, AMWAY Malaysia bersama-sama dengan syarikat gabungannya di seluruh dunia telah mengadakan sambutan Hari Kanak-Kanak Sedunia AMWAY. Di Malaysia, kami menjadi tuan rumah kepada 65 orang kanak-kanak dari 4 buah rumah angkat Rumah Tunas Harapan di Ibu Pejabat AMWAY dalam satu sambutan yang berkonsepkan pendidikan. Kami mengalih perhatian kanak-kanak tersebut daripada diri mereka kepada pelbagai kerja amal yang bermanfaat untuk membuktikan bahawa mereka juga boleh membawa perubahan. Dengan dibantu oleh Pengedar dan kakitangan AMWAY, kanak-kanak tersebut telah mencipta pasu bunga yang menarik untuk mengisi tabung bantuan untuk mangsa Taufan Haiyan. Sebanyak USD11,000 (lebih kurang RM35,530) telah berjaya dikumpulkan melalui jualan dan derma.

Aktiviti penting lain termasuk 6 lawatan keceriaan yang dibuat pada tahun ini oleh sukarelawan ke rumah angkat Rumah Tunas Harapan dan persembahan kumpulan gendang Hands Percussion yang ditaja bagi 20 orang kanak-kanak dari rumah angkat Rumah Ozanam. Di samping usaha membantu kanak-kanak, kami juga memberi penekanan terhadap pengawasan alam sekitar. Kami terus menggalakkan penjimatan tenaga elektrik di Ibu Pejabat dan penggunaan beg boleh guna semula di Kedai dan RDC AMWAY.

TINJAUAN MASA DEPAN

Kami telah bersedia menghadapi lonjakan besar dalam kos barangan, perkhidmatan dan utiliti pada 2014 berasaskan pengumuman rasmi kerajaan. Kesan aliran terus ke atas perbelanjaan operasi kami dijangka besar sementara kesan ke atas keyakinan pengguna dijangka akan menjejaskan jualan.

Untuk meringankan kesan yang timbul akibat persekitaran operasi yang sukar ini, kami akan memfokus tenaga terhadap inisiatif untuk mempertahankan bahagian pasaran kami dan menyokong usaha peruncitan dan penajaan para Pengedar kami.

Tahun ini kami akan melengkapkan kejayaan strategi penukaran RDC dengan menukarkan baki 4 daripada 5 RDC kepada Kedai AMWAY. Ini akan mengukuhkan kedudukan jenama kami dan meningkatkan kebolehpasaran pengguna kepada produk kami.

Kami telah berjaya menarik Pengedar AU35 dan Pengedar Melayu baharu untuk menyertai perniagaan kami. Pada tahun ini kami memberi penekanan untuk mengekalkan dan membantu mereka meningkatkan produktiviti dan membina lebih ramai pemimpin dalam kalangan mereka.

Aspek teknologi akan terus memainkan peranan penting pada tahun akan datang untuk memastikan model perniagaan kami terus mengikut peredaran masa dan relevan.



Aspek teknologi akan terus memainkan peranan penting pada tahun akan datang

Kami akan terus menyalurkan pelaburan dalam peranti digital untuk memberi kelebihan kepada Pengedar kami dalam pengetahuan produk dan keupayaan urus niaga tanpa sempadan. Ini akan membebaskan Pengedar kami daripada pelbagai kerja berbentuk pentadbiran yang remeh, memberi mereka lebih peluang untuk membuat jualan, penajaan dan perkhidmatan.

Strategi ini yang dilaksanakan dengan lancar dan tepat pada masanya serta pengurusan kewangan yang bijak dan kecekapan penggunaan sumber akan menjadi faktor penentu kejayaan kami pada tahun 2014.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan kepada Pengedar AMWAY atas dedikasi, kepimpinan dan semangat keusahawanan yang menjadi kunci kepada pertumbuhan jualan dan keuntungan cemerlang yang dicapai pada 2013. Paling utama, saya amat menyanjung keyakinan mereka terhadap Syarikat serta permuafakatan erat yang mereka jalinkan dengan pihak pengurusan AMWAY.

Seterusnya, saya ingin mengambil kesempatan ini untuk mengucapkan penghargaan kepada pihak pengurusan dan kakitangan atas kesungguhan dan sokongan padu mereka. Ucapan jutaan terima kasih juga ingin saya sampaikan kepada para pemegang saham dan rakan perniagaan kami atas kepercayaan mereka terhadap Lembaga Pengarah dan pihak pengurusan.

Akhir sekali, saya ingin mengucapkan terima kasih kepada rakan-rakan di Lembaga Pengarah atas komitmen, penglibatan dan nasihat mereka. Saya yakin sumbangan mereka ditambah dengan permuafakatan erat Pengedar kami akan memberi kelebihan yang besar kepada AMWAY untuk menyahut cabaran dan memanfaatkan peluang pada tahun 2014.

Dato' Ab. Halim Bin Mohyiddin, DPMS
Pengerusi dan Pengarah Bebas
Bukan Eksekutif Kanan



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)
Tan Ai Ning (MAICSA 7015852)

REGISTERED OFFICE

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

**Eva Cheng Li
Kam Fun**
(Independent
Non-Executive
Director)

**Prof 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)



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

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
Tel : 03-7946 2288
Fax : 03-7946 2399
E-mail : ir@amway.com

COMPANY WEBSITE

www.amway2u.com

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 6351
Stock Name: AMWAY

Profile of Directors

Dato' Ab. Halim Bin Mohyiddin DPMS

Chairman, Senior Independent Non-Executive Director

Dato' Ab. Halim Bin Mohyiddin, a Malaysian, aged 68, 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 DiGi.Com Berhad and Group, KNM Group Berhad, RCE Capital Berhad and Petronas Gas 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 2013.

Low Han Kee

Managing Director

Low Han Kee, a Malaysian, aged 54, 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 25 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 2013.

Scott Russell Balfour

Non-Independent Non-Executive Director

Scott Russell Balfour, an American, aged 52, 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 and Greater China Regions and Vice President-Global Business Conduct and 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. He is a member of the Board of Directors of the West Michigan World Affairs Council.

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 2013.

Yee Kee Bing

Executive Director

Yee Kee Bing, a Malaysian, aged 54, was appointed Director of AMSB on 28 November 2000. He was appointed Executive Director of AMHB on 16 July 2004. On 1 September 2004, he assumed his responsibility as the General Manager of AMSB.

He started his career as the Accounts Servicing Executive at Art Beat Communications Sdn Bhd in July 1983. He joined AMSB as Communications Executive, in November 1984 before being promoted to Communications Co-ordinator in 1988, and assuming the position of Communications Manager in 1990.

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

Presently he is a Board member of Direct Selling Association of Malaysia.

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 2013.

Eva Cheng Li Kam Fun

Independent Non-Executive Director

Eva Cheng Li Kam Fun, a Chinese, aged 61, 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 re-designated 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, Esprit Holdings Limited, Haier Electronics Group Co., Ltd. and Nestlé S.A..

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 2013.

Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof

Independent Non-Executive Director

Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof, a Malaysian, aged 67, 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, Prof 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 Prof for Universiti Putra Malaysia since 2006.

Prof 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 social economy. 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.

Prof 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.

Prof Datuk Dr. Nik Mohd Zain attended all the four Board meetings held during the financial year ended 31 December 2013.

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham

Independent Non-Executive Director

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, a Malaysian, aged 68, 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 is a Fellow of Queen Mary College and a Benchler of the Honourable Society of Middle Temple.

He is currently Head of Dispute Resolution at 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 2013.

Mohammad Bin Hussin

Non-Independent Non-Executive Director

Mohammad Bin Hussin, a Malaysian, aged 53, 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.

Presently, Mohammad Bin Hussin is a Board member of Federation of Investment Managers Malaysia.

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 all the four Board meetings held during the financial year ended 31 December 2013.

James Bradley Payne

Non-Independent Non-Executive Director

James Bradley Payne, an American, aged 60, 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, Ele's Place 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 all the four Board meetings of the Company held during the financial year ended 31 December 2013.

Operations Review

AMWAY (Malaysia) Holdings Berhad (AMWAY) turned in a steady 4.6% increase in revenue to RM834.2 million for the 2013 financial year. Gross margin improved to 31.9% from 31.5%, while profit after tax grew 9.3% to RM109.0 million. We achieved this due to the on-time implementation of our sales and marketing initiatives, and the continuing efforts of our Distributors.



Events and activities like YMe Rally and Recognition Meetings keep the field motivated and excited

PEOPLE

Core Distributor Force (CDF) grew 1.0% over the previous year to 246,000. Younger people continued to be drawn to the AMWAY™ Business Opportunity, with AU35 (adults under the age of 35) comprising 55% of all new applications. We saw encouraging results as well in the Malay segment where we registered a growth of 12.0% in the number of Malay Direct Distributors and above.

The leadership pool in this segment also showed an upward trend with a 22.0% growth in new Platinum Distributorships and one newly-qualified Founders Diamond Distributorship.

In terms of field support in 2013, we organised 53 Distributor Meetings in major towns where successful Distributors were invited to share their inspirational stories and new achievers were recognised. We also held 11 Recognition events for our



Double-page spreads in the August 2013 issues of Eh! and GLAM with Yasmin Hani sharing her experience using ARTISTRY IDEAL RADIANCE Essence

Diamond Direct Distributors and above, including one for a Founders Crown Ambassador, the highest pin achievement in the AMWAY world. In addition, we supported 80 rallies and seminars, and 48 product fairs that were organised by Distributor leaders at their respective centres.

Events aimed at growing business builders within the Malay segment included Business Opportunity Rallies at major towns, Business Building Seminars held at the AMWAY Malaysia HQ and the AMWAY Entrepreneurs Convention, which attracted 3,500 Distributors, a majority of whom were Malay. To promote our products among Malay consumers, we published a series of 6 NUTRILITE™ advertorials in Harian Metro, the newspaper with the highest Malay readership, as well as a testimonial by local celebrity Yasmin Hani on ARTISTRY IDEAL RADIANCE™ Essence in Eh! and Glam magazines.

Meanwhile, our YMe Rally continued to be an effective vehicle to engage younger Distributors. Exciting games such as the Race to Trout Lake giant board game, refreshments at the NUTRILITE Pitstop, and young and successful guest speakers drew a crowd of 5,000 predominantly from the AU35 category.

Our National Convention in June received an overwhelming turnout of about 18,000 Distributors at the Stadium Putra in Bukit Jalil. Our panel of guest speakers included Founders Crown Ambassadors Leonard & Esther Kim and Double Diamond Direct Distributors Kim Min Ki & Kwon Su Mi, who were specially invited from Korea, as well as local Diamond Direct Distributors Abdul Jalil & Zaimah. These inspiring speaker's gave rousing accounts of their journeys to the pinnacle of the business, reiterating the unique life-changing opportunity that AMWAY offers regardless of age, education or business experience.

Our employees also received due attention. Over the course of 2013, they attended 68 training and development programmes (1,240 hours in all) to enhance leadership competencies and functional skills. The highlight of our employee training in 2013 was the AMWAY Leadership Programme, a three-day programme to strengthen our people managers in coaching, leading and inspiring their teams.

PRODUCTS

In line with our goal to grow the beauty category, ARTISTRY™ led the pack with 4 new product launches and 4 product

revisions. Of the new products, the IDEAL RADIANCE™ advanced whitening skin care range, garnered the strongest response. Another star product was YOUTH XTEND™ Ultra, a breakthrough anti-aging line formulated with the exclusive and patented Red Caviar Concentrate that effectively reclaims skin's lifted look and youthful glow.



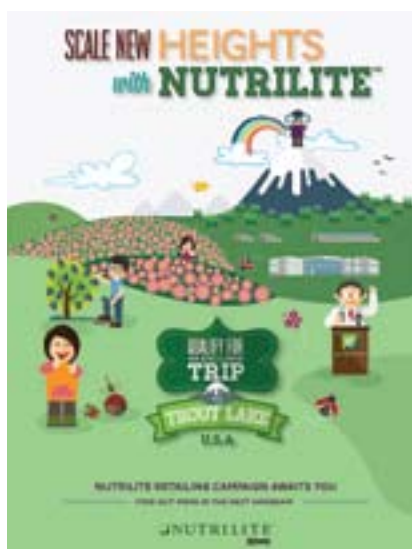
In terms of product revisions, the Intensive Skincare 14 Nights Restore Program replaced the Intensive Repair Serum. With a new and improved Deep Night Action 7 Complex, this product repairs existing damage while protecting skin against future damage to deliver youth-renewing results after just 14 nights of use. The other revisions were the enhanced YOUTH XTEND Lifting Smoothing Foundation, Automatic Liquid

Eye Liner and EXACT FIT Perfecting Loose Powder. This collection of new and revised products in 2013 further endorsed ARTISTRY as a top brand in the beauty industry and one that has immense retail potential for our Distributors.

Innovations in product research and development have been a mainstay of NUTRILITE™ and the brand lived up to this defining attribute with the introduction of the reformulated NUTRILITE Bio C Plus All Day Formula and the Salmon Omega Complex. With an extended release function, the new Bio C supplies vitamin C slowly and gently, ensuring that the nutrient is available throughout the day. Meanwhile, the enhanced Salmon Omega Complex comes with the additional benefits of essential fatty acids sourced from a wider combination of fish – salmon, mackerel, anchovies and sardines.

Together, these two products accounted for more than 15.0% of NUTRILITE sales in 2013. Product innovations such as these underline the ability of NUTRILITE, which will be celebrating its 80th anniversary in 2014, to remain at the forefront as the world's number one-selling brand of vitamin and dietary supplements.

In addition to product revisions, the Race to Trout Lake Retailing Campaign and Shape Up Weight Management Programme kept up the buzz for NUTRILITE. From April to June 2013, a total of 639 Distributors participated



in the Shape Up Team Challenge where teams of three competed against one another to record the higher percentage of weight loss. The challenge resumed in November and this time it was opened to individuals as well.

In December, we unveiled the first phase of the revamped SATINIQUE™ advanced hair care line, sporting a vibrant new look accentuated by a slim, elegant bottle in multiple colours to easily differentiate one hair care system from the other. This overhaul included a reformulation with the addition of ENERJUVE™, a carefully researched technology that nourishes hair from the inside out. Once the revamped SATINIQUE line is completely launched with the introduction of phase two in mid-2014, consumers will be able to look to the brand for a total hair experience, strengthening the SATINIQUE brand in the mass prestige hair care category.

TECHNOLOGY AND INFRASTRUCTURE

In 2013, we continued our strategy of expanding our digital presence to improve accessibility as well as to enhance Distributor efficiency in retailing and recruiting.



One of the digital tools launched was the AMWAY eViewer, a mobile application or "app" that brings static images to life via videos once the image is scanned using a smart device. This tool not only places an increased amount of essential product information in the hands of Distributors, it also enables them to provide a unique "augmented reality" experience to their prospects and customers.



We also launched 3 mobile apps for ARTISTRY, in line with our strategic focus to grow the Beauty category, and 1 mobile app for eSpring™, our award-winning water treatment system.

To further enhance Distributors' digital experience, we created a product recommender tool on the mobile web platform for the Health, Beauty and Home categories. This tool is able to recommend relevant AMWAY products based on users' answers to a few questions. Meanwhile, the AMWAY Growth Incentive Programme was developed as a responsive website optimised to allow Distributors to access seamlessly through any mobile devices, desktop PCs or laptops.

In August, we launched the AMWAY eLibrary to very positive response. This new app not only allowed Distributors to download an electronic version of our monthly AMAGRAM™ publication, but also a wide selection of Business Support Materials that were once available only in print. We anticipate demand for content via the eLibrary to rise, as our Distributors become increasingly tech savvy and environmentally conscious.



In December, we completed phase two of our website revamp. In this second phase, we upgraded the Business Centre portion of Amway2u.com to provide an improved transactional and business engine for more comprehensive e-commerce solutions for Distributors.

In conjunction with the upgrade, we also introduced AMWAY Mobile Business Centre, a mobile web for Distributors to access business and product information via their tablets or mobile devices.

Harnessing the power of technology also enabled us to modernise and increase Distributor engagement at our events. At the National Leadership Conference in June, we employed a new projection system that fed live footage from 6 projectors, each capturing a different angle of the conference hall, and simultaneously projected them onto a 100-metre-long jumbo screen.

Our digital prowess was on display as well at our Product Expo, which drew an estimated 11,000-strong crowd. Distributors and the public were able to experience AMWAY products in a new light with tools, such as the interactive websites, eViewer and a host of apps, which provided an enriching and unique brand journey.

In addition, registration for incentive trips like the AMWAY Leadership Seminar and Diamond Invitational has also gone "e".



Jumbo screen measuring 100-metre in length makes for an unforgettable sight

Our Brand Experience Centre (BEC) was buzzing with activity in 2013 with a record 24,000 visitors. We attribute this to the popularity of the health and beauty assessments conducted and Distributors' enthusiasm for the educational talks held there on topics such as weight management, fitness and beauty.

Accessibility to our brands and products is an aspect we have been focusing on since 2010. One strategy which has proven successful is the conversion of AMWAY Regional Distribution Centres (RDCs) into AMWAY Shops throughout Malaysia. In 2013, the AMWAY Shops continued to register high sales transaction, demonstrating Distributors'

preference for this new channel. In March 2013, we converted our RDC in Sandakan into an AMWAY Shop, bring our total to 21 Shops and 5 RDCs.

Summary

While we are cautious of external factors which could pose challenges, we are confident of defending our market share and supporting our Distributors with the right strategies. We will continue to focus on making our business opportunity appealing to the AU35 and Malay Distributor segments, and grow the leadership pipeline across all segments of our Distributor force by increasing their productivity in retailing, sponsoring and servicing.

To achieve this, we will continue to invest in technology that will provide our Distributors with a wider resource for product knowledge and greater transactional efficiency. Furthermore, we will carry on improving accessibility to our business opportunity and products with the final phase of our AMWAY Shop strategy. We will also emphasise talent development and effective management of our product portfolio. With the decisive execution of these strategies and the commitment of our Distributor force, we are confident of maintaining our leading position in the industry.



Distributors going all out in games and brand activities at the Product Expo

Corporate Responsibility & Sustainability

At AMWAY™, we regard corporate responsibility and sustainability to be important measures of our success as a company, equal in importance to revenue or profit.

WORKPLACE

AMWAY is committed to safeguarding our employees' well-being. Guided by our Safety and Health Policy, we emphasise 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, comprising employees, tasked to ensure the quick and safe evacuation of staff in the event of an emergency, as well as to render first aid and conduct evacuation drills.

We also encourage our employees to lead healthy lifestyles. In addition to our well-equipped gymnasium and yoga classes, our Sports and Recreation Club also plays a key role to encourage employees to be physically active. Competitions and outdoor team-building events are regularly organised to build camaraderie. Among the activities organised in 2013 was an outback team-building event held at Outback Broga in Semenyih to foster better relationships and interaction at the workplace.

Helping to ease work stress are the "chill out" areas on every floor of our offices at Petaling Jaya headquarters. Equipped with comfortable chairs and decorated in bright colours, work meetings can be held here in a relaxed environment without the usual formality. After work, staff can use the area to socialise over board games.

We are also committed to our employees' professional and personal development. In 2013, employees participated in 68 workshops that helped them hone their skills and competencies. For employees who were keen to pursue further studies and specialised courses, we made available an Education Assistance Programme that provides financial assistance to them. AMWAY Malaysia also strongly prioritises internal hiring as a means of job enrichment and advancement for existing employees.

On the social front, we encourage our employees to participate in our community programmes to instil a strong sense of social responsibility.

MARKETPLACE

For AMWAY Malaysia, corporate responsibility includes the manner in which we conduct business. We are committed to adhere to the Code of Conduct of the Direct Selling Association of Malaysia (DSAM) and expect our Distributors to also observe similar self-regulation and uphold high 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 ethically, effectively and fairly with our shareholders, prospective investors and other stakeholders.

Our staff and Distributors undergo training to ensure they adhere to industry best practices such as not making exaggerated claims, and abide by the highest ethical and legal standards.

The listed status of AMWAY Malaysia on the Main Market of Bursa Malaysia also requires our compliance to the Listing Requirements and audit by reputable accounting firms.

And, for the fourth year running, AMWAY was named the Asia Pacific Water Filtration Company of the Year by market research company Frost & Sullivan for the eSpring™ Water Treatment System. The citation for the award, part of the Frost & Sullivan Asia Pacific Best Practices Awards, reads: "The range of products from 'eSpring' launched in 2002 has evolved to meet customer requirements and preferences across the region while maintaining the global standards of quality. It is now the best-selling brand in the Asia Pacific region. In a show of support for sustainable solutions, the company is increasingly introducing green practices across its value chain to reduce its carbon footprint."

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 in the communities in which we operate. In 2013, children continued to be our focus, through the AMWAY One by One Campaign for Children™.

Universal Children's Day

Universal Children's Day on 20 November was celebrated all around the world by AMWAY in 57 countries, involving 15,000 volunteers doing 300 projects and helping more than 100,000 children.



WFDSA Gold Cert 2013: Our participation in the WFDSA/DSAM Code of Ethics Recognition Programme has earned us the 2013 Gold Award for the second consecutive year



Two hundred uniquely decorated potted plants were purchased for this worthy cause by generous Distributors, employees and guests

On that day, AMWAY Malaysia hosted 65 children from 4 Rumah Tunas Harapan foster homes, accompanied by their foster parents and senior personnel from the Selangor State Social Welfare Department.

The children were treated to a full-day of educational fun and scrumptious food, and received goodie bags filled with AMWAY products. They were chaperoned and helped along

by the nearly 100-strong contingent of volunteers comprising AMWAY Distributors and employees. A total of 1,034 volunteer hours were recorded.

Key activities for the day included painting on potted plants, painting on tiles to be made into a mural, and learning to play (and later perform) on the "Shigu" drums by renowned local troupe, Hands Percussion.



The proceeds from the auction and sale of the potted plants contributed significantly to the total RM35,530 raised in aid of Typhoon Haiyan victims



Participants and volunteers express their creativity through beautifully hand-painted potted plants that were sold to bring hope to Typhoon Haiyan victims

The hand-decorated potted plants were later sold and auctioned off. The proceeds, together with generous donations from AMWAY Distributors, customers and employees of AMWAY Malaysia and affiliates AITS (Amway IT Services Sdn Bhd) and ABSAP (Amway Business Services Asia Pacific Sdn Bhd), came up to USD11,000 (RM35,530) which was channelled to the Philippines Red Cross to help victims of Typhoon Haiyan.

Each of the 4 foster homes also received RM5,000 in aid from AMWAY Malaysia, as part of its continued support for children in need. Feedback from all involved was strongly positive, especially the empowering effect on the children who were able to help others in need.

Cheer Visits

Over the course of 2013, AMWAY Distributors conducted a total of 6 Cheer Visits, with 5 to the Rumah Tunas Harapan foster home in Kuala Selangor

and 1 to the paediatric ward of the Hospital Raja Perempuan Zainab II, in Kota Bharu, Kelantan. Our Distributors entertained the children with music, drama, and arts and crafts, handed out goodie bags, and treated the children to snacks and drinks. A total of 1,064 volunteer hours were recorded, helping to bring cheer to 140 children.

Blood Donation

Our annual blood donation drive at the Petaling Jaya Headquarters, in its seventh year, received a record number of more than 150 donors.

ENVIRONMENT

The AMWAY commitment to environmental sustainability has not wavered since the launch of our first biodegradable product, the L.O.C.™ Multi-Purpose Cleaner in 1959. Continuing this strong commitment, our household cleaning products, rebranded under AMWAY HOME™ in 2012, are now powered by BIOQUEST FORMULA™ Technology which contains active ingredients sourced from nature, which are completely biodegradable.

In our NUTRILITE™ vitamins and dietary supplements line, we continue to grow the bulk of our ingredients on our own certified organic farms, which not only ensures freshness and integrity but also helps protect our ecosystem.

Apart from the focus on children, environmental stewardship has also been our emphasis for a number of

years. While we continued to encourage conservation by reducing the use of plastic bags and in cutting down energy consumption at our Petaling Jaya Headquarters, we went a step further in 2013 by taking part as a prize sponsor in the New Straits Times Cyberjaya Green Ride. We sponsored 5 sets of the AMWAY HOME™ Starter Pack which contained several of our biodegradable and environmentally safe home cleaning products – a perfect complement to this “green” sporting event.



The AMWAY eLibrary, launched in August 2013, also fit into our conservation efforts by offering electronic versions of our monthly

AMAGRAM™ publication and a wide selection of Business Support Materials for downloads. The eLibrary has received a very positive response with growing numbers of downloads every month. We will continue to expand on our e-publication offerings in 2014 to encourage Distributors to opt for electronic versions and do our part to protect the environment.

We also launched Learning Management System (LMS), an online learning portal, in 2013. The LMS enables Distributors to access a library of online courses and resources, such as workbooks and manuals, without leaving the comfort of home – an altogether more “green” and efficient way of learning.

In our Distribution division, AMWAY recycles cartons to reduce our carbon footprint. Used cartons are reused to package bulk orders made by Distributors, thus saving on plastic bags and new cartons. Also, some cartons are put through a special machine to produce “dunnage” which is soft packing material to stabilise, secure and protect product during transportation. Besides helping preserve the environment, these measures also result in savings in terms of distribution and packing costs.

LOOKING AHEAD

AMWAY will continue to emphasise the importance of corporate responsibility and sustainability in 2014. Guided by Corporate Responsibility best practices and our Sustainability Policy 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.



AMWAY HOME household cleaning products are powered by biodegradable ingredients sourced from nature

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 1

ESTABLISH 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.

CODE OF ETHICS AND WHISTLE-BLOWER POLICY

The Board has in place 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.

The Board recognizes the importance on adherence to the Code of Ethics by all personnel in the Group and takes measures to put in place a process to ensure its compliance.

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 responsibilities for the year under review are disclosed on pages 20 to 23 of this Annual Report.

Statement on Corporate Governance (contd.)

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 keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training. 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 12 to 15 of this Annual Report.

NOMINATING COMMITTEE – SELECTION AND ASSESSMENT OF DIRECTORS

The Company has a Nominating Committee, which comprised exclusively Independent Non-Executive Directors. The members are as follows:

- Eva Cheng Li Kam Fun (Chairperson of Committee—appointed on 12 January 2006 and subsequently re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 31 January 2013);
- 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).

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.

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 Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. In evaluating the suitability of candidates, the Nominating Committee considers, inter-alia, the competency, character, integrity, experience, 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. The Nominating Committee will however continue to ensure that suitable women candidates are sought and considered as part of its recruitment exercise. Currently, the Board has a female Independent Non-Executive Director on Board.

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.

Statement on Corporate Governance (contd.)

The activities of the Nominating Committee during the financial year under review include the following:

- reviewed the Board's succession plans;
- reviewed the required mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board;
- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment, character, experience and integrity;
- assessed the effectiveness and performance of the Executive Directors;
- assessed the independence of its independent directors;
- assessed the size of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board, and
- reviewed the character, experience, integrity, competence and time to effectively discharge the roles of Managing Director and Chief Financial Officer.

The Nominating Committee meets as required. One meeting was held during the financial year under review. All recommendations of the Nominating Committee are subject to the approval of the Board.

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
- Prof 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 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, one (1) Remuneration Committee meeting was 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 the 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 for the financial year ended 31 December 2013 are as follows:

	Executive RM'000	Non-Executive RM'000
Fees	-	319
Salaries and other emoluments	870	-
Bonus	641	-
EPF	248	-
Allowances	36	19
Benefits-in-kind	39	1
TOTAL	1,834	339

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
RM0 – RM50,000	-	3
RM50,001 – RM100,000	-	3
RM100,001 – RM150,000	-	1
RM800,001 – RM850,000	1	-
RM1,000,001 – RM1,050,000	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

Statement on Corporate Governance (contd.)

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 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.

In line with the MCCG 2012, the Company's Board Charter restricted 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 the Board, the Board recommended for Dato' Ab. Halim Bin Mohyiddin, Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue to act as Independent Non-Executive Directors of the Company subject to shareholders' approval at the Nineteenth Annual General Meeting of the Company. Key justifications for the recommended continuance as Independent Non-Executive Director are reflected in the Notice of Annual General Meeting on pages 75 to 76 of the Annual Report.

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
Prof 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)	4/4
James Bradley Payne (Non-Independent Non-Executive Director)	4/4

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 attention 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.

Statement on Corporate Governance (contd.)

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.

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, risk management, 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.

Conferences, seminars and training programmes attended by Directors in 2013 included the following:

Corporate Governance/ Risk Management

1. Audit Committee Conference 2013
2. Nominating Committee Programme
3. Disclosure of Inside Information, Whistleblowing Policy & Data Privacy
4. Corporate Governance & Short-Termism
5. Risk Management Forum
6. Statement on Risk Management & Internal Control

Strategic/ Leadership/ Business Intelligence

1. Exploring the Business Value of Sustainable Lifestyles: Focus on Asia
2. Global Growth Conference on Enterprise Strategic Direction, Strategic Agility and Changing Landscape – Emerging Trends
3. Talent view of Leadership Transitions Overview
4. Senior Leadership Programme
5. Perdana Leadership Foundation CEO Forum
6. 2013 Annual Conference of Fung Retailing Group on the New Frontier of Retailing

Industry/ Legal & Regulatory Development

1. Forum on Wealth Management for Successful Direct Sellers
2. International Arbitration Conference 2013
3. Litigation Conference – Present Challenges and Future Prospects
4. Latest Development in Management of High Rise Buildings and Land Dealings

Finance/ Tax

1. National Tax Budget 2014
2. Oracle Financial Services Software Training

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.

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 Audit 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 reports 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 6**RECOGNISE 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 Statement on Risk Management and Internal Control of this Annual Report.

In line with the MCGG 2012 and the Listing Requirements, the Board established an independent internal audit function that reports directly to the Audit Committee. This internal

Statement on Corporate Governance (contd.)

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 Statement on Risk Management and Internal Control 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. 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 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) clear days before the date of the meeting to enable shareholders to go through the Annual Report. During the last AGM, the Notice of AGM was circulated 29

days prior to the AGM, well in advance of the 21-day requirement under the Companies Act 1965 and the Listing Requirements. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

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 18th 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 participated in deliberating on resolutions being proposed.

At the last AGM, the Executive Director also provided shareholders with an overview of the Group's operations for the financial year while the Chief Financial Officer provided a 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 amongst others the 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

An Investor Relations Policy enables 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 electronic mail, i.e. ir@amway.com to which stakeholders can direct their queries.

The Company has in place 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 2013.

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) Prof 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
 - fulfills 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.

Audit Committee Report (contd.)

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 summarizing 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.

Audit Committee Report (contd.)

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 2013, 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
Prof 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
Eva Cheng Li Kam Fun (Independent Non-Executive Director) - appointed on 20 February 2013	3/3

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 revised Operating and Capital Expenditure Budget for year 2013;
- approved the Internal Audit Plan for financial year 2013 and 2014;
- 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 2013;

- reviewed the quarterly unaudited financial results for announcements to Bursa Securities as well as declaration of dividends 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
- reviewed the Annual Strategic Plan, the Operating and Capital Expenditure Budget for the year 2014.

In 2013, the Board had formalized the policy and procedures on the provision of non-audit services by the external auditors. The nature of the non-audit services and the financial thresholds on the extent of the non-audit services were determined in the policy. These procedures are in place to ensure the independence and objectivity of the external auditors is not impaired.

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, risk management, leadership, legal, business intelligence, industry and regulatory developments 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

Audit Committee Report (contd.)

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 RM108,700.

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.

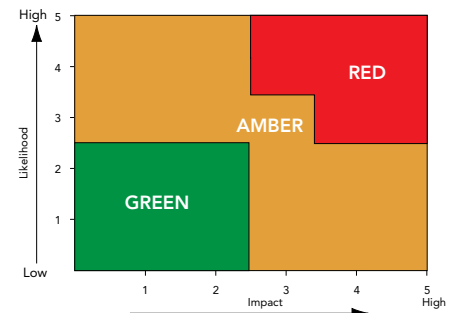
The RMC's responsibilities include the following:

- 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:

Red quadrant

- high possibility of occurring; significant impact

Amber quadrant

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

Green quadrant

- low possibility of occurring; insignificant impact

During the 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 Audit Committee was briefed by the Senior Management on the Group's risk register in May 2013, August 2013 and November 2013.

Statement on Risk Management and Internal Control

The Board is committed to maintaining a sound internal control system and is pleased to provide the following Statement on Risk Management and Internal Control ("Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2013. For the purpose of disclosure, this Statement also takes into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers 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 not achieving 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. 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 Malaysian Code on Corporate Governance 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 reviewed quarterly since February 2013 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) 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

Statement on Risk Management and Internal Control (contd.)

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. Group policies and procedures are available on the Group's intranet for easy access by staff.

(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 results, 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 system is 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 Code of Ethics to promote ethical conduct in the workplace.

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 2013 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 25 February 2014.

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 on major assets and contingencies 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. An annual insurance renewal exercise is undertaken in which management reviews the relevance and adequacy of the insurance coverage.

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 ended 31 December 2013.

Share Buy-Back

There was no share buy-back effected during the financial year ended 31 December 2013.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2013.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2013.

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 ended 31 December 2013.

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 RM10,000 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 2013.

Profit Guarantee

There was no profit guarantee during the financial year ended 31 December 2013.

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 2013 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 eighteenth Annual General Meeting ("AGM") held on Wednesday, 29 May 2013, 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 2013 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 2013 is stated on pages 20 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.

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 2013.

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	Company
	RM'000	RM'000
Profit net of tax	109,023	102,328

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 2012 were as follows:

In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:

	RM'000
Fourth interim tax exempt (single-tier) dividend of 32.5 sen per share, on 164,385,645 ordinary shares, declared on 20 February 2013 and paid on 29 March 2013.	53,425

In respect of the financial year ended 31 December 2013 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 29 May 2013 and paid on 27 June 2013;	16,439
(ii) Second interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 29 August 2013 and paid on 27 September 2013; 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 07 November 2013 and paid on 06 December 2013.	16,439
	49,317
Total dividends paid	102,742

Directors' Report (contd.)

DIVIDENDS (contd.)

Subsequent to reporting date on 25 February 2014, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately 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 approximately 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 2014.

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the Note 9 of the financial statements or the fixed salary of a full-time 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 1.1.2013	Acquired	Sold	As at 31.12.2013
1,000	—	—	1,000
20,000	—	—	20,000

The Company

Direct interest:
 Dato' Ab. Halim Bin Mohyiddin
 Low Han Kee

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.

Directors' Report (contd.)

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 25 February 2014.

Dato' Ab. Halim Bin Mohyiddin

Low Han Kee

Statement by Directors

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

We, Dato' Ab. Halim Bin Mohyiddin and Low Han Kee, being two of the directors of Amway (Malaysia) Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 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 2013 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 29 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 25 February 2014.

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 43 to 70 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
Kuala Lumpur in Federal Territory
on 25 February 2014

Ho Kim Poi

Before me,

R. Vasugi Ammal
Commissioner for Oaths
Kuala Lumpur

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 2013 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 43 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 2013 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 15 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.

Independent Auditors' Report (contd.)

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 29 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
25 February 2014

Loke Siew Heng

No. 2871/07/15(J)

Chartered Accountant

Statements of Comprehensive Income

For the financial year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	4	834,222	797,523	101,172	63,188
Cost of sales	5	(568,185)	(545,989)	–	–
Gross profit		266,037	251,534	101,172	63,188
Other income	6	5,530	5,209	2,704	2,727
Distribution expenses		(42,410)	(37,712)	–	–
Selling and administrative expenses		(83,961)	(81,965)	(875)	(779)
Profit before tax	7	145,196	137,066	103,001	65,136
Income tax expense	10	(36,173)	(37,358)	(673)	(679)
Profit net of tax		109,023	99,708	102,328	64,457
Other comprehensive income:					
Foreign currency translation		59	51	–	–
Other comprehensive income for the year, net of tax		59	51	–	–
Total comprehensive income for the year		109,082	99,759	102,328	64,457
Profit attributable to owners of the parent		109,023	99,708	102,328	64,457
Total comprehensive income attributable to owners of the parent		109,082	99,759	102,328	64,457
Earnings per share attributable to owners of the parent (sen per share)					
– Basic	11	66.32	60.65		

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

Statements of Financial Position

As at 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	71,583	77,205	–	–
Intangible asset	14	4,782	4,782	–	–
Investment in subsidiaries	15	–	–	86,202	86,202
Deferred tax asset	16	4,832	3,972	–	–
		81,197	85,959	86,202	86,202
Current assets					
Inventories	17	64,651	68,019	–	–
Trade and other receivables	18	30,209	31,755	107	126
Cash and cash equivalents	19	152,883	148,855	88,561	88,871
		247,743	248,629	88,668	88,997
Total assets		328,940	334,588	174,870	175,199
Equity and liabilities					
Equity					
Share capital	20	164,386	164,386	164,386	164,386
Share premium		685	685	685	685
Other reserves		1,506	1,447	1,365	1,365
Retained earnings	21	67,734	61,453	7,902	8,316
Total equity attributable to owners of the parent		234,311	227,971	174,338	174,752
Non-current liability					
Deferred tax liabilities	16	30	26	–	–
Current liabilities					
Trade and other payables	22	86,470	98,246	342	253
Current tax payable		8,129	8,345	190	194
		94,599	106,591	532	447
Total liabilities		94,629	106,617	532	447
Total equity and liabilities		328,940	334,588	174,870	175,199

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 2013

|----- Non-Distributable -----|

	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Foreign currency translation reserve RM'000	Distributable retained earnings RM'000	Total equity RM'000
Group						
At 1 January 2013	164,386	685	1,365	82	61,453	227,971
Total comprehensive income	–	–	–	59	109,023	109,082
Transaction with owners						
Dividends on ordinary shares (Note 12)	–	–	–	–	(102,742)	(102,742)
At 31 December 2013	164,386	685	1,365	141	67,734	234,311
At 1 January 2012						
As previously stated, under FRS	164,386	685	1,365	232	25,654	192,322
Effect of adopting MFRS 1	–	–	–	(201)	201	–
At 1 January 2012, under MFRS	164,386	685	1,365	31	25,855	192,322
Total comprehensive income	–	–	–	51	99,708	99,759
Transaction with owners						
Dividends on ordinary shares (Note 12)	–	–	–	–	(64,110)	(64,110)
At 31 December 2012, under MFRS	164,386	685	1,365	82	61,453	227,971

|---- Non-Distributable ----|

	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Distributable retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2013	164,386	685	1,365	8,316	174,752
Total comprehensive income	–	–	–	102,328	102,328
Transaction with owners					
Dividends on ordinary shares (Note 12)	–	–	–	(102,742)	(102,742)
At 31 December 2013	164,386	685	1,365	7,902	174,338
At 1 January 2012	164,386	685	1,365	7,969	174,405
Total comprehensive income	–	–	–	64,457	64,457
Transaction with owners					
Dividends on ordinary shares (Note 12)	–	–	–	(64,110)	(64,110)
At 31 December 2012	164,386	685	1,365	8,316	174,752

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

Statements of Cash Flows

For the financial year ended 31 December 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities				
Profit before tax	145,196	137,066	103,001	65,136
Adjustments for:				
Property, plant and equipment				
– depreciation	7,802	8,335	–	–
– gain on disposals	(291)	(60)	–	–
– written off	34	18	–	–
Interest income	(5,112)	(4,976)	(2,704)	(2,727)
Dividend income	–	–	(101,172)	(63,188)
Net impairment loss on trade receivables	20	55	–	–
Allowance for inventory obsolesces	1,677	2,286	–	–
Unrealised foreign exchange loss/(gain)	29	(104)	–	–
Operating profit/(loss) before working capital changes	149,355	142,620	(875)	(779)
Decrease/(increase) in receivables	2,758	(8,736)	19	57
Decrease/(increase) in inventories	1,691	(1,793)	–	–
(Decrease)/increase in payables	(5,142)	(5,966)	89	4
Cash generated from/(used in) operations	148,662	126,125	(767)	(718)
Tax paid	(37,245)	(35,220)	(677)	(630)
Net cash generated from/(used in) operating activities	111,417	90,905	(1,444)	(1,348)
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,212)	(4,423)	–	–
Proceeds from disposals of property, plant and equipment	300	70	–	–
Dividend received	–	–	101,172	63,188
Interest received	5,112	4,976	2,704	2,727
Net cash generated from investing activities	3,200	623	103,876	65,915
Cash flows from financing activities				
Dividends paid	(102,742)	(64,110)	(102,742)	(64,110)
Repayment to related companies	(4,551)	(5,615)	–	–
(Repayment to)/payment made on behalf by penultimate holding company	(3,384)	3,780	–	–
Repayment to subsidiary	–	–	–	(36)
Net cash used in financing activities	(110,677)	(65,945)	(102,742)	(64,146)
Net increase/(decrease) in cash and cash equivalents	3,940	25,583	(310)	421
Effects of foreign exchange rate changes	88	71	–	–
Cash and cash equivalents at beginning of year	148,855	123,201	88,871	88,450
Cash and cash equivalents at end of year (Note 19)	152,883	148,855	88,561	88,871

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

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 2013 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act, 1965 in Malaysia. These financial statements also comply with the International 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.

2.2 Standards and Interpretations issued and adopted

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
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 (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	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
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.3 Standards issued but not yet effective**

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
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
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.4 Basis of consolidation (contd.)

(a) Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.5.

(b) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

2.5 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.

2.6 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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.6 Property, plant and equipment and depreciation (contd.)**

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 other assets as follows:

Leasehold land	Over lease period
Buildings	2%
Building improvements	10%
Leasehold fixtures and improvements	33%
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.

2.7 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.

2.8 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.

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.

2.9 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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.10 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.

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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.11 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.

2.12 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).

(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.

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

	2013 RM	2012 RM
United States Dollar	3.28	3.05
Singapore/Brunei Dollar	2.59	2.50
Euro	4.52	4.04

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.13 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.

2.14 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.

2.15 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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.15 Financial assets (contd.)****Loans and receivables**

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

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

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

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

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

2.16 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.

2.17 Cash and cash equivalents

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

2.18 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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.18 Impairment of financial assets (contd.)

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

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

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

2.19 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.

3. 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 14—measurement of the recoverable amounts of cash-generating units.

4. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of consumer products	834,222	797,523	–	–
Dividends	–	–	101,172	63,188
	834,222	797,523	101,172	63,188

5. COST OF SALES

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

6. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income on deposits with licensed bank and licensed financial institutions	5,112	4,976	2,704	2,727
Unrealised gain on foreign exchange	–	104	–	–
Gain on disposal of property, plant and equipment	291	60	–	–

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

7. PROFIT BEFORE TAX

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Employee benefits expense (Note 8)	41,602	36,136	–	–
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	363	296	338	276
Auditors' remuneration				
– statutory	148	132	29	25
– other services	11	10	11	10
Allowance of inventory obsolesces	1,677	2,286	–	–
Rental of premises	2,608	2,187	–	–
Unrealised loss on foreign exchange	29	–	–	–
Property, plant and equipment				
– depreciation (Note 13)	7,802	8,335	–	–
– gain on disposal	(291)	(60)	–	–
– written off	34	18	–	–
Realised foreign exchange (gain)/loss	(117)	7	–	–
Net impairment loss on trade receivables (Note 18)	20	55	–	–
Support charges received/receivable from related companies	(6,628)	(4,014)	–	–
Support charges paid/payable to related companies	10,121	13,515	–	–

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013 RM'000	2012 RM'000
Wages, salaries and bonus	32,213	27,324
Contribution to defined contribution plan	5,041	4,343
Social security contributions	547	628
Other benefits	3,801	3,841
	41,602	36,136

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,795,000 (2012: RM1,574,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

The directors' remuneration are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors' remuneration (Note 8):				
– Other emoluments	1,795	1,574	–	–
Non-executive directors' remuneration (Note 7):				
– Fees	344	279	319	259
– Other emoluments	19	17	19	17
	363	296	338	276
Total directors' remuneration	2,158	1,870	338	276
Estimated money value of benefits-in-kind	40	38	1	–
Total directors' remuneration including benefits-in-kind	2,198	1,908	339	276

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

9. DIRECTORS' REMUNERATION (contd.)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive:				
– Salaries and other emoluments	870	825	–	–
– Bonus	641	494	–	–
– Defined contribution plan	248	218	–	–
– Allowances	36	37	–	–
– Estimated money value of benefits-in-kind	39	38	–	–
	1,834	1,612	–	–
Non-Executive:				
– Fees	344	279	319	259
– Allowances	19	17	19	17
– Estimated money value of benefits-in-kind	1	–	1	–
	2,198	1,908	339	276

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

	Number of directors Company	
	2013	2012
Executive directors:		
RM700,001 – RM750,000	–	1
RM800,001 – RM850,000	1	–
RM850,001 – RM900,000	–	1
RM1,000,001 – RM1,050,000	1	–
Non-executive directors:		
RM0 – RM50,000	3	4
RM50,001 – RM100,000	3	2
RM100,001 – RM150,000	1	1
	9	9

10. INCOME TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense:				
– Malaysian income tax	37,286	33,986	673	679
– Foreign tax	308	371	–	–
	37,594	34,357	673	679
Under/(over)provision in prior years				
– Malaysian income tax	(523)	891	–	–
– Foreign tax	(42)	31	–	–
	37,029	35,279	673	679
Deferred tax (Note 16):				
– Relating to origination and reversal of temporary differences	145	2,214	–	–
– (Over)/underprovision in prior year	(1,001)	14	–	–
– Reduction in income tax rate	–	(149)	–	–
	(856)	2,079	–	–
Total income tax expense	36,173	37,358	673	679

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

10. 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 companies in Brunei is 20% (2012: 20%).

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	145,196	137,066	103,001	65,136
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	36,299	34,267	25,750	16,284
Different tax rate and tax structure in other jurisdiction	(174)	(184)	–	–
Deferred tax recognised at reduced tax rates	–	(149)	–	–
Income not subject to tax	–	(1)	(25,293)	(15,797)
Expenses not deductible for tax purposes	1,614	2,489	216	192
(Over)/underprovision of deferred tax in prior year	(1,001)	14	–	–
(Over)/underprovision of tax expense in prior years	(565)	922	–	–
Income tax expense	36,173	37,358	673	679

11. EARNINGS PER SHARE

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

	Group	
	2013	2012
Profit attributable to ordinary equity holders of the Company (RM'000)	109,023	99,708
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic earnings (sen per share)	66.32	60.65

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

12. DIVIDENDS

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2013			
Interim tax exempt (single-tier):			
Fourth quarter interim 2012 ordinary	32.50	53,425	29 March 2013
First quarter interim 2013 ordinary	10.00	16,439	27 June 2013
Second quarter interim 2013 ordinary	10.00	16,439	27 September 2013
Third quarter interim 2013 ordinary	10.00	16,439	06 December 2013
		102,742	

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

12. DIVIDENDS (contd.)

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2012			
Interim 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
		<u>64,110</u>	

Subsequent to reporting date on 25 February 2014, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately 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 approximately 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 2014.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2013									
Cost									
At 1 January 2013	1,420	17,493	33,912	21,569	4,094	32,680	2,328	542	114,038
Additions	–	–	–	85	55	1,639	433	–	2,212
Disposals	–	–	–	–	(152)	(606)	(604)	–	(1,362)
Write-offs	–	–	–	–	–	(35)	–	–	(35)
Reclassification	–	–	–	2	267	273	–	(542)	–
Effect of movements in exchange rates	–	–	–	–	10	18	–	–	28
At 31 December 2013	1,420	17,493	33,912	21,656	4,274	33,969	2,157	–	114,881
Accumulated depreciation									
At 1 January 2013	–	2,014	2,993	7,798	2,733	19,604	1,691	–	36,833
Charge for the year (Note 7)	–	609	398	1,842	773	3,788	392	–	7,802
Disposals	–	–	–	–	(152)	(597)	(604)	–	(1,353)
Write-offs	–	–	–	–	–	(1)	–	–	(1)
Effect of movements in exchange rates	–	–	–	–	8	9	–	–	17
At 31 December 2013	–	2,623	3,391	9,640	3,362	22,803	1,479	–	43,298
Net carrying amount	1,420	14,870	30,521	12,016	912	11,166	678	–	71,583

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

13 PROPERTY, PLANT AND EQUIPMENT (contd.)

Group (contd.)	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 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 7)	–	269	678	2,040	621	4,273	454	–	8,335
Disposals	–	–	–	–	–	(46)	(218)	–	(264)
Reclassification	–	–	–	–	(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

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 RM14,502,000 (2012: RM11,277,000).

14. INTANGIBLE ASSET

	Group	
	2013 RM'000	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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares at cost	86,202	86,202

Details of the subsidiaries are as follows:

Name of subsidiaries	Issued and paid-up share capital	Proportion of ownership interest		Principal activities
		2013 %	2012 %	
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
Held by Amway (Malaysia) Sdn Bhd:				
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

16. DEFERRED TAX

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of financial year	3,946	6,025	–	–
Recognised in profit or loss (Note 10)	856	(2,079)	–	–
At end of financial year	4,802	3,946	–	–
Presented after appropriate offsetting as follows:				
Deferred tax asset	4,832	3,972	–	–
Deferred tax liability	(30)	(26)	–	–
	4,802	3,946	–	–

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 2012	(5,062)
Recognised in profit or loss	(62)
At 31 December 2012	(5,124)
Recognised in profit or loss	(105)
At 31 December 2013	(5,229)

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

16. DEFERRED TAX (contd.)

Deferred tax asset of the Group:

	Accrued expenses RM'000
At 1 January 2012	11,087
Recognised in profit or loss	(2,017)
At 31 December 2012	9,070
Recognised in profit or loss	961
At 31 December 2013	10,031

17. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
Consumer products:		
At cost	64,484	67,903
At net realisable value	167	116
	64,651	68,019

During the financial year, inventories recognised as cost of sales amounted to RM328,611,000 (2012: RM317,121,000).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Third parties	6,633	8,450	–	–
Due from related companies	1,198	1,690	–	–
	7,831	10,140	–	–
Less: Allowance for impairment on amounts due from third parties	(433)	(413)	–	–
Trade receivables, net	7,398	9,727	–	–
Other receivables				
Amounts due from related companies	18,194	16,491	–	–
Sundry receivables	2,560	2,522	102	121
Deposits	1,096	1,106	5	5
Prepayments	961	1,909	–	–
	22,811	22,028	107	126
Total trade and other receivables	30,209	31,755	107	126
Add: Cash and cash equivalents (Note 19)	152,883	148,855	88,561	88,871
Less: Prepayments	(961)	(1,909)	–	–
Total loans and receivables	182,131	178,701	88,668	88,997

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

18. 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 (2012: 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	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	7,398	9,727
Impaired	433	413
	7,831	10,140

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 Individually impaired	
	2013 RM'000	2012 RM'000
At beginning of financial year	413	358
Charge for the year (Note 7)	475	240
Recovered (Note 7)	(455)	(185)
At end of financial year	433	413

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 (2012: 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 26.

Other information on financial risks of other receivables are disclosed in Note 27.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand and at banks	14,598	16,396	580	160
Deposits with licensed banks	138,285	132,459	87,981	88,711
Total cash and cash equivalents	152,883	148,855	88,561	88,871

Other information on cash and cash equivalents are disclosed in Note 27.

20. SHARE CAPITAL

	Group/Company		Group/Company	
	Number of ordinary shares of RM1 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 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.

21. RETAINED EARNINGS

The Company may distribute dividends on a single-tier basis out of its entire retained earnings as at 31 December 2013 without any restrictions.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables				
Third parties	14,033	20,884	–	–
Due to related companies	9,285	13,380	–	–
	23,318	34,264	–	–
Other payables				
Amounts due to:				
– Penultimate holding company	1,729	5,056	–	–
– A subsidiary	–	–	6	3
– Related companies	874	126	–	–
Sundry payables	1,051	1,617	28	27
Accruals	59,498	57,183	308	223
	63,152	63,982	342	253
Total financial liabilities carried at amortised cost	86,470	98,246	342	253

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

22. 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 (2012: 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 (2012: 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 (2012: 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 RM44,400,000 (2012: RM43,076,000) are in respect of distributors' bonuses, seminars and other expenses.

Further details on related parties transactions are disclosed in Note 26. Other information on financial risks of other payables are disclosed in Note 27.

23. 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.

24. CAPITAL COMMITMENTS

Capital expenditure in respect of

Property, plant and equipment:

- Approved and contracted for
- Approved and not contracted for

Group	
2013 RM'000	2012 RM'000
60	438
4	656

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

25. 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:

	Group	
	2013 RM'000	2012 RM'000
Future minimum rentals payments		
Not later than 1 year	2,186	2,354
Later than 1 year and not later than 5 years	1,083	2,335
	3,269	4,689

The lease payments recognised in profit or loss during the financial year are disclosed in Note 7.

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.
- Seventeen (17) 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.
- Fifteen (15) leases – renew the lease for a period of thirty six (36) months by notifying the lessor in writing at least three (3) months before expiry.
- One (1) lease – renew the lease for a period of 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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2013 RM'000	2012 RM'000
Sales of goods and services:		
– Related company, Amway (Singapore) Pte. Ltd.	(2,446)	(3,036)
Purchases:		
– Related company, Access Business Group International L.L.C.	224,896	206,366
Support charges:		
– Penultimate holding company, Alticor Inc.	5,748	8,389
– Intermediate holding company, Amway International Inc.	3,360	5,126
– Related company, Amway Vietnam Co. Ltd.	(1,613)	(1,267)
– Related company, Amway (Singapore) Pte. Ltd.	(1,366)	(814)
– Related company, P.T. Amway Indonesia	(1,269)	(862)
– Related company, Amway Philippines L.L.C.	(586)	(372)
– Related company, Amway (Thailand) Ltd.	(1,411)	(699)
– Related company, Amway of Australia	(383)	–
– Related company, Amway Business Services Asia Pacific Sdn. Bhd.	1,013	–
Royalties paid:		
– Related company, Access Business Group International L.L.C.	1,495	1,377

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 2013 are disclosed in Notes 18 and 22.

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

	Group	
	2013 RM'000	2012 RM'000
Short-term employee benefits	2,539	2,574
Post-employment benefits:		
– Defined contribution plan	1,290	660
– Allowances	225	184
	4,054	3,418
Included in the remuneration of key management personnel are:		
– Executive directors' remuneration (Note 9)	1,795	1,574

27. 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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

27. FINANCIAL INSTRUMENTS (contd.)**(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 2013			
Group			
Deposits with licensed banks	3.16	138,285	138,285
Company			
Deposits with licensed banks	2.97	87,981	87,981
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

(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").

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

	Group	
	2013 RM'000	2012 RM'000
Due from related companies		
Singapore Dollar	1,199	1,690
United States Dollar	–	1,167
Due to penultimate company		
United States Dollar	41	1,065
Due to related companies		
United States Dollar	22	101

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.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

27. FINANCIAL INSTRUMENTS (contd.)

(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:

	Note
Trade and other receivables	18
Amounts due from related companies	18
Amounts due to related companies and related parties	22
Amounts due to penultimate holding company	22
Trade and other payables	22

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

28. 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 2013 and 31 December 2012.

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

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2013

29. SUPPLEMENTARY EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
– Realised	70,146	64,746	7,902	8,316
– Unrealised	4,801	3,946	–	–
	74,947	68,692	7,902	8,316
Less: Consolidation adjustments	(7,213)	(7,239)	–	–
Total retained earnings as per financial statements	67,734	61,453	7,902	8,316

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.

Particulars of Properties

As at 31 December 2013

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	4	29,243	9 March 2006
26 & 26A Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Warehouse	Leasehold expiring 26 March 2069	4	26,411	19 November 2004
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	3,841	Office & Warehouse	Freehold	13	2,138	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	18	528	21 August 1995
10, Lorong Nagasari 4 Taman Nagasari 13600 Prai Penang	975	Warehouse	Freehold	22	510	19 June 1991

Group's Physical Presence

As at 31 December 2013

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	AMWAY SHOPS		
JOHOR BAHRU 1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	ALOR SETAR 35, Taman Bandar Baru Mergong Lebuhraya Sultanah Bahyah 06250 Alor Setar Kedah Darul Aman	KUANTAN A255, Ground Floor Jalan Air Putih 25300 Kuantan Pahang Darul Makmur	SIBU 25, Ground Floor Lorong Wong King Huo 1B 96000 Sibu Sarawak
KOTA KINABALU Lot 30, Jalan Sembulan Lama Karamunsing 88000 Kota Kinabalu Sabah	BATU PAHAT 26 & 27 Jalan Flora Utama 1 Taman Flora Utama 83000 Batu Pahat Johor Darul Takzim	MELAKA 108A, Jalan Berkat 15 Taman Malim Jaya 75250 Melaka	TAIPING 13,15 & 17, Tingkat Bawah Jalan Medan Saujana Kamunting Taman Medan Saujana Kamunting 34600 Kamunting Taiping Perak Darul Ridzuan
KUCHING Lot 40 & 41 Jalan Tun Ahmad Zaidi Adruce 93200 Kuching Sarawak	BINTULU Lot 4075, 4076, 4077 Parkcity Commercial Square Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak	MENTAKAB 28B & 28C, Jalan Zabidin 28400 Mentakab Pahang Darul Ridzuan	WANGSA MAJU 34N-0-3 Jalan Wangsa Delima 6 Jalan 1/27F KLSC Section 5 Pusat Bandar Wangsa Maju 53300 Kuala Lumpur
MIRI Lot 302, Ricemill Road MCLD, 98000 Miri Sarawak	IPOH 8 & 10, Bercham Bistari 1 Medan Bercham Bistari 31400 Ipoh Perak Darul Ridzuan	NUSA BESTARI 26G, Jalan Bestari 7/2 Taman Nusa Bestari 79150, Nusajaya Johor Darul Takzim	SANDAKAN Block A, Lot SO198-SO201 Ground Floor, One Avenue 8 Bandar Utama, Mile 6 North Road 90000 Sandakan, Sabah
	KLANG 55 & 57 Ground Floor Jalan Mahogani 5/KS7 Bandar Botanic 41200 Klang Selangor Darul Ehsan	PENANG 28-G-1, Jalan Tanjong Tokong 10470 Penang	BRUNEI 6 & 7, Block A Kompleks Shakirin Kampong Kiulap Bandar Seri Begawan BE1518 Brunei Darussalam
	KOTA BHARU 10 & 11 Bangunan Yakin Jalan Raja Perempuan Zainab 2 Bandar Baru Kubang Kerian 16150 Kota Bharu Kelantan Darul Naim	PERAI 1797-G-07 & 08 Kompleks Auto World Jalan Perusahaan Juru Interchange 13600 Perai Pulau Pinang	
	KUALA TERENGGANU 24 Bangunan Pusat Niaga Paya Keladi 20100 Kuala Terengganu Terengganu Darul Iman	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	

Disclosure of Recurrent Related Party Transactions

At the Eighteenth Annual General Meeting held on 29 May 2013, 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 2013 pursuant to the shareholders' mandate are disclosed as follows:

TRANSACTIONING 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 L.L.C. ("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")	1,495	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	224,896	Purchase of consumer products from ABGIL
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Amway Nederland and GDA	9,108	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	2,446 1,366	a) Sale of products to Amway (S) 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 L.L.C. ("AFD")	1,613	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")	1,269	Procurement of administrative and marketing support services from AMSB
Amway Philippines L.L.C. ("Amway (P)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland, GDA, AFD and Amway Foreign Investment Co. ("AFI")	586	Procurement of administrative and marketing support services from AMSB
Amway (Thailand) Limited ("Amway (T)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	1,411	Procurement of administrative and marketing support services from AMSB

Disclosure of Recurrent Related Party Transactions (contd.)

TRANSACTIONING PARTIES (contd.)

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 of Australia ("Amway (A)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	383	Procurement of administrative and marketing support services from AMSB
Amway Business Services Asia Pacific Sdn. Bhd. ("ABSAP")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland, Amway Nederland Cooperatief and GDA	1,013	Procurement of administrative and marketing support services from ABSAP

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 99%-owned by Amway Nederland and the remaining 1% owned by two (2) wholly-owned subsidiaries of Alticor.
9. Amway (A), a company incorporated in Australia and a wholly-owned subsidiary of Amway International.
10. ABSAP, a company incorporated in Malaysia, is 99%-owned by Amway Nederland Cooperatief U.A., and 1%-owned by Amway International. Amway Nederland Cooperatief U.A., a company incorporated in the Netherlands, is 99%-owned by Amway Nederland and 1%-owned by Amway International.
11. 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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Nineteenth 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, 7 May 2014 at 9.30 a.m. for the following purposes:

A G E N D A

As Ordinary Business

- | | |
|--|---|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 together with the Directors' and the Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. To re-elect Dato' Ab. Halim Bin Mohyiddin who is retiring pursuant to Article 87.1 of the Company's Articles of Association. | Ordinary Resolution 1 |
| 3. To re-elect Mr. Scott Russell Balfour who is retiring pursuant to Article 87.1 of the Company's Articles of Association. | Ordinary Resolution 2 |
| 4. To re-elect Mr. Yee Kee Bing who is retiring pursuant to Article 87.1 of the Company's Articles of Association. | Ordinary Resolution 3 |
| 5. To approve the Directors' fees up to RM376,000 for the financial year ending 31 December 2014 (2013 : up to RM320,000). | 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 resolutions:

- | | |
|--|-----------------------|
| 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. Authority for Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof to continue in office as Independent Non-Executive Director | Ordinary Resolution 7 |
| "THAT authority be and is hereby given to Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof who will serve as an Independent Non-Executive Director of the Company for a cumulative term of nine years on 8 February 2015, 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." | |
| 9. Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director | Ordinary Resolution 8 |
| "THAT authority be and is hereby given to Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham who will serve as an Independent Non-Executive Director of the Company for a cumulative term of nine years on 8 February 2015, 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." | |

Notice of Annual General Meeting (contd.)

10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International L.L.C. ("ABGIL"), Access Business Group Singapore Pte. Ltd. ("ABGS"), Amway Business Services Asia Pacific Sdn. Bhd. ("ABSAP"), Altacor Inc. ("Altacor"), Amway of Australia ("Amway (A)"), Amway International Inc. ("Amway International"), P.T. Amway Indonesia ("Amway (I)"), Amway of New Zealand ("Amway (NZ)"), Amway Philippines L.L.C. ("Amway (P)"), Amway (Singapore) Pte. Ltd. ("Amway (S)"), Amway (Thailand) Limited ("Amway (T)") and Amway Vietnam Co., Ltd. ("Amway (V)")

Ordinary Resolution 9

(The detailed text and rationale on Item 10 are contained in the Circular dated 15 April 2014 which is enclosed together with the Annual Report)

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Date: 15 April 2014

NOTES:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notariated 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.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on **25 April 2014** (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:

- 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;
- his experience in the audit and accounting industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- he has been with the Company for more than nine years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- 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
- 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. Authority for Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof to continue in office as Independent Non-Executive Director

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof, who will serve as Independent Non-Executive Director of the Company for a cumulative term of nine years on 8 February 2015, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

- his appointment is made in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- he provided effective check and balance in the proceedings of the Board and the Board Committees;
- he provided objectivity in decision making through unbiased and independent views as well as advice and judgement to the Board;
- he exhibited high commitment and devoted sufficient time to his responsibilities as an Independent Non-Executive Director of the Company; and
- he exercised due care in the interest of the Company and shareholders during his tenure as an Independent Non-Executive Director of the Company.

4. Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who will serve as Independent Non-Executive Director of the Company for a cumulative term of nine years on 8 February 2015, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

- 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;
- he has always actively participated in Board and Board Committees discussions and has continuously provided an independent view to the Board;
- he has the calibre, qualifications, experiences and personal qualities to consistently challenge management in an effective and constructive manner;
- he exhibited high commitment and devoted sufficient time to his responsibilities as an Independent Non-Executive Director of the Company; and
- he exercised due care in the interest of the Company and shareholders during his tenure as an Independent Non-Executive Director of the Company.

5. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with ABGIL, ABGS, ABSAP, Altacor, Amway (A), Amway International, Amway (I), Amway (NZ), Amway (P), Amway (S), Amway (T) and Amway (V)

Ordinary Resolution 9, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with ABGIL, ABGS, ABSAP, Altacor, Amway (A), Amway International, 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.

Analysis of Shareholdings

As at 12 March 2014

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	229	5.42	7,139	0.00
100-1,000	1,648	39.03	1,217,531	0.74
1,001-10,000	2,102	49.79	6,823,970	4.15
10,001-100,000	205	4.86	5,546,989	3.37
100,001-8,219,281	34	0.81	17,940,800	10.91
8,219,282 and above	4	0.09	132,849,216	80.83
Total	4,222	100.00	164,385,645	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

NAME OF SHAREHOLDERS	DIRECT		INDIRECT	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
GDA B.V. ("GDA")	84,990,283	51.70	-	-
Amway Nederland Ltd. ("Amway Nederland")	-	-	*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	23,777,700	14.46	-	-
Employees Provident Fund Board	10,661,633	6.49	-	-
Kumpulan Wang Persaraan (Diperbadankan)	14,119,600	8.59	543,400	0.33

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 (contd.)

As at 12 March 2014

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.	Prof 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

Analysis of Shareholdings

As at 12 March 2014

THIRTY LARGEST SHAREHOLDERS

	NAME 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	23,777,700	14.46
3.	Kumpulan Wang Persaraan (Diperbadankan)	14,119,600	8.59
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	9,961,633	6.06
5.	AmanahRaya Trustees Berhad - Amanah Saham Malaysia	7,715,700	4.69
6.	AmanahRaya Trustees Berhad - Amanah Saham Didik	1,709,300	1.04
7.	AmanahRaya Trustees Berhad - Public Islamic Select Treasures Fund	1,149,900	0.70
8.	AmanahRaya Trustees Berhad - Public Islamic Opportunities Fund	1,091,500	0.66
9.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	543,400	0.33
10.	Employees Provident Fund Board	500,000	0.30
11.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	399,300	0.24
12.	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Navis Yield Fund	389,400	0.24
13.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	358,000	0.22
14.	AmanahRaya Trustees Berhad - Amanah Saham Nasional 2	314,100	0.19
15.	Citigroup Nominees (Tempatan) Sdn Bhd - Kenanga Islamic Investors Bhd for Lembaga Tabung Haji	309,500	0.19
16.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Premier Fund	278,400	0.17
17.	CIMB Commerce Trustee Berhad - Public Focus Select Fund	270,000	0.16
18.	AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Kesihatan	260,600	0.16
19.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for MAAKL AL-FAUZAN (5170)	212,600	0.14
20.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (KIB)	200,000	0.12
21.	Chong Wah Sin	185,000	0.11
22.	AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Pendidikan	170,000	0.11
23.	CIMB Islamic Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	161,300	0.10
24.	Malacca Equity Nominees (Tempatan) Sdn Bhd - Exempt An for Phillip Capital Management Sdn Bhd (EPF)	130,400	0.08
25.	Ajeet Kaur A/P Inder Singh	128,700	0.08
26.	Mehar Singh @ Mehar Singh Gill	127,000	0.08
27.	CIMB Group Nominees (Tempatan) Sdn Bhd - Exempt An for Kenanga Investors Berhad (KUTN (T) S/B)	120,000	0.07
28.	AmanahRaya Trustees Berhad - ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar)	119,000	0.07
29.	Universal Trustee (Malaysia) Berhad - Kenanga Islamic Fund	117,600	0.07
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Sey Liang (8056615)	117,500	0.07
		149,927,416	91.20

Information for Shareholders on Nineteenth Annual General Meeting

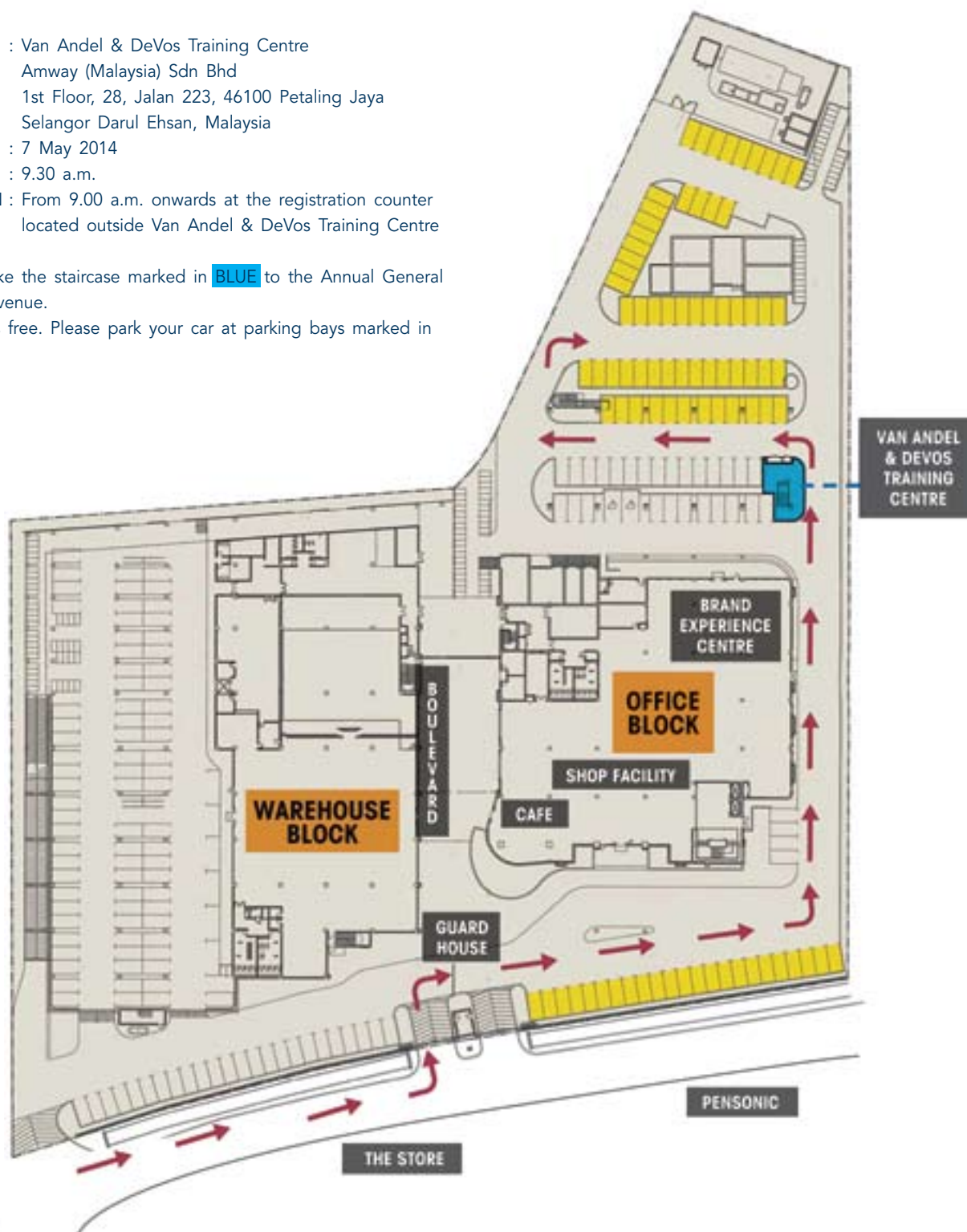
VENUE : Van Andel & DeVos Training Centre
Amway (Malaysia) Sdn Bhd
1st Floor, 28, Jalan 223, 46100 Petaling Jaya
Selangor Darul Ehsan, Malaysia

DATE : 7 May 2014

TIME : 9.30 a.m.

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

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





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

Proxy Form

CDS account number of holder

I/We, _____ (name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. _____ (new) _____ (old)

of _____ (full address)

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

(name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old)

of _____ (full address)

or failing him/her _____ (name of proxy as per NRIC, in capital letters)

IC No. _____ (new) _____ (old) of _____

_____ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at the Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn Bhd, 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2014 at 9.30 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

	RESOLUTIONS		FOR	AGAINST
1.	Re-election of Dato' Ab. Halim Bin Mohyiddin as Director	Ordinary Resolution 1		
2.	Re-election of Mr. Scott Russell Balfour as Director	Ordinary Resolution 2		
3.	Re-election of Mr. Yee Kee Bing as Director	Ordinary Resolution 3		
4.	Approval of Directors' fees for the financial year ending 31 December 2014	Ordinary Resolution 4		
5.	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6.	Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director	Ordinary Resolution 6		
7.	Authority for Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof to continue in office as Independent Non-Executive Director	Ordinary Resolution 7		
8.	Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director	Ordinary Resolution 8		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International L.L.C., Access Business Group Singapore Pte. Ltd., Amway Business Services Asia Pacific Sdn. Bhd., Alticor Inc., Amway of Australia, Amway International Inc., P.T. Amway Indonesia, Amway of New Zealand, Amway Philippines L.L.C., Amway (Singapore) Pte. Ltd., Amway (Thailand) Limited and Amway Vietnam Co., Ltd.	Ordinary Resolution 9		

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

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

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

Signature/Common Seal

Number of shares held: _____

Date: _____

NOTES:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member 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.
- 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 authorized.
- 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.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 April 2014 (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 here along dotted line

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

fold here along dotted line