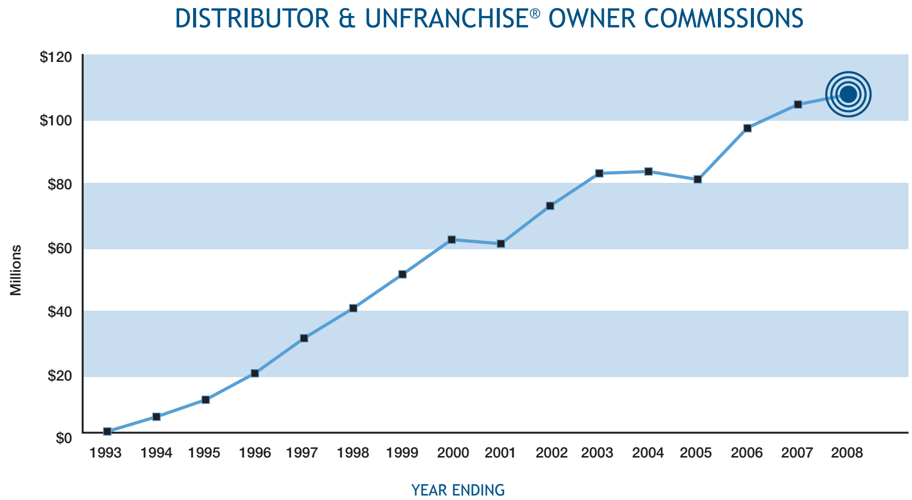
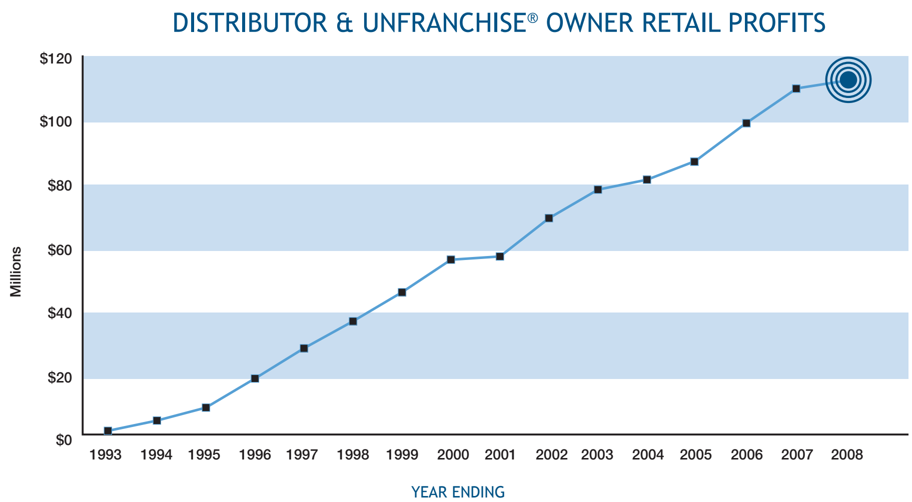
marketamerica®
Annual Report 2009

Worldwide Commissions and Estimated* Retail Profits

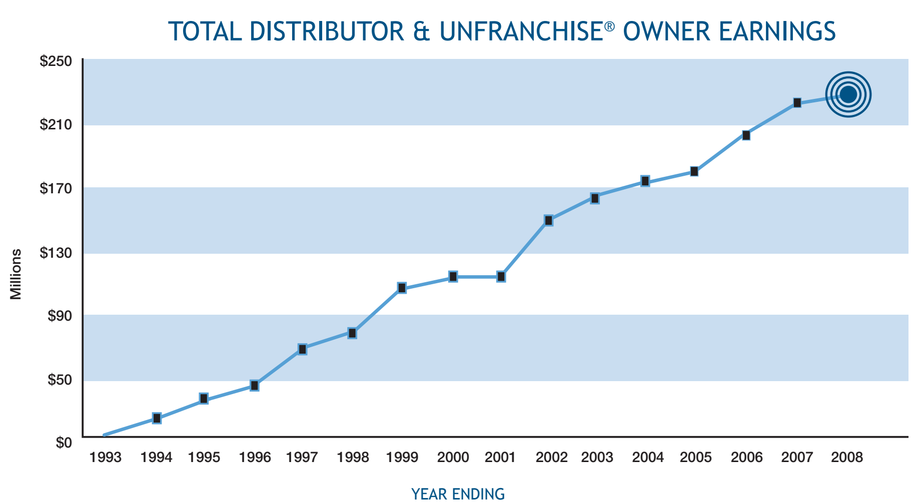
In 2008, Independent Distributors and UnFranchise Owners were paid $108 million in commissions. Since the company's inception in 1992 to the end of 2009's first quarter, the total amount of commissions paid was over $921 million.



In 2008, Independent Distributors and UnFranchise Owners earned an estimated $113 million in gross retail profits. Since 1992, the total amount of UnFranchise Owner retail profits is an estimated* $903 million.

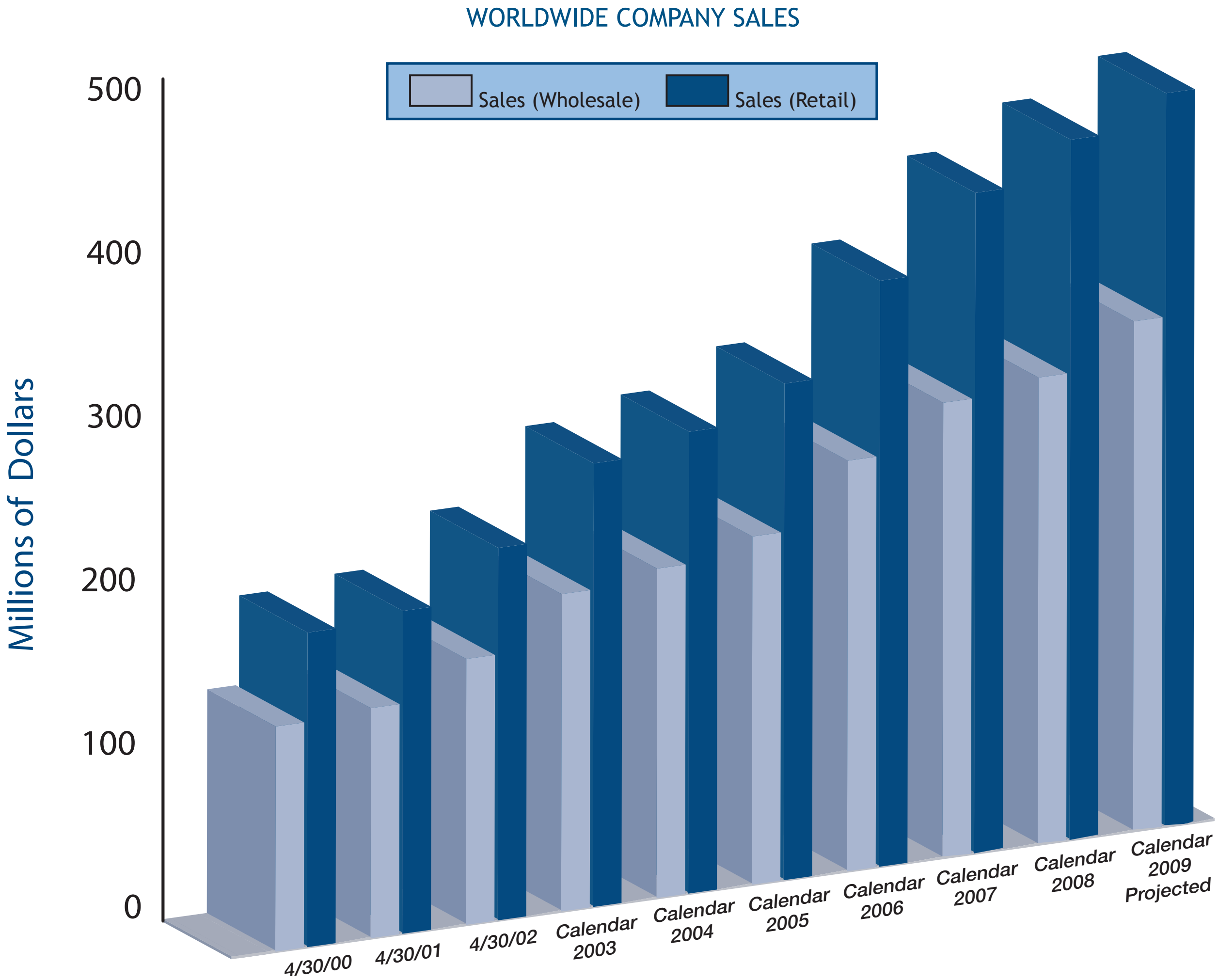


Since 1992, Independent Distributors and UnFranchise Owners have earned over $1.8 billion from the UnFranchise System based on commissions and estimated* gross retail profits.



* Estimated retail sales are based on Suggested Retail Price

Worldwide Sales Growth



MARKET AMERICA WORLDWIDE, INC.
AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2008 Audited	Year Ended December 31, 2007 Audited	Year Ended December 31, 2006 Audited
Net Sales	$282,788,938	$275,266,193	$249,210,874
Cost of Goods Sold	89,907,140	83,261,396	71,077,490
Gross Profit	192,881,798	192,004,797	178,133,384
Commission Expense	108,441,244	105,477,684	96,193,478
General & Administrative Expenses	53,785,229	46,384,945	46,305,791
Income from Operations	30,655,325	40,142,168	35,634,115
Other Income (Expense)	1,688,235	2,376,231	2,701,355
Income Before Taxes	32,343,560	42,518,399	38,335,470
Total Income Taxes	4,027,865	4,826,690	5,486,542
Net Income	**$28,315,695**	**$37,691,709**	**$32,848,928**

To the Board of Directors
Market America Worldwide, Inc. and Affiliates
Greensboro, North Carolina

We have audited the accompanying consolidated balance sheets of Market America Worldwide, Inc. and Affiliates as of December 31, 2008 and 2007 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Market Taiwan, Inc., a wholly-owned subsidiary, which statements reflect total assets of $25,220,755 and $31,652,361 as of December 31, 2008 and 2007, respectively and total revenues of $55,162,093 and $59,538,575 for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Market Taiwan, Inc., is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Market America Worldwide, Inc. and Affiliates as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

April 22, 2009
Greensboro, North Carolina

Market America Worldwide, Inc. And Affiliates

Consolidated Balance Sheets

December 31, 2008 And 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	$79,111,021	$67,924,596
Interest receivable	25,891	28,270
Advances to officers, directors and employees (Note 6)	343,045	372,479
Inventories (Note 1)	14,879,230	10,665,631
Other current assets (Note 8)	2,175,845	1,846,021
TOTAL CURRENT ASSETS	96,535,032	80,836,997
PROPERTY AND EQUIPMENT (Notes 1 and 6)		
Buildings	20,306,607	18,856,442
Furniture and equipment	14,991,558	14,206,360
Yachts	26,445,167	22,112,293
Software	2,277,913	1,570,917
Leasehold improvements	5,553,011	5,493,249
	69,574,256	62,239,261
Less accumulated depreciation	24,652,185	19,799,668
	44,922,071	42,439,593
OTHER ASSETS		
Other noncurrent assets (Note 6 and 8)	2,593,813	4,499,938
	$144,050,916	**$127,776,528**

See accompanying notes.

Market America Worldwide, Inc. And Affiliates

Consolidated Balance Sheets

December 31, 2008 And 2007

CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2007
CURRENT LIABILITIES		
Current portion of long-term debt (Note 2)	$162,640	$170,873
Accounts payable - trade	3,749,786	2,780,259
Commissions payable	4,030,967	4,174,802
Sales tax payable	1,007,476	945,243
Income tax payable	1,114,931	2,336,847
Other accrued liabilities (Notes 3 and 12)	1,409,756	1,495,836
Unearned revenue (Note 4)	6,360,522	6,309,764
TOTAL CURRENT LIABILITIES	17,836,078	18,213,624
LONG-TERM DEBT (Note 2)	1,117,549	1,287,952
COMMITMENTS AND CONTINGENCIES (Notes 6, 7, and 9)		
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value; 1,000,000 shares authorized; 15,710 shares issued and outstanding at December 31, 2008 and 2007	157	157
Additional paid-in capital	69,566,056	69,566,056
Retained earnings	63,495,932	39,667,546
Noncontrolling interest in affiliate (Note 1)	(8,661,430)	(1,283,326)
Accumulated other comprehensive income (Note 1):		
Foreign currency translation adjustments	696,574	324,519
	125,097,289	108,274,952
	$144,050,916	**$127,776,528**

See accompanying notes.

Market America Worldwide, Inc. And Affiliates

Consolidated Statements Of Income

Years Ended December 31, 2008 And 2007

	2008	2007
Sales (Notes 1 and 11)	$282,788,938	$275,266,193
Cost of Sales	89,907,140	83,261,396
GROSS PROFIT	192,881,798	192,004,797
Selling Expenses		
Commissions	108,441,244	105,477,684
General and Administrative Expenses		
Salaries	21,715,001	17,814,528
Consulting	3,414,728	735,268
Rents (Notes 6 and 7)	2,519,214	2,358,862
Depreciation and amortization	5,392,506	4,935,197
Other expenses (Note 1)	20,743,780	20,541,090
	53,785,229	46,384,945
INCOME FROM OPERATIONS	30,655,325	40,142,168
Other Income (Expense)		
Interest income	1,013,830	2,097,056
Interest expense	(70,975)	(138,775)
Miscellaneous income	745,380	417,950
	1,688,235	2,376,231
INCOME BEFORE TAXES	32,343,560	42,518,399
Income Taxes (Notes 1 and 8)	4,027,865	4,826,690
TOTAL INCOME AFTER TAXES	$28,315,695	$37,691,709
INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	$37,387,825	$38,132,632
LOSSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(9,072,130)	(440,923)
	$28,315,695	**$37,691,709**

See accompanying notes.

Market America Worldwide, Inc. And Affiliates

Consolidated Statements Of Changes In Stockholders' Equity

Years Ended December 31, 2008 And 2007

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Noncontrolling Interest in Affiliates	Accumulated Other Comprehensive Income	Total
BALANCE, January 1, 2007	15,710	$157	$69,566,056	$40,477,192	$(842,403)	$84,544	$109,285,546
Distributions	-	-	-	(38,942,278)	-	-	(38,942,278)
COMPREHENSIVE INCOME							
Net income (loss)	-	-	-	38,132,632	(440,923)	-	37,691,709
Other comprehensive income:							
Foreign currency translation adjustments, net of tax	-	-	-	-	-	239,975	239,975
TOTAL COMPREHENSIVE INCOME							37,931,684
BALANCE, December 31, 2007	15,710	157	69,566,056	39,667,546	(1,283,326)	324,519	108,274,952
Cumulative effect of retained earnings attributable to consolidation of noncontrolling interest in affiliate	-	-	-	(1,235,994)	1,790,994	-	555,000
Distributions	-	-	-	(12,323,445)	(96,968)	-	(12,420,413)
COMPREHENSIVE INCOME							
Net income (loss)	-	-	-	37,387,825	(9,072,130)	-	28,315,695
Other comprehensive income:							
Foreign currency translation adjustments, net of tax	-	-	-	-	-	372,055	372,055
TOTAL COMPREHENSIVE INCOME							28,687,750
BALANCE, December 31, 2008	**15,710**	**$157**	**$69,566,056**	**$63,495,932**	**$(8,661,430)**	**$696,574**	**$125,097,289**

See accompanying notes.

Market America Worldwide, Inc. And Affiliates

Consolidated Statements Of Cash Flows

Years Ended December 31, 2008 And 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$28,315,695	$37,691,709
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	5,392,506	4,935,197
Deferred income taxes	12,942	(9,417)
(Gain) loss on disposals of property and equipment	55,353	(160,408)
(Increase) decrease in:		
Interest receivable	2,379	8,506
Inventories	(4,213,599)	2,847,205
Other current assets	(342,766)	(329,368)
Other assets	106,250	(2,019)
Increase (decrease) in:		
Accounts payable - trade	969,527	411,777
Commissions payable	(143,835)	112,609
Sales tax payable	62,233	(97,032)
Income taxes payable	(1,221,916)	(2,634,909)
Other accrued liabilities	(86,080)	(4,427,276)
Unearned revenue	50,758	1,612,329
NET CASH PROVIDED BY OPERATING ACTIVITIES	28,959,447	39,958,903
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,820,381)	(8,308,659)
Proceeds from sale of property and equipment	1,000	546,864
Increase in deposits	(340,096)	(3,294,003)
(Advances to) repayments from officers, directors and employees	42,589	(210,093)
NET CASH USED BY INVESTING ACTIVITIES	(6,116,888)	(11,265,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(177,152)	(186,201)
Distributions to shareholders	(11,768,445)	(38,942,278)
Distributions to shareholders from noncontrolled affiliates	(96,968)	-
NET CASH USED BY FINANCING ACTIVITIES	$(12,042,565)	$(39,128,479)

See accompanying notes.

Market America Worldwide, Inc. And Affiliates

Consolidated Statements Of Cash Flows

Years Ended December 31, 2008 And 2007

CONTINUED

	2008	2007
EFFECT OF EXCHANGE RATE CHANGES	$386,431	$233,448
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,186,425	(10,202,019)
CASH AND CASH EQUIVALENTS, beginning of year	67,924,596	78,126,615
CASH AND CASH EQUIVALENTS, end of year	**$79,111,021**	**$67,924,596**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$70,975	$138,775
Income taxes	$5,308,218	$7,461,599

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Increase in noncontrolling interest in affiliate due to distribution of stock ownership	$555,000	$-
Transfer of assets from other assets to property and equipment	$2,110,943	$848,228

See accompanying notes.

Notes To Consolidated Financial Statements

December 31, 2008 And 2007

NOTE 1 • ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Market America Worldwide, Inc. and Affiliates (the Company) is based in Greensboro, North Carolina. The Company markets a large variety of high quality, consumer-oriented and market-driven products through a vast network of independent contractors and through the Company's website - the Internet's ultimate online destination. The principal markets for the Company's products are North America, Australia, Taiwan and Hong Kong. The Company also sponsors conventions and seminars for its Distributors. Revenue from ticket sales to the conventions and seminars amounted to approximately 4.0% and 3.7% of total sales for the years ended December 31, 2008 and 2007, respectively.

Principles of Consolidation

These consolidated financial statements include the accounts of Market America Worldwide, Inc., its wholly-owned subsidiaries, Market America, Inc., Market Australia, Inc., Market Australia Corporate PTY Ltd., Miracle Distribution, Inc., Market Taiwan, Inc., Market America International, Inc., Market Hong Kong Limited, Voitel® Telecommunications, Inc. and noncontrolling interest in two affiliates. During the year ended December 31, 2007, Miracle Manufacturing, Inc. was a consolidated subsidiary. Ownership of the entity was transferred to the controlling stockholders of Market America Worldwide, Inc. during the year ended December 31, 2008. Miracle Distribution, Inc. ceased operations as of December 31, 2007, and there was no activity related to this entity during the year ended December 31, 2008. All significant intercompany transactions and balances are eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Included in cash equivalents as of December 31, 2008 and 2007 are money market accounts and other investment securities with a maturity of three months or less.

Credit Risk

The Company maintains its cash in bank deposit accounts which generally exceed federally insured limits. The Company has not experienced any losses in such accounts.

Inventories

Inventories consist of products ready for sale and are stated at the lower of cost (first-in, first-out method) or market.

Other Current Assets

Other current assets consist of miscellaneous non-trade receivables, prepaid expenses, and the current portion of deferred tax assets.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Yachts	10 years
Furniture and equipment	5 to 10 years
Software	3 years
Leasehold improvements	Shorter of the lease term or useful life
Buildings	Shorter of the two ground lease terms or 39 years

Maintenance, repairs, and minor renewals are charged to operations as incurred. Additions, improvements, and major renewals are capitalized. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to operations. In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company periodically reviews long-lived assets when indicators of impairment exist, and if the value of the assets is impaired, an impairment loss would be recognized.

Revenue Recognition

The Company recognizes sales revenues at the time products are shipped. Sales revenues are collected at or prior to the time of shipment. Revenue from ticket sales to the Company's conventions and seminars is recognized at the time the related events occur.

Income Taxes

The Company has elected S corporation status under Subchapter S of the Internal Revenue Code. Under the election, the income or loss of the Company is required to be reported by the stockholders in their individual income tax returns.

Income from Market Australia Corporate PTY Ltd. (Australian Subsidiary), Market Hong Kong Limited (Hong Kong Subsidiary) and Market Taiwan, Inc. (Taiwanese Subsidiary) are subject to foreign taxes at rates in effect in Australia, Hong Kong and Taiwan, respectively. Income tax expense is provided for the tax effects of transactions reported in the financial statements and consist of tax expense currently payable plus deferred taxes related primarily to differences between the financial statement and tax bases of assets and liabilities. The deferred tax assets represent the future tax return consequences of those differences, which will be taxable when the assets are recovered.

In accordance with FASB Staff Position (FSP) No. FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises" (FSP FIN 48-3), the Company has elected to defer application of the provisions of FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48) as of and for the year ended December 31, 2008. The Company continues to account for uncertain tax positions in accordance with the principles of SFAS No. 5 "Accounting for Contingencies," under which liabilities for uncertain tax positions are recognized in the consolidated financial statements when it becomes probable a liability has been incurred and the amount can be reasonably estimated. Unless the deferral is extended further, the Company will be required to adopt the provisions of FIN 48 for the year ended December 31, 2009. The Company has not yet determined the effects the adoption of the provisions of FIN 48 will have on the Company's consolidated financial statements.

Sales Tax

The Company has sales in various states throughout the United States, and in several different countries. Those jurisdictions impose sales taxes at various rates on the Company's sales to nonexempt customers. The Company collects that sales tax and remits such amounts to the various jurisdictions in accordance with the regulations and at the applicable rates set by those governing bodies. All revenues are recorded net of taxes.

Comprehensive Income

Comprehensive income is comprised of net income and other charges in equity from transactions and other events and circumstances from non-owner sources. Accordingly, it includes all changes in equity during a period except those resulting from investments by stockholders and distributions to stockholders.

Translation of Foreign Currency Financial Statements

The financial position and results of operations of the Company's Australian Subsidiaries, Hong Kong Subsidiary and Taiwanese Subsidiary are measured using the foreign Subsidiaries' local currency (Australian dollars, Hong Kong dollars and Taiwanese dollars, respectively) as the functional currency. Assets and liabilities have been translated at the rates of exchange as of the balance sheet date. Revenues and expenses of the Subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. The resulting translation gains and losses are not included in determining net income, but are accumulated as a separate component of stockholders' equity. Foreign currency translation adjustments resulted in gains of $372,055 and $239,975 for the years ended December 31, 2008 and 2007, respectively.

Advertising

The Company expenses advertising costs in the period in which they occur. Advertising expenses were approximately $507,000 and $2,164,400 for the years ended December 31, 2008 and 2007, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Variable Interest Entities

The Financial Accounting Standards Board issued FASB Interpretation (FIN) 46R, "Consolidation of Variable Interest Entities," which provides guidance in determining when variable interest entities (VIEs) should be consolidated in the financial statements of the primary beneficiary. The Company is the primary beneficiary of an affiliate owned by Market America's controlling stockholders, which qualifies as a VIE. During 2003, the Company loaned $4,783,048 to the affiliate for the purchase of real estate in New York City. The loan requires annual repayments of $350,000, including interest at 3.5%, and is repayable over 15 years with a balloon payment at the end of the term. The Company leases this property on an as-needed basis for corporate events and functions. All rental income of affiliate is received from the Company. The outstanding balance of the loan was $3,803,899 and $4,013,428 at December 31, 2008 and 2007, respectively. The property and equipment of the affiliate are collateral for the loan and had a net book value of $3,800,351 and $4,085,841 at December 31, 2008 and 2007, respectively. Total rental income received by the affiliate was $1,136,606 and $1,105,002 for the years ended December 31, 2008 and 2007, respectively. As Market America is the primary beneficiary of this relationship, the affiliate was consolidated into the Company in accordance with FIN 46R as of and for the years ended December 31, 2008 and 2007. All related intercompany receivables and payables and interest and rental income and expense have been eliminated from the financial statements at December 31, 2008 and 2007.

During 2008, the Company transferred its interest in Miracle Manufacturing, Inc. to the controlling stockholders of Market America Worldwide, Inc. The Company is the primary beneficiary of this affiliate, which qualifies as a VIE. The Company purchases products from this affiliate as finished goods at a marked up amount. All income of affiliate is received from the Company. As Market America is the primary beneficiary of this relationship, the affiliate was consolidated into the Company in accordance with FIN 46R as of and for the year ended December 31, 2008. All related intercompany receivables and payables and income and expense have been eliminated from the financial statements at December 31, 2008 and 2007.

Fair Value Measurement

Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), was issued in 2006 and defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 was effective for the Company's financial assets and liabilities for the year ended December 31, 2008. The FASB approved a one-year deferral of the adoption of SFAS 157 as it relates to non-financial assets and liabilities measured at fair value on a nonrecurring basis with the issuance in February 2008 of FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157," as a result of which implementation by the Company is now required for the year ending December 31, 2009. The partial adoption of SFAS 157 in 2008 had no material impact on financial condition, results of operations or cash flows. The Company is in the process of evaluating SFAS 157 as it relates to non-financial assets and liabilities but does not believe it will have a material impact on the consolidated financial statements.

Notes To Consolidated Financial Statements

December 31, 2008 And 2007

CONTINUED

NOTE 2 • LONG-TERM DEBT

	2008	2007
Note payable in monthly installments of $11,111, plus interest at LIBOR plus 1.0% (1.44% at December 31, 2008), with remaining balance due in April 2018. Collateralized by deed of trust.	$1,233,333	$1,366,667
Note payable repaid in 2008.	-	2,708
Note payable repaid in 2008.	-	3,327
Note payable in monthly installments of $2,046, including interest at 8.25%, maturing in July 2010 and secured by a vehicle.	25,967	50,154
Note payable in monthly installments of $674, including interest at 15.7%, maturing in December 2010 and secured by equipment.	13,939	19,524
Note payable in monthly installments of $848, including interest at 8.30%, maturing in December 2009 and secured by a vehicle.	6,950	16,445
	1,280,189	1,458,825
Less current portion due within one year	162,640	170,873
	$1,117,549	$1,287,952

Future maturities of long-term debt at December 31, 2008 are due as follows:

2009	$162,640
2010	150,981
2011	133,333
2012	133,333
2013	133,333
Thereafter	566,569
	$1,280,189

NOTE 3 • OTHER ACCRUED LIABILITIES

Other accrued liabilities include accrued salaries and bonuses of $798,722 and $735,984 at December 31, 2008 and 2007, respectively.

NOTE 4 • UNEARNED REVENUE

The Company has unearned revenue primarily from two sources. The Company sponsors several conventions per year for its Distributors. A portion of the unearned revenue represents cash collected from advance ticket sales for these conventions. The remainder of the unearned revenue primarily represents deposits paid to the Company by distributors for future purchases of products.

NOTE 5 • EMPLOYEE BENEFITS

The Company adopted a 401(k) savings plan to provide retirement benefits for its employees. As allowed under section 401(k) of the Internal Revenue Code, the plan provides tax-deferred salary reductions for eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company matches employee contributions up to specified limits. In addition, the plan provides for discretionary contributions as determined by the Board of Directors. Such discretionary contributions to the plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. Company contributions to the plan totaled $192,600 and $131,500 during the years ended December 31, 2008 and 2007, respectively. No discretionary contributions were made in either period.

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For Market Taiwan, Inc. (the "Branch"), the Labor Pension Act (the "LPA") in the Republic of China took effect on July 1, 2005. Employees subject to the Labor Standards Law (the "LSL") in the Republic of China prior to July 1, 2005 were allowed to choose to continue being subject to the LSL or to be subject to the LPA, with their seniority as of July 1, 2005 retained. Those hired as regular employees on or after July 1, 2005 automatically become subject to the LPA. The pension plan under the LPA is a defined contribution plan and the Branch makes monthly contributions to employees' individual pension accounts at 6% of monthly salary and wages. Such LPA pension costs were $57,200 and $49,200 for the years ended December 31, 2008 and 2007, respectively. Based on the defined benefit plan under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Branch recognized LSL pension costs of $3,600 for the year ended December 31, 2008 related to this plan.

NOTE 6 • RELATED PARTY TRANSACTIONS

In December 1999, the Company entered into an agreement with a company that is owned by an unconsolidated affiliated company, to lease real estate in Miami, Florida for direct sales training and education, as well as other corporate functions. The monthly rent is $60,000, and the lease has a 20-year term and a renewal option for an additional 20-year term. The Company has paid a $600,000 non-interest bearing damage deposit as part of this lease, which is included in other noncurrent assets. The amount of rent expense under this agreement aggregated to $720,000 during each of the years ended December 31, 2008 and 2007. The Company has no guarantees related to this lease.

In November 1998, the Company entered into an agreement with a company that is owned by an unconsolidated affiliated company, for a 33-year net ground lease for the site on which the Company has constructed its headquarters and warehouse facility in Greensboro, North Carolina. Required rental payments are $17,000 per month. The amount of rent expense under this agreement was $204,000 for each of the years ended December 31, 2008 and 2007. In June 1999, the Company paid $500,000 to the related company for a Right of First Refusal on this site which provides the Company with the opportunity to purchase the land, should it be offered for sale, before the land is offered for sale to other parties. The amount paid is included in other noncurrent assets and is being amortized on a straight-line basis over the lease term. The unamortized balance will be applied to the purchase price of the land in the event the Company buys it. On March 7, 2003 the Company entered into another agreement with the affiliated company for a 33-year net ground lease for the site adjacent to the site on which the Company has constructed its new headquarters and warehouse facility. Required rental payments are $13,000 per month. The amount of rent expense under this agreement was $156,000 for the years ended December 31, 2008 and 2007. The Company has no guarantees related to this lease.

In June 2001, the Company entered into an agreement with a company that is owned by an unconsolidated affiliated company, for a ground lease for the site on which the Company purchased a building in Miami, Florida. The monthly rent on the land lease is $15,500, and the lease is renewable annually for each of the next 32 years. The Company expects to exercise each annual renewal. The amount of rent expense under this agreement was $186,000 for each of the years ended December 31, 2008 and 2007. The Company has no guarantees related to this lease.

In March 2003, the Company entered into an agreement with a company that is owned by an unconsolidated affiliated company, to lease real estate in Greensboro, North Carolina for corporate functions. The monthly rent is $12,750, and the lease has a 30-year term and two renewal options, each with a 30-year term. The amount of rent expense under this agreement was $153,000 during each of the years ended December 31, 2008 and 2007. The Company has no guarantees related to this lease.

Other amounts due from officers and directors at December 31, 2008 and 2007 totaled $343,045 and $386,392, respectively. The noncurrent portion amounted to $-0- and $13,913 at December 31, 2008 and 2007, respectively, and is included in other noncurrent assets.

Substantially all of the Company's leasehold improvements are to properties leased from related companies.

NOTE 7 • OPERATING LEASE COMMITMENTS

The Company occupies leased premises in Greensboro, North Carolina, Miami, Florida, Canada, Australia, Hong Kong, and Taiwan. The Greensboro lease consists of two ground leases with a related party and real estate leased from a related party (see Note 6). The Miami leases are with a related party (see Note 6). The Company also leases office space, warehouse space and automobiles from unrelated parties under long-term operating leases. Rent expense to unrelated parties was $852,427 and $542,764 for the years ended December 31, 2008 and 2007, respectively.

Future minimum rental payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows as of December 31, 2008:

	Related Parties	Unrelated Parties	Total
2009	$1,419,000	$693,987	$2,112,987
2010	1,419,000	369,683	1,788,683
2011	1,419,000	145,437	1,564,437
2012	1,419,000	7,738	1,426,738
2013	1,419,000	-	1,419,000
Thereafter	18,068,000	-	18,068,000
Total future minimum lease payments	$25,163,000	$1,216,845	$26,379,845

CONTINUED

NOTE 8 • INCOME TAXES

As discussed in Note 1, the Company is assessed foreign income taxes on income from the Australia, Hong Kong, and Taiwan subsidiaries at rates in effect in Australia, Hong Kong and Taiwan, respectively.

Components of the consolidated income tax provision for the years ended December 31, 2008 and 2007 consist of the following:

	2008	2007
Currently payable	$4,014,923	$4,836,107
Deferred income tax	12,942	(9,417)
	$4,027,865	$4,826,690

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The sources of the temporary differences and their effect on deferred taxes are unrealized exchange losses and property and equipment. Current deferred tax assets are included in other current assets and noncurrent deferred tax assets are included in other noncurrent assets on the consolidated balance sheets.

Deferred tax amounts included in the consolidated balance sheet are as follows:

	2008	2007
Current tax asset – unrealized exchange loss	$38,257	$67,341
Current tax asset – expense capitalization	1,190	-
Noncurrent tax asset – property and equipment	20,726	18,773
	$60,173	$86,114

A reconciliation between income tax at the statutory rate and the tax currently payable is as follows:

	2008	2007
Tax on pretax income at statutory rates	$4,016,644	$4,848,775
Add tax effects of:		
Permanent differences	(1,721)	1,332
Miscellaneous	12,942	(23,417)
	$4,027,865	$4,826,690

NOTE 9 • CONTINGENCIES

The Company is involved in litigation arising in the ordinary course of business. Although litigation is subject to inherent uncertainties, the Company's legal counsel and management currently believe that the ultimate outcome of these matters, individually and in the aggregate, will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 10 • FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, advances and long-term debt approximate their respective fair values at December 31, 2008 and 2007. Fair values are based on quoted market prices or current interest rates available for those of similar instruments.

NOTE 11 • FAIR VALUE MEASUREMENTS

The Company has adopted the provisions of SFAS 157 in 2008 for its financial assets and liabilities. Although having partially adopted SFAS 157 has had no material impact on financial condition, results of operations or cash flows, the Company is now required to provide additional disclosures. SFAS 157 clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. SFAS 157 establishes a three-tier fair value hierarchy, which

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prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Prices for investment securities are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1. The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 2 or Level 3 during the year ended December 31, 2008. There were no changes during the year ended December 31, 2008 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following table sets forth by level within SFAS 157's fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of December 31, 2008. As required by SFAS 157, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

Fair Value Measurements Using

	Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2008				
Investment in US Treasury Bills	$22,891,000	$22,891,000	$-	$-
Total Assets	$22,891,000	$22,891,000	$-	$-

NOTE 12 • MAJOR PRODUCT AND SUPPLIER

The Company's top selling product is Isotonix OPC-3®, a powerful antioxidant. This product accounted for 16% of the Company's total sales during the years ended December 31, 2008 and 2007.

One of the Company's suppliers, Purity Technologies, Inc., a manufacturer of vitamin and nutritional products, supplies the Company with vitamin compounds and nutritional supplements. Sales of products purchased from this supplier accounted for 15% and 14% of the Company's total sales during the years ended December 31, 2008 and 2007, respectively. Although there are other suppliers of these products, a change in suppliers could cause a delay in shipments to customers, which could ultimately affect operating results.

NOTE 13 • SELF-INSURANCE PLAN

The Company is partially self-insured for group health benefits insurance. The Company's loss limit is $65,000 per individual. Stop-loss insurance is proved by a commercial insurer and is activated once the Company's expenditures total $3,412,377 in the aggregate. A provision of $237,133 and $222,884 at December 31, 2008 and 2007, respectively, has been recorded to cover unreported claims.

Market America, Inc.

EXECUTIVE BOARD

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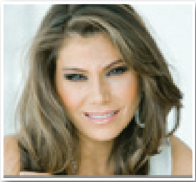
PRESIDENT AND CEO



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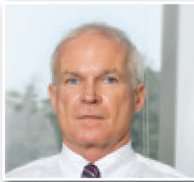

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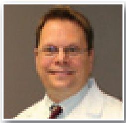

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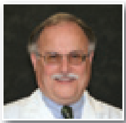
CHIEF MEDICAL OFFICER



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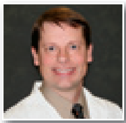

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DIRECTOR OF QUALITY CONTROL

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