

X. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)



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ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by KPMG, an approved company auditor for inclusion in the Prospectus of DXN Holdings Bhd (hereinafter referred to as "DXN" or "the Company") dated 28 August 2003 in connection with the following:

- (a) the offer for sale of 47,600,000 ordinary shares of RM0.25 each in DXN ("DXN Shares") comprising:
 - i. 12,000,000 DXN Shares for application by Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") at a retail price of RM0.63 per DXN Share; and
 - ii. 35,600,000 DXN Shares available for application by the Malaysian institutional investors at an institutional price to be determined by way of book-building;
- (b) the public issue of 10,000,000 new DXN Shares at a retail price of RM0.63 per DXN Share; and
- (c) the listing of and quotation for the entire enlarged issued and fully paid-up share capital of DXN comprising 240,000,000 DXN Shares on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").



KPMG, KPMG, a partnership established under Malaysian Law, is a member of KPMG International, a Swiss association



X. ACCOUNTANTS' REPORT (CONT'D)**2. GENERAL INFORMATION****2.1 THE COMPANY'S BACKGROUND**

DXN was incorporated in Malaysia under the Companies Act, 1965 on 11 October 1995 as a private limited company under the name of Magcure Marketing Sdn Bhd. Subsequently, on 3 August 1998, the Company changed its name from Magcure Marketing Sdn Bhd to DXN Holding Sdn Bhd and on 21 June 2002, the Company changed its name from DXN Holding Sdn Bhd to DXN Holdings Sdn Bhd. It was subsequently converted into a public limited company on 16 July 2002.

The principal activities of the Company are investment holding and provision of management services whilst the principal activities of its subsidiaries, branches and associated company are as follows:

Subsidiaries	Principal Activities
DXN Marketing Sdn Bhd ("DMSB")	Sale of health supplements and other products on direct sales basis
DXN Industries Sdn Bhd ("DISB")	Manufacture of health food supplements and other products
DXN Pharmaceutical Sdn Bhd ("DXN Pharma")	Cultivation of Ganoderma and Mycelium and the manufacturing of health supplements and other products
DXN Plantation Sdn Bhd ("DXN Plantation")	Dormant
DXN (Penang) Sdn Bhd ("DPSB")	Dormant
DXN (KL) Sdn Bhd ("DKSB")	Dormant
DXN International Holding Limited ("DIH")	Investment holding and provision of management services
Subsidiaries of DIH	
DXN International Private Limited ("DIPL")	Trading of health food, traditional medicine, all kinds of confectioneries and other food products and investment holding
DXN International (Hong Kong) Limited ("DXN HK")	Multi-level marketing of health care products
DXN (Singapore) Pte Ltd ("DXN Singapore")	Trading in health products
PT Daxen Indonesia ("PT Daxen")	Sale of traditional medicines, cosmetics, beverages and cleaning materials

X. ACCOUNTANTS' REPORT (CONT'D)

Subsidiaries of DIH	Principal Activities
DXN (Cyprus) Limited ("DXN Cyprus")	Dormant
DXN International (UK) Limited ("DXN UK")	Dormant
Daeshan (South Africa) (Proprietary) Limited ("DXN SA")	Dormant
Subsidiaries of DIPL	
Daxen USA ("Daxen")	Trading of health food, traditional medicine, all kinds of confectioneries and other food products
DXN Herbal	Manufacturing, production and processing of herbal health care products, herbal beverages and health care instruments
Branch of DIPL	
DIPL Philippines Branch	Trading of health food, traditional medicine, all kinds of confectioneries and other food products
Subsidiary of Daxen	
DXN Mexico	Sale, purchase, import, export and distribution of natural food and vitamin supplements
Branch of Daxen	
DXN Canada Branch	Distribution of natural health products through multi-level marketing
Associated Company of DIH	
DXN International (Thailand) Co., Limited ("DXN Thailand")	Import and distribution of consumable health and nutrition products

X. ACCOUNTANTS' REPORT (CONT'D)**2.2 SHARE CAPITAL**

The authorised share capital of DXN is RM100,000,000 comprising 400,000,000 DXN Shares. The issued and paid-up share capital of DXN is RM57,500,000 comprising 230,000,000 DXN Shares.

The changes in the issued and paid-up share capital of DXN since its incorporation are as follows:

Date of Allotment	Par Value	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
11.10.1995	1.00	2	Subscribers' shares	2
26.01.1999	1.00	299,998	Cash	300,000
12.07.2002	1.00	75,000	Cash	375,000
27.06.2003	0.25	1,000,000	Subdivision of par value from RM1.00 per share to RM0.25 per share	375,000
18.07.2003	0.25	122,000,000	Bonus issue of approximately 81.33 new DXN Shares for every 1 existing DXN Share held	30,875,000
31.07.2003	0.25	17,169,000	Acquisitions	35,167,250
18.08.2003	0.25	89,331,000	Rights issue of approximately 6.35 new DXN Shares for every 10 DXN Shares held	57,500,000

2.3 RESTRUCTURING SCHEME

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of DXN on the Main Board of the KLSE, the Company undertook a restructuring scheme which was approved by Bank Negara Malaysia on 17 February 2003 and 8 March 2003 and 11 July 2003, the Foreign Investment Committee on 2 April 2003, 7 July 2003, 15 July 2003 and 15 August 2003, the Securities Commission ("SC") on 5 May 2003, 18 June 2003 and 15 August 2003, the MITI on 28 May 2003, 5 June 2003 and 23 July 2003 involving the following inter-conditional transactions:

- (a) Divestment of 20,847 existing ordinary shares of RM1.00 each in DXN by Leong Bee Ling to LTAT at an offer price of approximately RM264 per ordinary share which was arrived at based on a willing buyer-willing seller basis ("Divestment to LTAT").
- (b) Sub-division of par value for every existing ordinary share in DXN from RM1.00 to RM0.25 ("Share Split").

X. ACCOUNTANTS' REPORT (CONT'D)



(c) Bonus Issue

Bonus issue of 122,000,000 new DXN Shares, credited as fully paid-up, on the basis of 81.33 new DXN Shares for every 1 existing DXN Share held prior to the Acquisitions.

(d) Acquisitions

i. Acquisition of DIPL

Acquisition of the entire issued and fully paid-up share capital of DIPL comprising 15,010 ordinary shares of USD1.00 each ("DIPL Shares") for a total purchase consideration of approximately RM1,726,023 to be satisfied by the issuance of 6,904,050 new DXN Shares at par. As part of the Acquisition of DIPL, the DIPL Shares were transferred to DIH, DXN's wholly-owned subsidiary, resulting in DIH holding the entire equity interest in DIPL upon completion of the Acquisition of DIPL;

ii. Acquisition of PT Daxen

Acquisition of the entire issued and fully paid-up share capital of PT Daxen comprising 700 ordinary shares of Rupiah14,500,000 each ("PT Daxen Shares") for a total purchase consideration of approximately RM2,021,546 to be satisfied by the issuance of 8,086,100 new DXN Shares at par. As part of the Acquisition of PT Daxen, 99% of the PT Daxen Shares were transferred to DIH, DXN's wholly-owned subsidiary, resulting in DIH holding 99% of the equity interest in PT Daxen upon completion of the Acquisition of PT Daxen;

iii. Acquisition of DXN HK

Acquisition of the entire issued and fully paid-up share capital of DXN HK comprising 2,500,000 ordinary shares of HKD1.00 each ("DXN HK Shares") for a total purchase consideration of approximately RM145,896 to be satisfied by the issuance of 583,580 new DXN Shares at par. As part of the Acquisition of DXN HK, 2,499,999 DXN HK Shares were transferred to DIH, DXN's wholly-owned subsidiary while 1 DXN HK Share is held by DXN in trust for DIH.. DIH still effectively holds the entire equity interest in DXN HK upon completion of the Acquisition of DXN HK;

X. ACCOUNTANTS' REPORT (CONT'D)

- iv. Acquisition of DXN Singapore

Acquisition of the entire issued and fully paid-up share capital of DXN Singapore comprising 2 ordinary shares of SGD1.00 each ("DXN Singapore Shares") for a total purchase consideration of approximately RM291,870 to be satisfied by issuance of 1,167,470 new DXN Shares at par. As part of the Acquisition of DXN Singapore, the DXN Singapore Shares were transferred to DIH, DXN's wholly-owned subsidiary, resulting in DIH holding the entire equity interest in DXN Singapore upon completion of the Acquisition of DXN Singapore;
 - v. Acquisition of DXN Thailand

Acquisition of 36.75% of the issued and fully paid-up share capital of DXN Thailand comprising 73,500 ordinary shares of Baht100 each ("DXN Thailand Shares") for a total purchase consideration of approximately RM106,950 to be satisfied by the issuance of 427,800 DXN Shares at par. As part of the Acquisition of DXN Thailand, the DXN Thailand Shares were transferred to DIH, DXN's wholly-owned subsidiary, resulting in DIH holding 36.75% equity interest in DXN Thailand upon completion of the Acquisition of DXN Thailand.
- (e) Transfers
- i. Transfer of DXN Cyprus

Transfer of the entire issued and fully paid-up share capital of DXN Cyprus comprising 10,000 ordinary shares of CYP1.00 each held by DXN to DIH, its wholly-owned subsidiary, to be satisfied via intercompany advances;
 - ii. Transfer of DXN SA

Transfer of the entire issued and fully paid-up share capital of DXN SA comprising 100 ordinary shares of Rand1.00 each held by DXN to DIH, its wholly-owned subsidiary, to be satisfied via intercompany advances.
 - iii. Transfer of DXN UK

Transfer of the entire issued and fully paid-up share capital of DXN UK comprising 1,000 ordinary shares of £1.00 each held by DXN to DIH, its wholly-owned subsidiary, to be satisfied via intercompany advances;
- (f) Rights issue of 89,331,000 new DXN Shares at par on the basis of approximately 6.35 new DXN Shares for every 10 existing DXN Shares held after the Acquisitions.

X. ACCOUNTANTS' REPORT (CONT'D)



- (g) Offer for sale of 47,600,000 DXN Shares of which 12,000,000 DXN Shares will be allocated to Bumiputera investors approved by MITI and 35,600,000 DXN Shares will be made available for application by Malaysian investors whereby attempt will be made to allocate 30% of the Offer Shares to Bumiputera investors;
- (h) Public issue of 10,000,000 new DXN Shares of which 1,200,000 new DXN Shares will be made available for application by the Malaysian public and 8,800,000 new DXN Shares will be reserved for application by the eligible Directors and employees, the registered distributors in Malaysia and the suppliers of DXN and its subsidiaries.
- (i) Listing of and quotation for the entire enlarged issued and paid-up share capital of DXN comprising 240,000,000 DXN Shares on the Main Board of the KLSE.

Subsequent to the listing of DXN, the Company shall implement an executive share option scheme for the eligible executives and Executive Directors of the DXN Group who meet the criteria of eligibility for participation in the Executive Share Option Scheme ("ESOS") as set out in the ESOS By-Laws.

X. ACCOUNTANTS' REPORT (CONT'D)**2.4 SUBSIDIARIES AND ASSOCIATED COMPANY**

The subsidiaries and associated company of DXN as at the date hereof are as follows:

Name	Date and place of incorporation	Authorised share capital	Issued and paid-up share capital	Effective interest %	Principal activities
DMSB	11.12.1993; Malaysia	RM500,000	RM500,000	100.00	Sale of health supplements and other products on a direct sales basis
DISB	20.11.1996; Malaysia	RM500,000	RM500,000	100.00	Manufacture of health food supplements and other products
DXN Pharma	20.11.1996; Malaysia	RM5,000,000	RM4,000,000	100.00	Cultivation of Ganoderma and Mycelium and the manufacturing of health supplements and other products
DXN Plantation	6.10.1995; Malaysia	RM500,000	RM150,000	100.00	Dormant
DPSB	25.3.1997; Malaysia	RM100,000	RM100,000	100.00	Dormant
DKSB	17.9.1998; Malaysia	RM100,000	RM100,000	100.00	Dormant
DIH	11.4.2002; British Virgin Islands	USD50,000	USD2,500	100.00	Investment holding and provision of management services
Subsidiaries of DIH					
DIPL	08.03.1999; Federal Territory of Labuan, Malaysia	USD250,000	USD15,010	100.00	Trading of health food, traditional medicine, all kinds of confectioneries and other food products and investment holding

X. ACCOUNTANTS' REPORT (CONT'D)**2.4 SUBSIDIARIES AND ASSOCIATED COMPANY (CONT'D)**

Name	Date and place of incorporation	Authorised share capital	Issued and paid-up share capital	Effective interest %	Principal activities
Subsidiaries of DIH (cont'd)					
DXN Singapore	05.03.1997; Singapore	SGD100,000	SGD2	100.00	Trading in health products
PT Daxen	05.08.1998; Indonesia	Rupiah 14,500,000,000	Rupiah 10,150,000,000	100.00	Sale of traditional medicines, cosmetics, beverages and cleaning materials
DXN HK	17.10.1997; Hong Kong	HKD2,500,000	HKD2,500,000	100.00	Multi-level marketing of health care products
DXN Cyprus	31.12.2001; Cyprus	CYP10,000	CYP10,000	100.00	Dormant
DXN UK	05.06.2002; United Kingdom	£20,000	£1,000	100.00	Dormant
DXN SA	22.02.2002; South Africa	Rand4,000	Rand100	100.00	Dormant
Subsidiaries of DIPL					
Daxen	04.10.2001; US	USD1,000,000	USD200,000	100.00	Trading of health food, traditional medicine, all kinds of confectioneries and other food products
DXN Herbal	30.07.2001; India	Rupee30,000,000	Rupee 4,865,000	100.00	Manufacturing, production and processing of herbal health care products, herbal beverages and health care instruments

X. ACCOUNTANTS' REPORT (CONT'D)**2.4 SUBSIDIARIES AND ASSOCIATED COMPANY (CONT'D)**

Name	Date and place of incorporation	Authorised share capital	Issued and paid-up share capital	Effective interest %	Principal activities
Branch of DIPL					
DIPL Philippines Branch	Nil; Philippines	-	-	-	Trading of health food, traditional medicine, all kinds of confectioneries and other food products
Subsidiary of Daxen					
DXN Mexico	01.11.2002; Mexico	MXN50,000	MXN 50,000	99.90	Sale, purchase, import, export and distribution of natural food and vitamin supplements
Branch of Daxen					
DXN Canada Branch	Nil; Canada	-	-	-	Distribution of natural health products through multi-level marketing

The associated company of DIH as at the date hereof is as follows:

Name	Date and place of incorporation	Authorised share capital	Issued and paid-up share capital	Effective interest %	Principal activities
DXN Thailand	25.06.1998; Thailand	Baht 20,000,000	Baht 20,000,000	36.75	Import and distribution of consumable health and nutrition products

3. AUDITED FINANCIAL STATEMENTS AND AUDITORS

We have been the auditors of DXN, DMSB, DISB, DXN Pharma, DXN Plantation, DPSB, DKSB, DIPL and Daxen since the financial year ended 28 February 2002. Prior to the financial year ended 28 February 2002, the above mentioned companies were audited by another firm of auditors. We are also the auditors of DIH, DXN UK, DXN SA and DXN Mexico for the financial period ended 28 February 2003.

The financial statements of DXN Herbal, DXN Singapore, PT Daxen, DXN HK, DXN Cyprus, DIPL Philippines branch and DXN Thailand for the 5 financial period/years ended 28 February 2003 were audited by other auditors.

X. ACCOUNTANTS' REPORT (CONT'D)



The financial statements of PT Daxen for the three financial period/years ended 31 December 1998 to 2000 have not been audited as it is not required by Indonesian legislation. The contribution of the said financial period/years to the results of the DXN Group is immaterial.

None of the financial statements of all the companies within the Group for all the financial years/periods under review were subject to any audit qualification.

4. ACCOUNTING POLICIES AND STANDARDS

This report is prepared on a basis consistent with accounting policies normally adopted by DXN Group and in accordance with applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

5. EVENTS SUBSEQUENT TO BALANCE SHEET DATED 28 FEBRUARY 2003

Based on the audited financial statements for the financial year ended 28 February 2003 and other than the Restructuring Scheme as mentioned in Section 2.3 and the acquisition of land and building by DXN amounting to RM2.220 million, no events have arisen subsequent to the balance sheet date, which required disclosure in this report.

X. ACCOUNTANTS' REPORT (CONT'D)**6. SUMMARISED PROFORMA CONSOLIDATED RESULTS OF THE GROUP**

- 6.1 The summarised proforma consolidated results of DXN Group for the financial years ended 28/29 February 1999 to 2003 have been prepared for illustrative purposes after making such adjustments that we considered necessary and assuming that DXN Group has been in existence throughout the years under review.

DXN Group

	←-----Financial years ended 28/29 February-----→				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	54,589	64,473	77,329	118,598	132,461
Profit before depreciation, interest, exceptional items, share of associate results and taxation	18,157	16,953	8,185	20,958	25,509
Depreciation	(1,263)	(2,335)	(2,709)	(2,891)	(4,211)
Interest expense	(225)	(409)	(379)	(812)	(814)
Exceptional item	-	-	298	-	-
Share of associate results	(110)	-	-	-	-
Profit before taxation ("PBT")	16,559	14,209	5,395	17,255	20,484
Tax expense	(21)	(4,151)	(1,993)	(3,562)	(3,526)
Profit after taxation ("PAT")	16,538	10,058	3,402	13,693	16,958
No. of shares assumed in issue ('000)	140,669	140,669	140,669	140,669	140,669
Gross Earnings per share ("EPS") (sen)	11.77	10.10	3.84	12.27	14.56
Net EPS (sen)	11.76	7.15	2.42	9.73	12.06

X. ACCOUNTANTS' REPORT (CONT'D)

The proforma group results have been prepared on a time apportionment basis and all under/over provision for taxation made in the subsidiaries' or associated company's audited financial statements have been adjusted to the relevant year concerned.

Notes:

- (i) The proforma consolidated results of DXN are prepared for illustrative purposes only and are based on the audited financial statements of DXN, DMSB, DISB, DXN Pharma, DXN Plantation, DPSB, DKSB, DIPL, Daxen, DXN Herbal, DXN Singapore, PT Daxen, DXN HK, DXN Cyprus, DXN UK, DXN SA, DXN Thailand and DXN Mexico respectively.

The financial statements of the foreign subsidiaries and associated company of DXN were translated at foreign exchange rates in accordance with the accounting policy as stated in Section 8.1.14.

- (ii) There were no extraordinary or exceptional items in the years/period under review except for DXN Plantation whereby there was an exceptional item in 2001. This exceptional item represented insurance compensation received in respect of floods on the plantation and office break in.
- (iii) Group revenue for financial years ended 28 February 2001 and 2002 increased by 19.94% and 53.37% respectively mainly due to contribution from its main subsidiaries, DMSB and DIPL where both companies have successfully launched new products and captured the various consumer markets.

Increase in gross revenue for the financial year ended 28 February 2003 was as a result of increase in production volume and sales demand by its subsidiaries, DXN Pharma and DXN Herbal. Both commenced full manufacturing operations during the financial year ended 28 February 2003.

- (iv) Profit before taxation was higher in the financial year ended 28 February 1999 mainly contributed by the increase in sales of the Group's main products, Reishi Gano ("RG") and Ganocelium ("GL") with a profit margin of approximately 60% and 55% respectively.

There was a slight decrease in the profit before taxation for the financial year ended 29 February 2000 due to an increase in promotional activities and bonus for multi-level marketing expenses.

Profit before taxation was lower in the financial year ended 28 February 2001 mainly attributed to the drop in sales of RG and GL in the Indonesian market due to the adverse economic situation in that country. The percentage of sales contributed by RG and GL to the Group's total sales revenue had reduced from 34% in 2000 to 11% in 2001. As a result, the Group's net profit margin declined from 22.04% in 2000 to 6.98% in 2001.

Profit before taxation was higher for the financial year ended 28 February 2003 mainly due to increase in sales demand and introduction of new products during the financial year.

- (v) The gross earnings per share has been calculated based on the PBT divided by the enlarged issued and paid-up share capital of the Group of 140,669,000

X. ACCOUNTANTS' REPORT (CONT'D)

DXN Shares (after Divestment to LTAT, Share Split, Bonus Issue, Acquisitions and Transfers) on the assumption that the DXN Shares have been in issue throughout the years under review.

- (vi) The net earnings per share has been calculated based on PAT divided by the enlarged issued and paid-up share capital of the Group of 140,669,000 DXN Shares (after Divestment to LTAT, Share Split, Bonus Issue, Acquisitions and Transfers) on the assumption that the DXN Shares have been in issue throughout the years under review.
- (vii) The DXN Group did not make any significant allowance for doubtful debts in the past 5 financial years ended 28 February 2003 except as follows :-

	<-----Financial periods/years ended 28/29 February----->				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
DMSB	-	-	-	-	577
DISB	-	-	-	-	396
DXN Pharma	-	-	-	-	271
DXN Thailand	-	-	7	7	-
	-	-	7	7	1,244

The allowance for doubtful debts in the financial year ended 28 February 2003 was high as the Group made allowance for doubtful debts for certain trade receivables due from stockists and distributors which have been outstanding for more than 5 months.

X. ACCOUNTANTS' REPORT (CONT'D)

6.2 The summarised results of the companies in DXN Group for the 5 years ended 28 February 1999 to 2003 are set out below:-

6.2.1 DXN

	<-----Financial years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	100,000	2,611,000	120,000	10,120,000	44,064,444
Profit before depreciation, interest and taxation	88,172	2,529,644	9,189	10,231,209	43,410,067
Depreciation	-	(2,407)	(9,628)	(3,804)	(4,603)
Interest expense	(462)	(7,780)	(69,147)	(11,922)	(8,572)
PBT/(Loss before taxation)	87,710	2,519,457	(69,586)	10,215,483	43,396,892
Tax expense	(28,000)	(706,122)	-	(80,000)	(5,425,314)
PAT/(Loss after taxation)	59,710	1,813,335	(69,586)	10,135,483	37,971,578
Weighted average no. of shares in issue	27,947	300,000	300,000	300,000	347,466
Gross EPS/(loss per share) (RM)	3.14	8.40	(0.23)	34.05	124.90
Net EPS/(loss per share) (RM)	2.14	6.04	(0.23)	33.78	109.28
Gross dividend rate (%) – ordinary shares	-	-	-	3333.33	2,400.00

Notes:

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) The tax expense for the financial year ended 28 February 1999 was in respect of non-tax exempt dividend received. There was no business income in 1999 and the expenses incurred were not eligible to be set off against dividend income as 1999 was a tax waiver year under the Income Tax (Amendment) Act, 1999. There was no tax expense for financial year ended 28 February 2001 as the Company incurred losses for the year. The tax expense for the financial year ended 28 February 2002 and 28 February 2003 was lower than the statutory income tax rate mainly due to tax exempt dividend received.
- (iii) Gross EPS/(loss per share) has been calculated based on PBT/(loss before taxation) divided by the weighted average number of ordinary shares in issue.
- (iv) Net EPS/(loss per share) has been calculated based on PAT/(loss after taxation) divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.2 DMSB**

	←-----Financial years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	39,566,539	27,000,691	24,670,173	21,485,217	23,146,373
Profit before depreciation, interest and taxation	8,108,187	2,213,800	1,323,556	944,835	528,329
Depreciation	(795,853)	(649,115)	(674,441)	(665,771)	(364,628)
Interest expense	(206,555)	(330,040)	(219,980)	(159,823)	(82,324)
PBT ⁽¹⁾	7,105,779	1,234,645	429,135	119,241	81,377
Tax expense ⁽²⁾	-	(369,501)	(363,844)	(163,000)	(133,000)
PAT/(Loss after taxation)	7,105,779	865,144	65,291	(43,759)	(51,623)
Weighted average no. of shares	186,575	500,000	500,000	500,000	500,000
Gross EPS (RM)	38.09	2.47	0.86	0.24	0.16
Net EPS/(loss per share) (RM)	38.09	1.73	0.13	(0.09)	(0.10)
Gross dividend rate (%) - ordinary shares	2,520.00	500.00	-	-	2,383.33

Notes:

- (i) There were no extraordinary or exceptional items for all the financial period/years under review.
- (ii) There was no tax expense in financial year ended 28 February 1999 as the income tax has been waived under the Income Tax (Amendment) Act, 1999. The effective tax rate is higher than the statutory rate for the financial years ended 28 February 2000 to 2003 mainly due to certain expenses not deductible for income tax purposes.
- (iii) Gross EPS has been calculated based on PBT/(loss before taxation) divided by the weighted average number of ordinary shares in issue.
- (iv) Net EPS/(loss per share) has been calculated based on PAT/(loss after taxation) divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)*Notes:*

- (1) *The PBT after adjusting for the prior year adjusted in respect of membership fees under recognised for the financial years ended 28 February 1999 to 2000 has been restated as follows:*

	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
As per audited financial statements	6,496,159	452,052	429,135	119,241	81,377
Membership fee under recognised - before tax	609,620	782,593	-	-	-
As restated	<u>7,105,779</u>	<u>1,234,645</u>	<u>429,135</u>	<u>119,241</u>	<u>81,377</u>

Based on the audited financial statements, the under-recognised membership fees after tax for the financial years ended 28 February 1996 to 2000 was recognised in the 2001 financial statements.

- (2) *Due to the change in the accounting policy as noted above, the tax expense for the financial years ended 28 February 1999 to 2000 has been restated as follows and adjusted for under/(over) provisions to the relevant financial years:*

	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
As per audited financial statements	(137,870)	(414,489)	(368,660)	2,805	(133,000)
Membership fees under recognised - tax expense	-*	(219,076)	-	-	-
Adjustment on prior year's tax	137,870	264,064	4,816	(165,805)	-
As restated	<u>-</u>	<u>(369,501)</u>	<u>(363,844)</u>	<u>(163,000)</u>	<u>(133,000)</u>

- * *No tax expense had been accrued for the financial year ended 28 February 1999 as it was a tax waiver year.*

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.3 DISB**

	←-----Financial years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	12,788,732	31,739,658	24,952,839	29,219,520	29,975,050
Profit before depreciation, interest and taxation	7,412,211	12,735,017	4,023,375	10,018,984	6,246,407
Depreciation	(152,014)	(893,581)	(1,095,807)	(875,111)	(1,077,843)
Interest expense	-	(21,479)	(35,143)	(114,119)	(341,215)
PBT	7,260,197	11,819,957	2,892,425	9,029,754	4,827,349
Tax expense	-	(2,989,612)	(855,514)	(2,254,549)	(1,136,884)
PAT	7,260,197	8,830,345	2,036,911	6,775,205	3,690,465
Weighted average no. of shares in issue	2	228,768	500,000	500,000	500,000
Gross EPS (RM)	3,630,099	51.67	5.78	18.06	9.65
Net EPS (RM)	3,630,099	38.60	4.07	13.55	7.38
Gross dividend rate (%) - ordinary shares	-	-	-	1,400.00	3,294.44

Notes:

- (i) There were no extraordinary or exceptional items for all the financial period/years under review.
- (ii) There was no tax expense in the financial year ended 28 February 1999 as the income tax has been waived under the Income Tax (Amendment) Act, 1999. The effective tax rate for year 2000 is lower than the statutory tax rate due to the utilisation of reinvestment allowance by the company. From the financial year ended 28 February 2001 DISB started to receive 10% royalty on sales to DIPL's Philippines Branch. There is no tax charge for the net royalty received as it was in respect of income from foreign source, however the gross royalty is subject to foreign withholding tax at 25%. For the financial year ended 28 February 2001, the higher effective tax rate is due to certain expenses disallowed for tax purposes. The effective tax rate for financial year ended 28 February 2003 is lower than the statutory tax rate as the foreign income is exempted from the Malaysia's income tax.
- (iii) Gross EPS has been calculated based on PBT divided by the weighted average number of ordinary shares in issue.
- (iv) Net EPS has been calculated based on PAT divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.4 DXN Pharma**

	←-----Financial years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	-	-	-	22,046,931	27,082,076
(Loss)/Profit before depreciation, interest and taxation	(50,173)	(19,429)	(216,514)	7,743,593	14,630,385
Depreciation	-	-	(13,904)	(854,231)	(1,713,266)
Interest expense	-	(2,719)	(25,800)	(504,204)	(361,254)
(Loss before taxation)/PBT	(50,173)	(22,148)	(256,218)	6,385,158	12,555,865
Tax expense	-	(29,346)	(1,395)	(448,000)	(2,211,641)
(Loss after taxation)/PAT	(50,173)	(51,494)	(257,613)	5,937,158	10,344,224
Weighted average no. of shares in issue	2	1,043,837	3,756,164	4,000,000	4,000,000
Gross (loss per share)/EPS (RM)	(25,087)	(0.02)	(0.07)	1.60	3.14
Net (loss per share)/EPS (RM)	(25,087)	(0.05)	(0.07)	1.48	2.59
Gross dividend rate (%) – ordinary shares	-	-	-	-	319.44

Notes:

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) DXN Pharma commenced operations on 1 March 2001.
- (iii) Tax expense for the financial years ended 28 February 2000 and 2001 reflected an effective tax rate that was higher than the statutory tax rate as the tax was in respect of rental and interest income. The tax expense for the financial years ended 28 February 2002 and 2003 was lower than the statutory tax rate due to tax incentives available to DXN Pharma.
- (iv) Gross (loss per share)/EPS has been calculated based on (loss before taxation)/PBT divided by the weighted average number of ordinary shares in issue.
- (v) Net (loss per share)/EPS has been calculated based on (loss after taxation)/PAT divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.5 DXN Plantation**

	<-----Financial years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	8,060,368	7,468,148	2,499,249	3,043,886	-
Profit/(Loss) before depreciation, interest, exceptional item and taxation	3,573,369	2,405,467	840,305	158,263	(9,993)
Depreciation	(160,008)	(372,337)	(511,647)	(134,002)	-
Interest expense	(4,019)	(36,415)	(24,116)	(6,583)	-
Exceptional item	-	-	297,948	-	-
PBT/(Loss before taxation)	3,409,342	1,996,715	602,490	17,678	(9,993)
Tax expense	-	(745,851)	(121,364)	29,000	73,745
PAT	3,409,342	1,250,864	481,126	46,678	63,752
Weighted average no. of shares in issue	2	2	2	2	150,000
Gross EPS/(loss per share) (RM)	1,704,671	998,358	301,245	8,839	(0.07)
Net EPS (RM)	1,704,671	625,432	240,563	23,339	0.43
Gross dividend rate (%) – ordinary shares	-	-	-	150,000,000	1,851.85

Notes :

- (i) In June 2001, DXN Plantation transferred the activities of cultivation of Ganoderma and Mycelium to DXN Pharma and remained dormant thereafter.
- (ii) Exceptional item in financial year ended 28 February 2001 is in respect of insurance compensation received by DXN Plantation for flooding of the plantation and an office break in.
- (iii) No tax expense were incurred for the financial year ended 28 February 1999 as income tax had been waived under the Income Tax (Amendment) Act, 1999. Tax expense for the financial year ended 28 February 2000 reflected an effective tax rate which was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes. The tax expense for the financial year ended 28 February 2002 includes a reversal of deferred tax. The tax expense for financial year ended 28 February 2003 is in respect of reversal of over provision of prior year tax.
- (iv) Gross EPS /(loss per share) has been calculated based on PBT/(loss before taxation) divided by the weighted average number of ordinary shares in issue.
- (v) Net EPS has been calculated based on PAT/(loss after taxation) divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.6 DPSB**

	<-----Financial year ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	1,666,354	1,918,633	1,247,746	-	-
(Loss)/Profit before depreciation, interest and taxation	(34,725)	44,131	(110,238)	(13,441)	(1,988)
Depreciation	(9,013)	(11,640)	(15,172)	-	-
Interest expense	-	-	-	-	-
(Loss before taxation)/PBT	(43,738)	32,491	(125,410)	(13,441)	(1,988)
Tax expense	-	-	-	-	-
(Loss after taxation)/PAT	(43,738)	32,491	(125,410)	(13,441)	(1,988)
Weighted average no. of shares in issue	2	548	100,000	100,000	100,000
Gross (loss per share)/EPS (RM)	(21,869)	59.29	(1.25)	(0.13)	(0.02)
Net (loss per share)/EPS (RM)	(21,869)	59.29	(1.25)	(0.13)	(0.02)
Gross dividend rate (%) – ordinary shares	-	-	-	-	-

Notes :

- (i) There were no extraordinary or exceptional items for all the financial years under review.
- (ii) DPSB ceased its operations as a stockist and distributor during the financial year ended 28 February 2002 and is presently dormant.
- (iii) There were no tax expense during financial years ended 28 February 1999 to 2003 as DPSB incurred business losses.
- (iv) Gross (loss per share)/EPS has been calculated based on PBT/(loss before taxation) divided by the weighted average number of ordinary shares in issue.
- (v) Net (loss per share)/EPS has been calculated based on PAT/(loss after taxation) divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.7 DKSB**

	← Financial period/years ended 28/29 February →				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	357,401	3,592,674	5,016,386	-	-
(Loss)/Profit before depreciation, interest and taxation	(53,250)	112,921	159,823	(27,987)	(2,300)
Depreciation	(6,272)	(19,534)	(19,943)	-	-
Interest expense	-	-	-	-	-
(Loss before taxation)/PBT	(59,522)	93,387	139,880	(27,987)	(2,300)
Tax expense	-	(16,763)	(20,721)	14,809	-
(Loss after taxation)/PAT	(59,522)	76,624	119,159	(13,178)	(2,300)
Weighted average no. of shares in issue	2	548	100,000	100,000	100,000
Gross (loss per share)/EPS (RM)	*(59,522)	170.41	1.40	(0.28)	(0.02)
Net (loss per share)/EPS (RM)	*(59,522)	139.82	1.19	(0.13)	(0.02)
Gross dividend rate (%) – ordinary shares	-	-	-	-	-

* Annualised

Notes :

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) DKSB ceased operations in 2002 and is presently dormant.
- (iii) There was no tax expense during financial year ended 28 February 1999 as DKSB incurred business losses. The tax expense for the financial year ended 28 February 2000 was in respect of a provision for deferred tax. The tax expense for the financial year ended 28 February 2001 was lower than the statutory tax rate as DKSB had unabsorbed tax losses and capital allowances. The tax expense for the financial year ended 28 February 2002 is a reversal of the provision for deferred tax. There was no tax expense for the financial year ended 28 February 2003 as DKSB incurred loss for the year.
- (iv) Gross (loss per share)/EPS has been calculated based on profit/(loss) before tax divided by the weighted average number of ordinary shares in issue.
- (v) Net (loss per share)/EPS has been calculated based on profit/(loss) after tax divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.8 DIH**

	11 months financial period ended 28 February 2003 RM
Revenue	-
Loss before depreciation, interest and taxation	(11,360)
Depreciation	-
Interest expense	-
Loss before taxation	(11,360)
Tax expense	-
Loss after taxation	(11,360)
Weighted average no. of shares in issue	2,219
Gross loss per share (RM)	*(5.58)
Net loss per share (RM)	*(5.58)
Gross dividend rate (%) – ordinary shares	-

* *Annualised*

Notes:

- (i) *There were no extraordinary or exceptional items for the period under review.*
- (ii) *There was no tax expense for the financial period ended 28 February 2003 as DIH incurred losses for the year.*
- (iii) *Gross loss per share has been calculated based on loss before taxation divided by the weighted average number of ordinary shares in issue.*
- (iv) *Net loss per share has been calculated based on loss after taxation divided by the weighted average number of ordinary shares in issue.*

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.9 DIPL**

	←-----Financial period/year ended 28/29 February----->			
	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	608,694	34,122,518	70,909,032	57,086,189
(Loss)/Profit before depreciation, interest and taxation	(22,574)	1,968,359	1,918,973	166,737
Depreciation	(10,716)	(65,385)	(146,729)	(221,544)
Interest expense	-	(4,195)	(12,590)	(14,989)
(Loss before taxation)/PBT	(33,290)	1,898,779	1,759,654	(69,796)
Tax expense	-	(625,930)	(623,439)	(105,224)
(Loss after taxation)/ PAT	(33,290)	1,272,849	1,136,215	(175,020)
Weighted average no. of shares in issue	7,736	15,010	15,010	15,010
Gross (loss per share)/EPS (RM)	(4.30)	126.5	117.23	(4.65)
Net (loss per share)/EPS (RM)	(4.30)	84.80	75.70	(11.66)
Gross dividend rate (%) – ordinary shares	-	-	-	-

Notes :

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) DIPL was incorporated on 8 March 1999 and therefore, the first financial statements were for the financial period ended 28 February 2000.
- (iii) There was no tax expense for the financial period ended 28 February 2000 as DIPL incurred losses for the year. DIPL's source of revenue is from the Philippines Branch which attracts a statutory tax rate of 32%. In Malaysia, DIPL has elected to pay RM20,000 per year under the Labuan Offshore Business Activity Tax Act 1990.
- (iv) Gross (loss per share)/EPS has been calculated based on PBT/(loss before taxation) divided by the weighted average number of ordinary shares in issue.
- (v) Net (loss per share)/EPS has been calculated based on PAT/(loss after taxation) divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.10 Daxen**

	5 months financial period ended 28 February 2002 RM	Financial year ended 28 February 2003 RM
Revenue	-	10,092,602
(Loss)/Profit before depreciation, interest and taxation	(331,057)	323,024
Depreciation	(4,579)	(45,122)
Interest expenses	-	-
Loss before taxation/PBT	(335,636)	277,902
Tax expense	-	(26,509)
Loss after taxation/PAT	(335,636)	251,393
Weighted average no. of shares in issue	50,411	200,000
Gross (loss per share)/EPS (RM)	*(15.98)	1.39
Net (loss per share)/EPS (RM)	*(15.98)	1.26
Gross dividend rate (%) – ordinary shares	-	-

* Annualised

Notes :

- (i) *There were no extraordinary or exceptional items for all the period/years under review.*
- (ii) *There was no tax expense for the financial period ended 28 February 2002 as Daxen incurred losses for the year. The tax expense for the financial year ended 28 February 2003 was lower than the statutory tax rate as Daxen had unabsorbed tax losses and capital allowances.*
- (iii) *Gross (loss per share)/EPS has been calculated based on (loss before taxation)/PBT divided by the weighted average number of ordinary shares in issue.*
- (iv) *Net (loss per share)/EPS has been calculated based on (loss after taxation)/PAT divided by the weighted average number of ordinary shares in issue.*

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.11 DXN Herbal**

	7 months financial period ended 28 February 2002 RM	Financial year ended 28 February 2003 RM
Revenue	-	17,902,276
Profit before depreciation, interest and taxation	-	6,385,664
Depreciation	-	(390,522)
Interest expenses	-	-
PBT	-	5,995,142
Tax expense	-	(472,117)
PAT	-	5,523,025
Weighted average no. of shares in issue	5,562	197,989
Gross EPS (RM)	*-	30.28
Net EPS (RM)	*-	27.90
Gross dividend rate (%) – ordinary shares	-	-

* Annualised

Notes:

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) The expenses incurred for the financial period ended 28 February 2002 have been capitalised and deferred as expenditure carried forward in the balance sheet. However, for the purpose of the proforma Group results, this item has been expensed off in the income statement.
- (iii) There was no tax expense for financial period ended 28 February 2002 as DXN Herbal has not commenced operations. There was no tax expense for the financial year ended 28 February 2003 as DXN Herbal was granted a five year corporation tax exemption from the commencement of business from 1 March 2002 up to 28 February 2007.
- (iv) Gross EPS has been calculated based on PBT divided by the weighted average number of ordinary shares in issue.
- (v) Net EPS has been calculated based on PAT divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.12 DXN Singapore**

	<-----Financial period/years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	3,111,512	3,732,823	12,943,278	20,519,642	22,155,794
Profit/(Loss) before depreciation interest and taxation	99,817	(174,339)	103,263	334,909	298,476
Depreciation	(25,004)	(85,066)	(86,377)	(79,553)	(14,501)
Interest expense	-	-	-	-	-
PBT/(Loss before taxation)	74,813	(259,405)	16,886	255,356	283,975
Tax expense	(27,567)	-	-	(16,101)	(35,205)
PAT/(Loss after taxation)	47,246	(259,405)	16,886	239,255	248,770
Weighted average no. of shares in issue	2	2	2	2	2
Gross EPS/(loss per share) (RM)	*44,888	(129,703)	8,443	127,678	141,988
Net EPS/(loss per share) (RM)	*28,348	(129,703)	8,443	119,628	124,385
Gross dividend rate (%) – ordinary shares	-	-	-	-	-

* Annualised

Notes:

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) There was no tax charge for the financial years ended 29 February 2000 and 28 February 2001 as DXN Singapore had available capital allowances and tax losses to offset against the year's profit. The tax expense for the financial year ended 29 February 2002 was lower than the statutory tax rate due to utilisation of unabsorbed capital allowance and tax losses. The tax expense for the financial year ended 28 February 2003 was lower than the statutory tax rate due to partial tax exemption of up to SGD100,000 of the chargeable income of DXN Singapore.
- (iii) Gross EPS/(loss per share) has been calculated based on PBT/(loss before taxation) divided by the weighted average number of ordinary shares in issue.
- (iv) Net EPS/(loss per share) has been calculated based on PAT/(loss after taxation) divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.13 PT Daxen**

	←-----Financial years ended 31 December-----→				2 months financial period ended 28 February 2003 RM
	# 1999 RM	# 2000 RM	2001 RM	2002 RM	
Revenue	-	17,973	580,357	1,467,284	213,187
(Loss)/Profit before depreciation interest and taxation	(143,889)	5,426	(54,718)	477,638	93,962
Depreciation	(257,305)	(195,965)	(57,158)	(272,208)	(46,176)
Interest expense	-	-	(2,954)	(5,266)	(983)
(Loss before taxation)/PBT	(401,194)	(190,539)	(114,830)	200,164	46,803
Tax expense ⁽¹⁾	-	-	(23,498)	27,925	-
(Loss after taxation)/PAT	(401,194)	(190,539)	(138,328)	228,089	46,803
Weighted average no. of shares in issue	648	700	700	700	700
Gross (loss per share)/EPS (RM)	(619.13)	(272.20)	(164.04)	285.95	*401.17
Net (loss per share)/EPS (RM)	(619.13)	(272.20)	(197.61)	325.84	*401.17
Gross dividend rate (%) – ordinary shares	-	-	-	-	-

* Annualised

Based on the management accounts of PT Daxen

Notes :

(1) In compliance with Malaysian Accounting Standards Board No 25, Income Taxes, the tax expense for the financial years/period under review has been restated as follows:

	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
As per audited financial statements	-	-	(23,498)	193,838	724
MASB 25, income taxes – reversal of deferred tax benefits	-	-	-	(165,913)	(724)
As restated	-	-	(23,498)	27,925	-

(2) The results of PT Daxen have been time apportioned for the purposes of the proforma consolidated results of the DXN Group.

X. ACCOUNTANTS' REPORT (CONT'D)



Notes :

- (i) There were no extraordinary or exceptional items for all the period/years under review.*
- (ii) There was no tax expense for financial year ended 31 December 1999 to 2001 as PT Daxen incurred losses in those years. There was no tax charge for the financial year ended 31 December 2002 and financial period ended 28 February 2003 as PT Daxen had available tax losses to offset against the year's profit.*
- (iii) Gross (loss per share)/EPS has been calculated based on (loss before taxation)/PBT divided by the weighted average number of ordinary shares in issue.*
- (iv) Net (loss per share)/EPS has been calculated based on (loss after taxation)/PAT divided by the weighted average number of ordinary shares in issue.*

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.14 DXN HK**

	<-----Financial period/years ended 28/29 February----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	2,046,306	2,570,541	2,093,583	2,108,667	2,467,532
(Loss before taxation)/ PBT, depreciation and interest	(871,499)	(252,534)	88,425	133,898	663,817
Depreciation	(18,340)	(44,052)	(44,174)	(44,871)	(49,608)
Interest expense	(14,401)	(10,415)	-	-	-
(Loss before taxation)/ PBT	(904,240)	(307,001)	44,251	89,027	614,209
Tax expense	-	-	-	-	-
(Loss after taxation)/PAT	(904,240)	(307,001)	44,251	89,027	614,209
Weight average no. of shares in issue	2	2	2	2	2
Gross (loss per share)/EPS (RM)	*(319,144)	(153,501)	22,126	44,514	307,105
Net (loss per share)/EPS (RM)	*(319,144)	(153,501)	22,126	44,514	307,105
Gross dividend rate (%) – ordinary shares	-	-	-	-	-

* Annualised

Notes:

- (i) There were no extraordinary or exceptional items for all the period/years under review.
- (ii) There was no tax expense for financial period/year ended 28 February 1999 to 2000 as DXN HK incurred losses in those years. There was no tax charge for the financial year ended 28 February 2001 to 28 February 2003 as DXN HK has unabsorbed capital allowance and tax losses to set off against the profits for those years.
- (iii) Gross (loss per share)/EPS has been calculated based on (loss before taxation)/PBT divided by the weighted average number of ordinary shares in issue.
- (iv) Net (loss per share)/EPS has been calculated based on (loss after taxation)/PAT divided by the weighted average number of ordinary shares in issue.

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.15 DXN Cyprus**

	14 months financial period ended 28 February 2003 RM
Revenue	-
Loss before depreciation, interest and taxation	(80,364)
Depreciation	-
Interest expense	-
Loss before taxation	(80,364)
Tax expense	-
Loss after taxation	(80,364)
Weighted average no. of shares in issue	5,389
Gross loss per share (RM)	*(12.78)
Net loss per share (RM)	*(12.78)
Gross dividend rate (%) – ordinary shares	-

* *Annualised*

Notes:

- (i) *There were no extraordinary or exceptional items for the period under review.*
- (ii) *There was no tax expense for financial period ended 28 February 2003 as DXN Cyprus incurred losses for the period.*
- (iii) *Gross loss per share has been calculated based on loss before taxation divided by the weighted average number of ordinary shares in issue.*
- (iv) *Net loss per share has been calculated based on loss after taxation divided by the weighted average number of ordinary shares in issue.*

X. ACCOUNTANTS' REPORT (CONT'D)**6.2.16 DXN UK**

	9 months financial period ended 28 February 2003 RM
Revenue	-
Loss before depreciation, interest and taxation	(20,738)
Depreciation	-
Interest expense	-
Loss before taxation	(20,738)
Tax expense	-
Loss after taxation	(20,738)
Weighted average no. of shares in issue	737
Gross loss per share (RM)	*(37.52)
Net loss per share (RM)	*(37.52)
Gross dividend rate (%) – ordinary shares	-

* Annualised

Notes:

- (i) There were no extraordinary or exceptional items for the period under review.
- (ii) There was no tax expense for the financial period ended 28 February 2003 as DXN UK incurred losses for the period.
- (iii) Gross loss per share has been calculated based on loss before taxation divided by the weighted average number of ordinary shares in issue.
- (iv) Net loss per share has been calculated based on loss after taxation divided by the weighted average number of ordinary shares in issue.