(viii) Interest income

Interest income consists primarily of income from short-term bank deposits and short-term investment funds.

Our interest income for the FYEs 29 February 2020, 28 February 2021 and 28 February 2022 was RM6.9 million, RM6.9 million and RM2.7 million, respectively, whereas our interest income for the FPEs 31 October 2021 and 31 October 2022 was RM1.8 million and RM1.6 million, respectively.

(ix) Finance costs

Finance costs comprise interest expense on both lease liabilities and financial liabilities not measured at fair value through profit or loss, less interest expense capitalised to property, plant and equipment. The following table sets out a breakdown of our finance costs for the financial years/periods indicated:

	FYE 28/29 February			**FPE 31 October**	
	2020	**2021**	**2022**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Interest expense on:					
Lease liabilities.........	979	826	953	635	642
Financial liabilities not measured at fair value through profit or loss...........	3,014	3,482	4,008	2,621	4,007
Less: Capitalised to property, plant and equipment.............	-	(1,820)	(2,347)	(1,565)	(1,559)
Finance costs	**3,993**	**2,488**	**2,614**	**1,691**	**3,090**

(x) Tax expense

Tax expense comprises current and deferred tax.

We calculate current tax at the statutory tax rate of the estimated assessable profit for the year/period on an entity basis in each jurisdiction.

Our deferred tax expense primarily provides for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

See Note 26 of the Accountants' Report included in Section 13 of this Prospectus for further details.

The following table sets out our tax expense for the financial years/periods indicated:

	FYE 28/29 February			**FPE 31 October**	
	2020	**2021**	**2022**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax	95,971	89,205	124,601	87,853	133,729
Deferred tax	(3,380)	(2,822)	(7,127)	(11,263)	(34,619)
Tax expense....	**92,591**	**86,383**	**117,474**	**76,590**	**99,110**

12.2.6 Review of performance for the FPE 31 October 2022 compared to the FPE 31 October 2021

The following table presents selected information from our consolidated statements of profit or loss and other comprehensive income, in absolute terms and as a percentage of revenue, and the percentage changes for the financial periods indicated:

	FPE 31 October 2021		**FPE 31 October 2022**		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
Revenue..................	793,165	100	1,043,237	100	31.5
Other income...........	13,796	1.7	12,544	1.2	(9.1)
Changes in work-in-progress and manufactured inventories...............	51,503	6.5	49,835	4.8	(3.2)
Raw materials used and trading inventories sold	(161,232)	(20.3)	(216,323)	(20.7)	34.2
Depreciation and amortisation	(23,809)	(3.0)	(37,678)	(3.6)	58.3
Employee benefits expense	(85,041)	(10.7)	(93,798)	(9.0)	10.3
Net gain/(loss) on impairment of financial assets........	469	0.1	(105)	*	(122.4)
Other expenses.......	(351,682)	(44.3)	(468,510)	(44.9)	33.2
Results from operating activities	**237,169**	**29.9**	**289,202**	**27.7**	**21.9**
Interest income........	1,839	0.2	1,646	0.2	(10.5)
Finance costs..........	(1,691)	(0.2)	(3,090)	(0.3)	82.7
PBT.........................	**237,317**	**29.9**	**287,758**	**27.6**	**21.3**
Tax expense............	(76,590)	(9.6)	(99,110)	(9.5)	29.4
Profit for the period.....................	**160,727**	**20.3**	**188,648**	**18.1**	**17.4**

Note:

* *Negligible.*

(i) Revenue

Our revenue increased by 31.5% from RM793.2 million for the FPE 31 October 2021 to RM1,043.2 million for the FPE 31 October 2022 primarily due to strong sales momentum across the board, with higher sales growth in Latin America, Morocco and India.

(a) Our FFB revenue increased by 28.9% from RM547.1 million for the FPE 31 October 2021 to RM705.4 million for the FPE 31 October 2022 primarily due to sales growth attributable to regular marketing events in Latin America, Morocco and India.

(b) Our HDS revenue increased by 32.6% from RM203.8 million for the FPE 31 October 2021 to RM270.3 million for the FPE 31 October 2022 primarily due to an increase in demand in Morocco which coincided with the launch of new products in Morocco (which emerged as one of our top 10 markets in the FYE 28 February 2022), such as Lion's Mane mushroom tablets, Cordyceps capsule and RG and GL powders.

(c) Our PCC revenue increased by 36.8% from RM54.4 million for the FPE 31 October 2021 to RM74.4 million for the FPE 31 October 2022 primarily due to strong demand for our Ganozhi Toothpaste and Gano Massage Oil products in Morocco.

(d) Our revenue from other products and business activities increased by 40.8% from RM33.4 million for the FPE 31 October 2021 to RM47.0 million for the FPE 31 October 2022 primarily due to an increase in sales of tea leaf products and laboratory testing services.

(ii) Other income

Our other income decreased by 9.1% from RM13.8 million for the FPE 31 October 2021 to RM12.5 million for the FPE 31 October 2022. This was primarily due to an insurance claim on the loss of a container as well as a government subsidy for COVID-19 in the FPE 31 October 2021. This decrease was partially offset by an unrealised gain on foreign exchange in the FPE 31 October 2022.

(iii) Changes in work-in-progress and manufactured inventories

Our changes in work-in-progress and manufactured inventories decreased by 3.2% from RM51.5 million for the FPE 31 October 2021 to RM49.8 million for the FPE 31 October 2022. This was primarily due to lower opening stock in March 2021 following a fire in one of our warehouses in our manufacturing facility in Kedah, Malaysia in September 2020, which necessitated higher production in the FPE 31 October 2021 in order to increase our stock level. In the FPE 31 October 2022, the buffer had reached sufficient level which led to a lower increase of inventory in that period.

(iv) Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold increased by 34.2% from RM161.2 million for the FPE 31 October 2021 to RM216.3 million for the FPE 31 October 2022 primarily due to an increase in production in line with higher sales.

(v) Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin and the percentage change for the financial periods indicated:

	FPE 31 October		
	2021	**2022**	**% change**
Gross profit (RM'000)	645,588	824,606	27.7
Gross profit margin (%)	81.4	79.0	(2.9)

Our gross profit increased by 27.7% from RM645.6 million for the FPE 31 October 2021 to RM824.6 million for the FPE 31 October 2022 as a result of the reasons described above. However, our gross profit margin decreased by 2.9% from 81.4% for the FPE 31 October 2021 to 79.0% for the FPE 31 October 2022 due to an increase in the cost of raw materials and an increase in depreciation primarily attributable to the capitalisation of a portion of the construction cost from capital work-in-progress to property, plant and equipment for our manufacturing facility in Telangana, India.

(vi) Depreciation and amortisation

Our depreciation and amortisation increased by 58.3% from RM23.8 million for the FPE 31 October 2021 to RM37.7 million for the FPE 31 October 2022. This was primarily due to an increase in property, plant and equipment due to the reclassification from construction work-in-progress for our cultivation facilities in Telangana, India, manufacturing facilities in Tlaxcala, Mexico and the expansion of an existing facility for DXN Industries, as well as the addition of other buildings, plant and machinery, furniture fittings and motor vehicles.

(vii) Employee benefits expense

Our employee benefits expense increased by 10.3% from RM85.0 million for the FPE 31 October 2021 to RM93.8 million for the FPE 31 October 2022. This was primarily due to an increase in staff costs in Malaysia as a result of a government initiative to raise minimum wage to RM1,500 from 1 May 2022, as well as an increase in the number of employees from 2,877 to 3,264.

(viii) Net gain or loss on impairment of financial assets

We recorded a net gain on impairment of financial assets of RM0.5 million for the FPE 31 October 2021 compared to a net loss of RM0.1 million for the FPE 31 October 2022. This was primarily due to the recovery of bad debt from an external distribution agency in the FPE 31 October 2021 and impairment loss on amounts due from our associate, Box Park Management in the FPE 31 October 2022.

(ix) Other expenses

Our other expenses increased by 33.2% from RM351.7 million for the FPE 31 October 2021 to RM468.5 million for the FPE 31 October 2022. This was primarily due to an increase in Member bonuses in line with an increase in sales, transportation and shipping charges, non-recurring legal and professional fees in connection with our IPO, and legal fees incurred for the proposed disposal of our subsidiaries in China, namely Florin Fujian and Anxi Gande Foluohua as well as provisions for contingency on the Daxen Morocco Customs case.

(x) Results from operating activities

As a result of the foregoing, our results from operating activities increased by 21.9% from RM237.2 million for the FPE 31 October 2021 to RM289.2 million for the FPE 31 October 2022.

(xi) Interest income

Our interest income decreased by 10.5% from RM1.8 million for the FPE 31 October 2021 to RM1.6 million for the FPE 31 October 2022. This was primarily due to a withdrawal of short-term investments and the repayment of a loan from certain original equipment manufacturer ("**OEM**") suppliers. This decrease was partially offset by an increase of interest from bank balances.

(xii) Finance costs

Our finance costs increased by 82.7% from RM1.7 million for the FPE 31 October 2021 to RM3.1 million for the FPE 31 October 2022. This was primarily due to the drawdown of an additional term loan for the construction of DXN Cyberville in Cyberjaya, Malaysia, a rise in the interest rate of our USD loans and the appreciation of USD against RM.

(xiii) PBT

Our PBT increased by 21.3% from RM237.3 million for the FPE 31 October 2021 to RM287.8 million for the FPE 31 October 2022. This was largely due to the reasons set out above.

Our PBT margin decreased from 29.9% for the FPE 31 October 2021 to 27.6% for the FPE 31 October 2022.

(xiv) Tax expense

Our tax expense increased by 29.4% from RM76.6 million for the FPE 31 October 2021 to RM99.1 million for the FPE 31 October 2022 largely due to higher PBT for the FPE 31 October 2022, as well as higher taxes being paid on dividends remitted from abroad which include withholding taxes and Malaysian corporate tax levies on foreign income remitted to Malaysia (effective from January 2022).

(xv) Profit for the period, PATAMI and PATAMI margin

As a result of the foregoing, our profit for the period increased by 17.4% from RM160.7 million for the FPE 31 October 2021 to RM188.6 million for the FPE 31 October 2022.

Our PATAMI increased by 13.1% from RM159.1 million for the FPE 31 October 2021 to RM179.9 million for the FPE 31 October 2022. Our PATAMI margin decreased from 20.1% for the FPE 31 October 2021 to 17.2% for the FPE 31 October 2022.

12.2.7 Review of performance for the FYE 28 February 2022 compared to the FYE 28 February 2021

The following table presents selected information from our consolidated statements of profit or loss and other comprehensive income, in absolute terms and as a percentage of revenue, and the percentage changes for the financial years indicated:

	FYE 28 February 2021		**FYE 28 February 2022**		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
Revenue....................	1,050,205	100.0	1,242,856	100.0	18.3
Other income.............	35,284	3.4	22,443	1.8	(36.4)
Changes in work-in-progress and manufactured inventories..............	28,126	2.7	51,262	4.1	82.3
Raw materials used and trading inventories sold	(162,978)	(15.5)	(224,284)	(18.0)	37.6
Depreciation and amortisation............	(31,026)	(3.0)	(38,590)	(3.1)	24.4
Employee benefits expense..................	(113,836)	(10.8)	(127,204)	(10.2)	11.7

12. FINANCIAL INFORMATION *(Cont'd)*

	FYE 28 February 2021		FYE 28 February 2022		
	RM'000	% of revenue	RM'000	% of revenue	% change
Net gain/(loss) on impairment of financial assets.......	(3,724)	(0.4)	(1,245)	(0.1)	(66.6)
Other expenses.........	(519,219)	(49.4)	(562,446)	(45.3)	8.3
Results from operating activities	**282,832**	**26.9**	**362,792**	**29.2**	**28.3**
Interest income..........	6,923	0.7	2,740	0.2	(60.4)
Finance costs............	(2,488)	(0.2)	(2,614)	(0.2)	5.1
PBT..........................	**287,267**	**27.4**	**362,918**	**29.2**	**26.3**
Tax expense..............	(86,383)	(8.2)	(117,474)	(9.5)	36.0
Profit for the year	**200,884**	**19.1**	**245,444**	**19.7**	**22.2**

(i) Revenue

Our revenue increased by 18.3% from RM1,050.2 million for the FYE 28 February 2021 to RM1,242.9 million for the FYE 28 February 2022 primarily due to an increase in sales in Bolivia, Mexico, India, Peru and Morocco, improvements in general economic conditions amidst the COVID-19 pandemic, which had affected our sales for the FYE 28 February 2021, and the 10.0% Discount Promotion that lowered our revenue for the FYE 28 February 2021 and which was also fully accrued in the FYE 28 February 2021.

(a) Our FFB revenue increased by 17.2% from RM726.9 million for the FYE 28 February 2021 to RM851.8 million for the FYE 28 February 2022 primarily due to organic growth and generally strong demand for our core products in Latin America.

(b) Our HDS revenue increased by 3.8% from RM306.8 million for the FYE 28 February 2021 to RM318.5 million for the FYE 28 February 2022 primarily due to an increase in sales in Morocco, one of our emerging markets in the FYE 28 February 2021, partially offset by a decrease in sales in the Middle East.

(c) Our PCC revenue decreased by 8.1% from RM92.2 million for the FYE 28 February 2021 to RM84.8 million for the FYE 28 February 2022 primarily due to a decrease in sales in the Middle East due to the impact of the COVID-19 pandemic on demand for PCC products, which are discretionary in nature and subject to greater impact from the pandemic.

(d) Our revenue from other products and business activities increased by 12.5% from RM45.2 million for the FYE 28 February 2021 to RM50.9 million for the FYE 28 February 2022 primarily due to an increase in sales of laboratory testing services and promotional packages.

(ii) Other income

Our other income decreased by 36.4% from RM35.3 million for the FYE 28 February 2021 to RM22.4 million for the FYE 28 February 2022. This was primarily due to higher insurance claims in the FYE 28 February 2021 in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia, a gain from disposal of LSJ Land, including its subsidiaries, and LSJ Plantation in the FYE 28 February 2021, and a decrease in system consultancy fee in the FYE 28 February 2022.

(iii) Changes in work-in-progress and manufactured inventories

We recorded positive changes in work-in-progress and manufactured inventories for the FYEs 28 February 2021 and 28 February 2022, which increased by 82.3% from RM28.1 million for the FYE 28 February 2021 to RM51.3 million for the FYE 28 February 2022. This was primarily due to an increase in manufactured inventories to provide for a higher stock buffer in Latin America to cope with shipment delays due to the COVID-19 pandemic.

(iv) Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold increased by 37.6% from RM163.0 million for the FYE 28 February 2021 to RM224.3 million for the FYE 28 February 2022 primarily due to increased production resulting from an 18.3% increase in revenue and the decision to increase our stock buffer.

(v) Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin and the percentage change for the financial years indicated:

	FYE 28 February		
	2021	**2022**	**% change**
Gross profit (RM'000)	870,319	1,011,609	16.2
Gross profit margin (%)	82.9	81.4	(1.8)

Our gross profit increased by 16.2% from RM870.3 million for the FYE 28 February 2021 to RM1,011.6 million for the FYE 28 February 2022 as a result of the reasons described above. However, our gross profit margin decreased by 1.8% from 82.9% for the FYE 28 February 2021 to 81.4% for the FYE 28 February 2022. This is partially due to the deterioration of currency, primarily of PEN against EUR, which is the base currency for purchases by DXN Peru, the largest single contributor to our revenue from DXN Industries. DXN Peru converts its purchases from EUR to PEN based on the local exchange rate for domestic reporting purposes. Subsequently, for consolidation of our Group's accounts, such purchases are converted from PEN to RM. Revenue from sales by DXN Industries to DXN Peru are converted from EUR to RM, resulting in different RM amounts reported for DXN Peru as compared to DXN Industries. The amount to be eliminated upon consolidation is the amount that is recorded in DXN Industries' accounting records. The balance that is not eliminated is the exchange rate difference which is reflected in cost of goods sold. The deterioration of PEN against EUR for this period increased our purchase costs of finished goods from DXN Industries. Our gross profit margin decreased also as a result of higher overhead costs incurred in relation to our new cultivation and production facilities in Telangana, India.

(vi) Depreciation and amortisation

Our depreciation and amortisation increased by 24.4% from RM31.0 million for the FYE 28 February 2021 to RM38.6 million for the FYE 28 February 2022. This was primarily due to an increase in property, plant and equipment that occurred as a result of continued facilities and business expansion activities.

(vii) Employee benefits expense

Our employee benefits expense increased by 11.7% from RM113.8 million for the FYE 28 February 2021 to RM127.2 million for the FYE 28 February 2022. This was primarily due to an increase in the number of employees from 2,778 to 2,885 as well as the outsourcing of production by DXN Industries due to the fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia, and to cope with an increase in sales.

(viii) Net gain or loss on impairment of financial assets

We recorded a net loss on impairment of financial assets for the FYE 28 February 2022 of RM1.2 million compared to a net loss of RM3.7 million for the FYE 28 February 2021. This was primarily due to impairment loss made for debts due from our associate, Box Park Management for the FYE 28 February 2021.

(ix) Other expenses

Our other expenses increased by 8.3% from RM519.2 million for the FYE 28 February 2021 to RM562.4 million for the FYE 28 February 2022. This was primarily due to an increase in Member bonuses which was in line with increased sales, increase in transportation and shipping charges and a higher foreign exchange loss.

(x) Results from operating activities

As a result of the foregoing, our results from operating activities increased by 28.3% from RM282.8 million for the FYE 28 February 2021 to RM362.8 million for the FYE 28 February 2022.

(xi) Interest income

Our interest income decreased by 60.4% from RM6.9 million for the FYE 28 February 2021 to RM2.7 million for the FYE 28 February 2022. This was primarily due to a decrease in short-term deposits as a result of increased capital requirements for our facilities in Telangana, India, Cyberjaya, Malaysia, and generally in China and Mexico.

(xii) Finance costs

Our finance costs increased by 5.1% from RM2.5 million for the FYE 28 February 2021 to RM2.6 million for the FYE 28 February 2022. This was primarily due to a decrease in capitalisation of finance costs to property, plant and equipment.

(xiii) PBT

Our PBT increased by 26.3% from RM287.3 million for the FYE 28 February 2021 to RM362.9 million for the FYE 28 February 2022. This was largely due to the reasons set out above.

Our PBT margin increased from 27.4% for the FYE 28 February 2021 to 29.2% for the FYE 28 February 2022.

(xiv) Tax expense

Our tax expense increased by 36.0% from RM86.4 million for the FYE 28 February 2021 to RM117.5 million for the FYE 28 February 2022 largely due to higher PBT and a one-off prosperity tax of 33.0% imposed on DXN Industries in Malaysia in the FYE 28 February 2022.

(xv) Profit for the year, PATAMI and PATAMI margin

As a result of the foregoing, our profit for the year increased by 22.2% from RM200.9 million for the FYE 28 February 2021 to RM245.4 million for the FYE 28 February 2022.

Our PATAMI increased by 26.8% from RM191.6 million for the FYE 28 February 2021 to RM242.9 million for the FYE 28 February 2022. Our PATAMI margin increased from 18.2% for the FYE 28 February 2021 to 19.5% for the FYE 28 February 2022.

12.2.8 Review of performance for the FYE 28 February 2021 compared to the FYE 29 February 2020

The following table presents selected information from our consolidated statements of profit or loss and other comprehensive income, in absolute terms and as a percentage of revenue, and the percentage changes for the financial years indicated:

	FYE 29 February 2020		**FYE 28 February 2021**		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
Revenue	1,104,608	100.0	1,050,205	100.0	(4.9)
Other income	26,337	2.4	35,284	3.4	34.0
Changes in work-in-progress and manufactured inventories	6,751	0.6	28,126	2.7	316.6
Raw materials used and trading inventories sold	(162,856)	(14.7)	(162,978)	(15.5)	0.1
Depreciation and amortisation	(25,129)	(2.3)	(31,026)	(3.0)	23.5
Employee benefits expense	(102,253)	(9.3)	(113,836)	(10.8)	11.3
Net gain/(loss) on impairment of financial assets	680	0.1	(3,724)	(0.4)	(647.6)
Other expenses	(503,180)	(45.6)	(519,219)	(49.4)	3.2
Results from operating activities	**344,958**	**31.2**	**282,832**	**26.9**	**(18.0)**
Interest income	6,874	0.6	6,923	0.7	0.7
Finance costs	(3,993)	(0.4)	(2,488)	(0.2)	(37.7)
PBT	**347,839**	**31.5**	**287,267**	**27.4**	**(17.4)**
Tax expense	(92,591)	(8.4)	(86,383)	(8.2)	(6.7)
Profit for the year	**255,248**	**23.1**	**200,884**	**19.1**	**(21.3)**

(i) Revenue

Our revenue decreased by 4.9% from RM1,104.6 million for the FYE 29 February 2020 to RM1,050.2 million for the FYE 28 February 2021 primarily due to movement restrictions imposed in response to the COVID-19 pandemic by the local governments of our core markets in Latin America, South Asia and South East Asia where we operate during the FYE 28 February 2021 which saw reduced product sales during the first half of the FYE 28 February 2021.

Our Group recorded gross revenue of RM555.2 million in the first half of the FYE 28 February 2021, which was a decrease of RM21.0 million compared to the first half of the FYE 29 February 2020 of RM576.2 million. This was partially offset by a gradual recovery in the second half of the FYE 28 February 2021, where gross revenue increased to RM615.9 million, which was an increase of RM6.5 million compared to the second half of the FYE 29 February 2020 of RM609.4 million. This gradual recovery in the second half of the FYE 28 February 2021 was attributable to, among others, our introduction of a 10.0% Discount Promotion from June 2020 to May 2021 that incentivised our Members to maintain monthly purchases of our products through the end of the year to stimulate sales during the COVID-19 pandemic and which was netted off against gross revenue when presenting our revenue in our Consolidated Financial Statements.

(a) Our FFB revenue decreased by 4.3% from RM759.4 million for the FYE 29 February 2020 to RM726.9 million for the FYE 28 February 2021 primarily due to economic effects of the COVID-19 pandemic, including income, salary and job uncertainties, which led to a general reduction in discretionary purchasing of non-essential items as well as a decrease in sales activities.

(b) Our HDS revenue increased by 6.9% from RM287.0 million for the FYE 29 February 2020 to RM306.8 million for the FYE 28 February 2021 primarily due to an increase in consumer demand for immunity-boosting products as a result of the COVID-19 pandemic.

(c) Our PCC revenue increased by 1.5% from RM90.9 million for the FYE 29 February 2020 to RM92.2 million for the FYE 28 February 2021 primarily due to an increase in sales in Peru.

(d) Our revenue from other products and business activities decreased by 6.6% from RM48.4 million for the FYE 29 February 2020 to RM45.2 million for the FYE 28 February 2021 primarily due to a reduction in sales of starter kits because of a decline in registration of new Members as a result of movement restrictions that governments imposed as a result of the COVID-19 pandemic.

(ii) Other income

Our other income increased by 34.0% from RM26.3 million for the FYE 29 February 2020 to RM35.3 million for the FYE 28 February 2021. This was primarily due to the receipt of RM13.1 million for a fire insurance claim in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

(iii) Changes in work-in-progress and manufactured inventories

We recorded positive changes in work-in-progress and manufactured inventories for the FYEs 29 February 2020 and 28 February 2021, which increased by 316.6% from RM6.8 million for the FYE 29 February 2020 to RM28.1 million for the FYE 28 February 2021. This was primarily due to an increase in production output towards the end of the FYE 28 February 2021 to prevent an inventory shortage following a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia and an increase in manufactured inventories to provide for a higher stock buffer in Latin America to cope with potential shipment delays due to the COVID-19 pandemic.

(iv) Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold increased marginally by 0.1% from RM162.9 million for the FYE 29 February 2020 to RM163.0 million for the FYE 28 February 2021 primarily due to slight increase in factory overhead expenses.

(v) Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin and the percentage change for the financial years indicated:

	FYE 28/29 February		
	2020	**2021**	**% change**
Gross profit (RM'000)	913,120	870,319	(4.7)
Gross profit margin (%)	82.7	82.9	0.2

Our gross profit decreased by 4.7% from RM913.1 million for the FYE 29 February 2020 to RM870.3 million for the FYE 28 February 2021 as a result of the reasons described above. Our gross profit margin increased from 82.7% for the FYE 29 February 2020 to 82.9% for the FYE 28 February 2021, in part, due to an increase in sales of HDS in the FYE 28 February 2021, which commands a higher gross profit margin than FFB.

(vi) Depreciation and amortisation

Our depreciation and amortisation increased by 23.5% from RM25.1 million for the FYE 29 February 2020 to RM31.0 million for the FYE 28 February 2021. This was primarily due to (i) an increase in property, plant and equipment that occurred as a result of continued expansion in manufacturing facilities in Malaysia, China and Indonesia in anticipation of growth in our sales and to introduce new products in our direct selling; and (ii) a change in our depreciation policy that reduced the useful lives of our aircrafts from 25 years to five years and our resort, Boulder Valley's buildings from 50 years to 20 years to better present the cost and carrying amount of those assets based on their nature and pattern of use.

(vii) Employee benefits expense

Our employee benefits expense increased by 11.3% from RM102.3 million for the FYE 29 February 2020 to RM113.8 million for the FYE 28 February 2021. This was primarily due to an increase in the number of employees from 2,514 to 2,778 and outsourcing charges of RM4.8 million incurred in connection with the fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

(viii) Net gain or loss on impairment of financial assets

We recorded a net loss on impairment of financial assets for the FYE 28 February 2021 of RM3.7 million compared to a net gain of RM0.7 million for the FYE 29 February 2020. This was primarily due to the impairment on RM3.9 million owing from our associate, Box Park Management for the funding of the Tanjung Chali project, a tourism project held by Box Park Management which was put on hold due to the COVID-19 pandemic.

(ix) Other expenses

Our other expenses increased by 3.2% from RM503.2 million for the FYE 29 February 2020 to RM519.2 million for the FYE 28 February 2021. This was primarily due to impairment loss on property, plant and equipment of RM10.7 million, losses incurred in connection with a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia resulting in property, plant and equipment and inventories of RM17.6 million collectively being written off, and a provision for indirect tax contingency in the FYE 28 February 2021 of RM18.0 million.

(x) Results from operating activities

As a result of the foregoing, our results from operating activities decreased by 18.0% from RM345.0 million for the FYE 29 February 2020 to RM282.8 million for the FYE 28 February 2021.

(xi) Interest income

Our interest income increased by 0.7% from RM6.9 million for the FYE 29 February 2020 to RM6.9 million for the FYE 28 February 2021. This was primarily due to interest income accumulated on our cash and bank balances.

(xii) Finance costs

Our finance costs decreased by 37.7% from RM4.0 million for the FYE 29 February 2020 to RM2.5 million for the FYE 28 February 2021. This was primarily due to the capitalisation of interest for certain work-in-progress construction relating to the construction of DXN Cyberville in Cyberjaya, Malaysia, and manufacturing and cultivation facilities in India, China and Mexico.

(xiii) PBT

Our PBT decreased by 17.4% from RM347.8 million for the FYE 29 February 2020 to RM287.3 million for the FYE 28 February 2021. This was largely due to the reasons set out above.

Our PBT margin decreased from 31.5% for the FYE 29 February 2020 to 27.4% for the FYE 28 February 2021.

(xiv) Tax expense

Our tax expense decreased by 6.7% from RM92.6 million for the FYE 29 February 2020 to RM86.4 million for the FYE 28 February 2021 largely due to our lower PBT and a tax reversal amounting to RM2.9 million for Bio Synergy as a result of being granted a pioneer status tax exemption by the Malaysian Investment Development Authority.

(xv) Profit for the year, PATAMI and PATAMI margin

As a result of the foregoing, our profit for the year decreased by 21.3% from RM255.2 million for the FYE 29 February 2020 to RM200.9 million for the FYE 28 February 2021.

Our PATAMI decreased by 20.7% from RM241.7 million for the FYE 29 February 2020 to RM191.6 million for the FYE 28 February 2021. Our PATAMI margin decreased from 21.9% for the FYE 29 February 2020 to 18.2% for the FYE 28 February 2021.

12.2.9 Liquidity and capital resources

(i) Working capital

Our working capital is funded through cash generated from our operating activities, cash and bank balances, and credit facilities.

As at 31 October 2022, we had short-term investments of RM24.9 million, deposits with licensed banks of RM32.0 million, cash and bank balances of RM469.5 million and multi-currency trade facilities comprising term loan facilities, revolving credit facilities, overdraft facilities and other trade financings with a combined limit of RM601.0 million, of which RM248.1 million was drawn and RM352.9 million was undrawn.

As at 31 October 2022, our working capital, calculated as current assets minus current liabilities, was RM245.9 million.

Based on our cash generated from our operating activities, cash and bank balances, credit facilities and the gross proceeds of approximately RM121.6 million that we expect to raise from our Public Issue, our Board believes that we have sufficient working capital for a period of 12 months from the date of this Prospectus.

(ii) Cash flows

The following table sets out a summary of our consolidated statements of cash flows for the financial years/periods indicated:

	FYE 29/28 February			FPE 31 October	
	Audited			Unaudited	Audited
	2020	2021	2022	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	307,393	250,408	260,013	130,840	199,640
Net cash (used in)/from investing activities	(242,686)	(183,458)	(27,117)	772	(47,689)
Net cash (used in)/from financing activities	(3,750)	12,616	(150,002)	(106,883)	(70,689)
Net increase in cash and cash equivalents ..	60,957	79,566	82,894	24,729	81,262

	FYE 29/28 February			FPE 31 October	
	Audited			Unaudited	Audited
	2020	2021	2022	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange translation differences...	1,708	(7,348)	774	2,233	10,347
Cash and cash equivalents at beginning of the financial year/period ..	188,470	251,135	323,353	323,353	407,021
Cash and cash equivalents at end of the financial year/period.	**251,135**	**323,353**	**407,021**	**350,315**	**498,630**

Most of our cash and cash equivalents are held in RM, PEN, BOB, INR, MXN, EUR and USD. With the exception of restrictions on repatriation of dividends from two of our subsidiaries in India that are due to errors in the registration of shareholding of our Indian subsidiaries, there are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

Net cash from operating activities

FPE 31 October 2022

Our net cash from operating activities was RM199.6 million for the FPE 31 October 2022. Our PBT was RM287.8 million, which was adjusted for non-cash and other items of RM39.4 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM64.1 million for the FPE 31 October 2022 due to an increase in our stock level in Latin America to meet the increasing market demand; and

(b) an increase in trade and other receivables of RM24.1 million for the FPE 31 October 2022 due to an increase in trade receivables as a result of an increase in sales and an increase in prepaid import duty for importation of products from Malaysia,

which was partially offset by an increase in trade and other payables of RM75.2 million for the FPE 31 October 2022 due to a provision for indirect tax contingency of RM13.0 million, an increase in statutory tax payables as well as an increase in Member bonus payables as a result of an increase in sales.

We paid RM114.1 million in income tax for the FPE 31 October 2022.

FPE 31 October 2021

Our net cash from operating activities was RM130.8 million for the FPE 31 October 2021. Our PBT was RM237.3 million, which was adjusted for non-cash and other items of RM23.4 million and further adjusted for working capital changes which primarily comprised:

(a) an increase of inventories of RM48.7 million for the FPE 31 October 2021 due to our decision to increase our stock buffer to meet market demand and to cope with potential shipment delay;

(b) a decrease in trade and other payables of RM13.5 million for the FPE 31 October 2021 due to a decrease in trade payables for purchase of raw materials and decrease in travel seminar incentives payable; and

(c) a decrease in contract liabilities of RM8.3 million for the FPE 31 October 2021 due to redemption of the 10.0% Discount Promotion by our Members in the FPE 31 October 2021 on amount accrued in the FYE 28 February 2021,

which was partially offset by a decrease in trade and other receivables of RM14.0 million for the FPE 31 October 2021 due to the receipt of an insurance claim in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

We paid RM73.2 million in income tax for the FPE 31 October 2021.

FYE 28 February 2022

Our net cash from operating activities was RM260.0 million for the FYE 28 February 2022. Our PBT was RM362.9 million, which was adjusted for non-cash and other items of RM41.9 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM55.3 million for the FYE 28 February 2022 due to an increase in stock level in Latin America to cater for higher market demand; and

(b) a decrease in contract liabilities of RM8.3 million for the FYE 28 February 2022 following the redemption or reversal of the points awarded to our Members at the end of the 10.0% Discount Promotion period in May 2021,

which was partially offset by:

(a) a decrease in trade and other receivables of RM14.6 million for the FYE 28 February 2022 primarily due to the receipt of an insurance claim in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia and the repayment of a loan from one of our OEM suppliers; and

(b) an increase in trade and other payables of RM16.4 million for the FYE 28 February 2022 due to an increase in Member bonus payables as a result of an increase in sales.

We paid RM112.1 million in income tax for the FYE 28 February 2022.

FYE 28 February 2021

Our net cash from operating activities was RM250.4 million for the FYE 28 February 2021. Our PBT was RM287.3 million, which was adjusted for non-cash and other items of RM44.8 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM43.0 million for the FYE 28 February 2021 due to our decision to increase our stock buffer to cater for market demand and to cope with potential shipment delays; and

(b) an increase in trade and other receivables of RM14.4 million for the FYE 28 February 2021 primarily due to an insurance claim receivable amounting to RM10.1 million in the FYE 28 February 2021 in connection with a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia,

which was partially offset by:

(i) an increase in trade and other payables of RM66.6 million for the FYE 28 February 2021 due to a dividend of RM52.7 million declared in the FYE 28 February 2021 and paid after the FYE 28 February 2021 as well as a provision for indirect tax contingency of RM18.0 million in the FYE 28 February 2021; and

(ii) an increase in contract liabilities of RM8.3 million for the FYE 28 February 2021 due to the full accrual of the points awarded to our Members in relation to the 10.0% Discount Promotion.

We paid RM98.6 million in income tax for the FYE 28 February 2021.

FYE 29 February 2020

Our net cash from operating activities was RM307.4 million for the FYE 29 February 2020. Our PBT was RM347.8 million, which was adjusted for non-cash and other items of RM21.6 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM5.8 million due to growth in sales in Latin America requiring a higher volume of stock buffer to cater for market demand,

which was partially offset by:

(i) a decrease in trade and other receivables of RM4.1 million due to the reclassification of a deposit paid for a piece of land in Pahang to right of use in the FYE 29 February 2020 and a decrease in indirect tax receivables; and

(ii) an increase in trade and other payables of RM43.7 million due to an increase in Member bonus payables in the FYE 29 February 2020 and an increase in provision for travel seminar incentives as a result of an increase in sales.

We paid RM103.4 million in income tax for the FYE 29 February 2020.

Net cash from/used in investing activities

FPE 31 October 2022

Our net cash used in investing activities was RM47.7 million for the FPE 31 October 2022, which primarily comprised purchases of property, plant and equipment of RM58.7 million relating to construction work-in-progress amounting to RM34.5 million for DXN Cyberville in Cyberjaya, Malaysia, cultivation and manufacturing facilities in India, China, Mexico and existing facilities in Indonesia, purchase of plant and machinery amounting to RM9.2 million for the production facilities in India and Malaysia, land costs in Penang, Malaysia of RM3.9 million as well as other purchase of furniture and fittings and motor vehicles, partially offset by withdrawal of short-term investments of RM8.9 million.

FPE 31 October 2021

Our net cash from investing activities was RM0.8 million for the FPE 31 October 2021, which primarily comprised withdrawal of short-term investments of RM127.2 million and interest income from short-term deposits, investment funds and advances of RM1.8 million, partially offset by purchases of property, plant and equipment of RM128.1 million relating to construction work-in-progress amounting to RM98.3 million for DXN Cyberville in Cyberjaya, Malaysia, and cultivation and manufacturing facilities in India, China and Mexico, purchase of plant and machinery amounting to RM8.6 million for the production facilities in India and Malaysia as well as other purchase of furniture and fittings and motor vehicles.

FYE 28 February 2022

Our net cash used in investing activities was RM27.1 million for the FYE 28 February 2022, which primarily comprised purchases of property, plant and equipment of RM189.5 million relating to construction work-in-progress amounting to RM127.9 million for DXN Cyberville in Cyberjaya, Malaysia, and cultivation and manufacturing facilities in India, China, Malaysia and Mexico, purchase of plant and machinery amounting to RM19.8 million for the facilities in India, Malaysia and China and purchase of laboratory equipment in Malaysia, purchase of land and building for a corporate office in Penang and building construction costs in India, as well as purchase of furniture and fittings, motor vehicles and vessels, partially offset by withdrawal of short-term investments of RM160.0 million, interest income from short-term deposits, investment funds and advances of RM2.7 million, and proceeds from the disposal of property, plant and equipment of RM1.6 million.

FYE 28 February 2021

Our net cash used in investing activities was RM183.5 million for the FYE 28 February 2021, which primarily comprised:

(i) purchases of property, plant and equipment of RM140.1 million including capital work-in-progress amounting to RM109.8 million for DXN Cyberville in Cyberjaya, Malaysia, and cultivation and manufacturing facilities in India, China and Malaysia, purchase of plant and machinery amounting to RM19.9 million for our facilities in India, Malaysia and China and purchase of laboratory equipment in Malaysia, building costs, purchase of motor vehicles, purchase of aircraft as well as furniture and fittings;

(ii) acquisition of subsidiaries, net of cash and cash equivalents, of RM8.4 million for our cultivation facility and manufacturing facility in Anxi, China; and

(iii) placement of short-term investments in fixed income trusts and funds amounting to RM41.0 million,

partially offset by interest income from short-term deposits, investment funds and advances of RM6.9 million.

FYE 29 February 2020

Our net cash used in investing activities was RM242.7 million for the FYE 29 February 2020, which primarily comprised:

(i) purchases of property, plant and equipment of RM146.1 million, including capital work-in-progress amounting to RM106.1 million for DXN Cyberville in Cyberjaya, Malaysia, and cultivation and manufacturing facilities in India, China, Mexico, Malaysia and Indonesia, building costs amounting to RM19.0 million for a shop building in Thailand, warehouse in Malaysia and manufacturing facility in China, purchase of plant and machinery amounting to RM7.7 million for our facilities in Malaysia and Indonesia and purchase of laboratory equipment in Malaysia, purchase of land in Mexico amounting to RM3.7 million for use as a production facility, as well as other purchase of motor vehicles, furniture and fittings; and

(ii) purchase of investment properties of RM37.3 million in Gua Musang, Malaysia for the expansion of our cultivation facilities (held by LSJ Plantation which was subsequently disposed of in the FYE 28 February 2021),

partially offset by interest income from short-term deposits, investment funds and advances of RM6.9 million.

Net cash from/used in financing activities

FPE 31 October 2022

Our net cash used in financing activities was RM70.7 million for the FPE 31 October 2022, which primarily comprised dividends paid to our shareholders of RM30.0 million, repayment of revolving credits of RM38.0 million, and repayment of lease liabilities of RM5.8 million and interest of RM4.6 million, partially offset by drawdown of term loans of RM8.5 million.

FPE 31 October 2021

Our net cash used in financing activities was RM106.9 million for the FPE 31 October 2021 which primarily comprised dividends paid to our shareholders of RM112.7 million, repayment of revolving credits of RM11.1 million, and repayment of lease liabilities of RM3.8 million and interest of RM3.3 million, partially offset by drawdown of term loans of RM24.7 million.

FYE 28 February 2022

Our net cash used in financing activities was RM150.0 million for the FYE 28 February 2022, which primarily comprised dividends paid to our shareholders of RM122.7 million, repayment of revolving credits of RM34.6 million, and repayment of lease liabilities of RM8.5 million and interest of RM5.0 million, partially offset by drawdown of term loans of RM21.8 million.

FYE 28 February 2021

Our net cash from financing activities was RM12.6 million for the FYE 28 February 2021, which primarily comprised drawdown of revolving credits and term loans of RM96.6 million and RM4.9 million respectively, partially offset by dividends paid to our shareholders of RM80.0 million, and repayment of interest of RM4.3 million and lease liabilities of RM8.6 million.

FYE 29 February 2020

Our net cash used in financing activities was RM3.8 million for the FYE 29 February 2020, which primarily comprised dividends paid to our shareholders of RM55.0 million, and repayment of term loans of RM20.7 million, lease liabilities of RM7.1 million and interest of RM4.0 million, partially offset by drawdown of revolving credits of RM85.2 million.

(iii) Borrowings

As at 31 October 2022, our total borrowings, all of which were interest bearing, amounted to RM233.6 million as set out in the table below:

	RM'000	**Contractual interest rate %**
Non-current		
Hire purchase liabilities	2,480	1.71 – 6.61
Term loans, secured.................	43,756	2.00 – 6.07
	46,236	
Current		
Hire purchase liabilities	1,140	1.71 – 6.61
Term loans, secured.................	12,280	2.00 – 6.07
Revolving credits, secured	168,332	1.84 – 4.56
Revolving credits, unsecured	5,634	1.84 – 4.56
	187,386	
Total loans and borrowings....	**233,622**	

	RM'000
Currency profile of borrowings:	
USD..	187,016
EUR..	41,513
RM..	5,019
IDR...	74
Total...	**233,622**
Gearing ratio (times)[1]..............	0.2
Net gearing ratio (times)[2].........	(0.3)

Notes:

(1) Calculated based on total borrowings (excluding lease liabilities) divided by total equity.

(2) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents divided by total equity.

Our term loans and revolving credits as at 31 October 2022 are secured by way of legal charges over lands and buildings of our Group, present and future properties and assets both moveable and immovable, deposits and land held for property development owned by our former subsidiary, Yiked ("**Yiked Lands**") which was disposed of in February 2021. As at the LPD, the charge over the Yiked Lands was fully satisfied and replaced by legal charge over certain parcels of lands owned by Amazing Discovery.

The maturity profile of our borrowings as at 31 October 2022 is set out below:

	On demand or within one year	Within one year to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000
Hire purchase liabilities	1,140	2,480	-	3,620
Term loans	12,280	42,635	1,121	56,036
Revolving credits	173,966	-	-	173,966
Total	**187,386**	**45,115**	**1,121**	**233,622**

As at 31 October 2022, our loans and borrowings are denominated in RM, USD, EUR and IDR and are subject to both fixed and floating rates.

For more information on our borrowings, see Note 19 of the Accountants' Report included in Section 13 of this Prospectus.

We have not been in default of either interest or principal for any of our borrowings during the FYEs 29 February 2020, 28 February 2021 and 28 February 2022, the FPE 31 October 2022 and from 1 November 2022 up to and including the LPD. As at the LPD, we are not in breach of the terms and conditions or covenants associated with our borrowings which would materially affect our financial position and results of operations or the investment in our Shares.

(iv) Key financial ratios

The following table sets out certain of our key financial ratios for the financial years/period indicated:

	FYE 28/29 February			FPE 31 October
	2020	2021	2022	2022
Trade receivables turnover (days)(1)	4	5	6	7
Trade payables turnover (days)(2)	16	26	24	17
Inventory turnover (days)(3)	227	293	303	282
Current ratio (times)(4)	1.4	1.2	1.3	1.4
Gearing ratio (times)(5)	0.2	0.4	0.3	0.2
Net gearing ratio (times)(6)	(0.1)	(0.1)	(0.2)	(0.3)

Notes:

(1) Computed based on average trade receivables as at the beginning and end of the financial year/period divided by revenue for such financial year/period, multiplied by number of days in the financial year/period.

(2) Computed based on average trade payables as at the beginning and end of the financial year/period divided by cost of goods sold for such year/period, multiplied by number of days in the financial year/period.

(3) Computed based on average inventories (excluding land held for property development and developed properties) as at the beginning and end of the financial year divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.

(4) Computed based on current assets over current liabilities as at the end of the financial year/period.

(5) Computed based on total borrowings (excluding lease liabilities) over total equity as at the end of the financial year/period.

(6) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents divided by total equity as at the end of the financial year/period.

(a) **Trade receivables turnover**

Our sales to our Members are through financial institutions providing retail credit services such as credit cards, through online payment channels and payments made using Member bonuses with cash and ePoints.

For external distribution agencies and other third parties such as customers of our laboratory testing services, we allow payment by letters of credit or credit terms ranging from 30 to 90 days. These credit terms are determined on a case-by-case basis, taking into consideration factors such as our business relationship with the external distribution agency, customer creditworthiness and historical payment trends as well as transaction volume and value before approving customer credit applications.

Our trade receivables turnover period for the FYEs 29 February 2020, 28 February 2021 and 28 February 2022 and the FPE 31 October 2022 has remained within the normal credit terms that we impose on our customers.

Our trade receivables turnover period for the FYEs 29 February 2020, 28 February 2021 and 28 February 2022 and the FPE 31 October 2022 has been stable at seven days and below.

The following table sets out the aging analysis for our trade receivables as at 31 October 2022:

		Past due			
	Current	**1-30 days**	**31-120 days**	**More than 120 days**	**Total**
	(RM'000, except percentages)				
As at 31 October 2022					
Trade receivables.....	19,814	7,564	8,909	692	36,979
% of total trade receivables.....	53.6	20.4	24.1	1.9	100.0
As at the LPD:					
- Trade receivables settled	10,987	7,549	8,141	120	26,797

		Past due			
	Current	**1-30 days**	**31-120 days**	**More than 120 days**	**Total**
	(RM'000, except percentages)				
- Trade receivables settled (% of total trade receivables)....	29.7	20.4	22.0	0.3	72.4
- Trade receivables outstanding	8,827	15	768	572	10,182

As at 31 October 2022, our total trade receivables were RM37.0 million, of which RM17.2 million or 46.4% of our trade receivables are past due. The trade receivables that are past due are mainly amounts due from our external distribution agency in the Middle East, where we have arranged for collection of payment on actual sales.

As at the LPD, we have collected RM26.8 million or 72.4% of our total outstanding trade receivables as at 31 October 2022. We actively communicate and follow-up for collection of outstanding trade receivables exceeding our credit period.

(b) **Trade payables turnover**

Our trade payables relate to transactions with third party suppliers. The credit period given by our trade creditors generally ranges between 30 to 60 days. Our trade payables turnover period for the FYEs 29 February 2020, 28 February 2021 and 28 February 2022 and the FPE 31 October 2022 has remained within the normal credit period that our trade creditors extend to us.

Our trade payables turnover period increased from 16 days for the FYE 29 February 2020 to 26 days for the FYE 28 February 2021 primarily due to higher purchases of raw materials due to a need to restock some inventories due to losses from a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

Our trade payables turnover period decreased from 26 days for the FYE 28 February 2021 to 24 days for the FYE 28 February 2022 primarily due to lower purchase of raw materials.

Our trade payables turnover period decreased from 24 days for the FYE 28 February 2022 to 17 days for the FPE 31 October 2022 primarily due to better repayment to suppliers.

The following table sets out the aging analysis for our trade payables as at 31 October 2022:

		Past due			
	Current	**1-30 days**	**31-120 days**	**More than 120 days**	**Total**
	(RM'000, except percentages)				
As at 31 October 2022					
Trade payables......	14,017	2,277	12	1,008	17,314
% of total trade payables	80.9	13.2	0.1	5.8	100
As at the LPD:					
- Trade payables settled	10,868	2,271	6	-	13,145
- Trade payables settled (% of total trade payables) ...	62.8	13.1	*	-	75.9
- Trade payables outstanding	3,149	6	6	1,008	4,169

Note:

* *Negligible.*

As at 31 October 2022, our total trade payables were RM17.3 million, with RM3.3 million or 19.1% of our trade payables past due. The trade payables that are past due are primarily attributable to the RM1.0 million amount outstanding owed by our subsidiary, DXN Healthtech to a supplier of household electrical products.

As at the LPD, we have paid RM13.1 million or 75.9% of our total outstanding trade payables as at 31 October 2022. We do not intend to settle the outstanding amount due to the said supplier, pending the resolution of our legal dispute over amounts owed by the same supplier to DXN Biotechnology Ningxia and DXN Corporation Ningxia.

(c) **Inventory turnover**

Our inventory comprises raw materials, work-in-progress and finished products. The table below sets out a summary breakdown of our inventories for the financial years/period indicated:

	FYE 28/29 February			FPE 31 October
	2020	**2021**	**2022**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Raw materials	50,852	65,763	65,595	83,563
Work-in-progress products	7,682	6,502	12,011	11,464
Finished products	64,608	93,861	139,620	190,507
Closing inventory(1)	**123,142**	**166,126**	**217,226**	**285,534**
Cost of goods sold ...	191,488	179,886	231,247	218,631
Inventory turnover (days)(2)	227	293	303	282
Inventory turnover for raw materials and work-in-progress products (days)(2)	105	132	119	97

	FYE 28/29 February			FPE 31 October
	2020	**2021**	**2022**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Inventory turnover for finished products (days)(2)	122	161	184	185

Notes:

(1) This excludes land held for development (non-current assets) and developed properties (current assets) since that is not our core business and that land and properties have been disposed of in the FYE 28 February 2021.

(2) Computed as an average of the opening and closing inventory for the financial year/period divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.

Generally, while our inventory turnover period depends on the expected demand from our customers for the type of products and also the value of inventories during the period, we aim to keep inventory levels of raw materials, work-in-progress and finished products of six to nine months of stock to protect against shortages from sudden spikes in demand.

Our inventory turnover period for raw materials and work-in-progress products increased from 105 days for the FYE 29 February 2020 to 132 days for the FYE 28 February 2021, while our inventory turnover period for finished products increased from 122 days for the FYE 29 February 2020 to 161 days for the FYE 28 February 2021. This was due to our decision to increase our stock buffer from three to six months to better protect against shortages, in response to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia and shipment delays affecting global supply chains due to the COVID-19 pandemic.

Our inventory turnover period for raw materials and work-in-progress products decreased from 132 days for the FYE 28 February 2021 to 119 days for the FYE 28 February 2022 as more of our raw materials and work-in-progress products were used to produce finished goods, and as there was a delay in restocking raw materials due to the COVID-19 pandemic. Our inventory turnover period for finished products increased from 161 days for the FYE 28 February 2021 to 184 days for the FYE 28 February 2022 due to an increase in stock buffer in our core markets to prevent shortages and manage longer shipment durations due to the COVID-19 pandemic.

Our inventory turnover period for raw materials and work-in-progress products decreased from 119 days for the FYE 28 February 2022 to 97 days for the FPE 31 October 2022 as more of our raw materials and work-in-progress products were used to produce finished goods due to higher market demand. Our inventory turnover period for finished products remained stable at 184 days for the FYE 28 February 2022 and 185 days for the FPE 31 October 2022.

Our raw materials have varying shelf lives depending on their nature, ranging mainly from two to three years, and our work-in-progress and finished products have an average shelf life of three years. Our Board is of the view that no material impairment is required for our inventory as at the LPD as the raw materials, work-in-progress and finished products are within their respective shelf life period.

(d) **Current ratio**

Our current ratio decreased from 1.4 times as at 29 February 2020 to 1.2 times as at 28 February 2021 primarily due to an increase in our revolving credit by RM96.6 million to fund our working capital requirements to build up the inventory loss due to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia as well as dividend of RM52.7 million that was paid after the FYE February 2021.

Our current ratio increased from 1.2 times as at 28 February 2021 to 1.3 times as at 28 February 2022 primarily due to repayment of revolving credit amounting to RM34.6 million.

Our current ratio increased from 1.3 times as at 28 February 2022 to 1.4 times as at 31 October 2022 primarily due to increase in inventory and cash and cash equivalents.

(e) **Gearing ratio**

Our gearing ratio increased from 0.2 times as at 29 February 2020 to 0.4 times as at 28 February 2021 primarily due to an increase in revolving credit by RM96.6 million to fund our working capital requirements to build up the inventory loss due to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia as well as our investment in production facilities in India and China, and drawdown of a new term loan for the construction of DXN Cyberville in Cyberjaya, Malaysia in the FYE 28 February 2021.

Our gearing ratio decreased from 0.4 times as at 28 February 2021 to 0.3 times as at 28 February 2022 primarily due to an increase in retained earnings in the FYE 28 February 2022.

Our gearing ratio decreased from 0.3 times as at 28 February 2022 to 0.2 times as at 31 October 2022 mainly due to an increase in retained earnings in the FPE 31 October 2022.

(v) Capital expenditure

The following table sets out our capital expenditure for the financial years/period indicated and from 1 November 2022 up to the LPD:

	FYE 28/29 February			FPE 31 October	From 1 November 2022 up to the LPD
	2020	2021	2022	2022	
	RM'000	RM'000	RM'000	RM'000	RM'000
Expansion of cultivation and manufacturing facilities....................	118,798	108,260	118,196	26,272	19,060

	FYE 28/29 February			FPE 31 October	From 1 November 2022 up to the LPD
	2020	2021	2022	2022	
	RM'000	RM'000	RM'000	RM'000	RM'000
Lifestyle offering projects....................	33,148	30,801	38,669	19,112	5,043
Others(1)................................	7,506	760	15,160	6,762	3,697(2)
Total...........................	**159,452**	**139,821**	**172,025**	**52,146**	**27,800**

Note:

(1) Others comprise a café, third-party laboratory testing services and purchase of office buildings.

(2) Includes the payment of retraction deposits in relation to the Purchase Option Agreements. See Section 14.6.4 of this Prospectus for further details on the Purchase Option Agreements.

Our capital expenditure in the FYE 28 February 2021 marginally decreased by 12.3% from RM159.5 million for the FYE 29 February 2020 to RM139.8 million for the FYE 28 February 2021, which was mainly incurred in relation to (i) construction of manufacturing and cultivation facilities in Telangana, India; (ii) acquisition of Florin Fujian and subsequent expansion of its cultivation facility in Anxi, China; and (iii) construction of the new beverage factory in Ningxia, China. Our capital expenditure in the FYE 28 February 2022 increased by 23.0% from RM139.8 million for the FYE 28 February 2021 to RM172.0 million for the FYE 28 February 2022, which was mainly attributable to the construction of the manufacturing and cultivation facilities in Telangana, India, Ningxia, China and Tlaxcala, Mexico, purchase of plants and machineries for the manufacturing facilities in Malaysia, construction of DXN Cyberville in Cyberjaya, Malaysia as well as purchase of a corporate office in Penang, Malaysia. Our capital expenditure in the FPE 31 October 2022 was RM52.1 million, which was mainly attributable to the construction of the manufacturing and cultivation facilities in Telangana, India, Ningxia, China and Tlaxcala, Mexico, purchase of plants and machineries for the manufacturing facilities in Malaysia as well as construction of DXN Cyberville in Cyberjaya, Malaysia.

The majority of our capital expenditure incurred in the past were in connection with the expansion of our cultivation and manufacturing facilities, including the following:

(i) expansion of a research facility, cultivation facility and two manufacturing facilities in Kedah, Malaysia, and two manufacturing facilities in Pondicherry, India and West Java, Indonesia;

(ii) construction and subsequent expansion of a research facility to conduct research related to FFB, edible fungi, Spirulina and fermentation, a cultivation facility to cultivate Spirulina powder and a manufacturing facility to manufacture food and fortified beverages and Spirulina tablets in Ningxia, China;

(iii) acquisition of Florin Fujian and subsequent expansion of its cultivation facility to cultivate tea trees as well as a manufacturing facility to manufacture tea products in Anxi, China;

(iv) construction and subsequent expansion of a cultivation facility in Pondicherry, India to cultivate Spirulina and Noni, and a cultivation facility Odisha, India to cultivate Ganoderma, Lion's Mane mushroom and Cordyceps;

(v) construction and subsequent expansion of three manufacturing facilities in: (i) Himachal Pradesh, India to manufacture RG and GL capsules, and fortified beverages; (ii) Tlaxcala, Mexico to manufacture fortified beverages; and (iii) South Kalimantan, Indonesia to manufacture virgin coconut oil;

(vi) construction of a cultivation and manufacturing facilities in Telangana, India to cultivate Ganoderma and Spirulina, and produce fortified beverages, food supplements and cosmetics;

(vii) acquisition of Esen Lifesciences that owns one facility in Pondicherry, India;

(viii) construction of a cultivation and manufacturing facilities in Ningxia, China to cultivate Spirulina, Lion's Mane mycelium, Cordyceps mycelium and other mycelia of edible fungi, and produce carbonated beverage products, as well as to serve as a distribution centre for our products to our Group; and

(ix) construction of a manufacturing facility in Tlaxcala, Mexico to produce FFB, including premixed coffee, premixed cocoa and juices, and food supplements products, including capsules and tablets.

See Section 6.1.3 of this Prospectus for further details on our investments in our production facilities.

Our capital expenditure incurred in relation to our lifestyle offering projects are for Boulder Valley and DXN Cyberville.

Boulder Valley is a lifestyle resort in Penang, Malaysia, that consists of tented accommodations and space for small parties and events. In April 2019, we acquired 100% of the shares in Amazing Discovery, which owns Boulder Valley, for RM2.4 million. We funded this using cash from internally generated funds.

DXN Cyberville is our new headquarters. We commenced construction of this project in Cyberjaya, Malaysia in 2019 and have incurred RM103.2 million as at the LPD. It is a three-storey wellness and retreat centre with a 10-storey apartment and two-storey recreational space that includes a sales counter, branch office, stockist sales counter, VIP lounges, convention hall, helipad, experiential gallery and training rooms for accommodating over 1,500 visitors. We intend for this space to offer our Members a space to receive Ganotherapy and other natural health treatments using DXN products, including as part of group retreats. We have completed the second phase of construction on 10 November 2022. As at the LPD, we are in the process of obtaining the CCC for the second phase pending inspection of lifts by the DOSH.

We completed our acquisition of an 80.0% equity interest in Florin Fujian in China (with the remaining 20.0% equity interest held by Fujian Anxi Jinjiang Source Tea Technology Co., Ltd.) in the FYE 28 February 2021 for a total cost of RM24.1 million using internal funds from operations.

The general purpose of the capital expenditure throughout the financial years/periods above was to expand into other business activities that primarily serve to support our core businesses in terms of production, marketing or delivering services to our Members. Our sources of funding for these capital expenditures were internal funds from operations and bank borrowings. We used term loans to finance the purchase of land and construction of building for DXN Cyberville in Cyberjaya, Malaysia.

The following table sets out our capital expenditure by geographical location for the financial years/period indicated and from 1 November 2022 up to the LPD:

	FYE 28/29 February			FPE 31 October	From 1 November 2022 up to the LPD
	2020	**2021**	**2022**	**2022**	
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysia..	49,215	51,586	72,844	30,204	9,003
China.......	24,623	36,754	44,903	6,500	5,080
India	61,724	47,561	46,298	14,086	10,500
Mexico.....	10,096	2,481	7,390	1,335	-
Others(1) ..	13,794	1,439	590	21	3,217
Total	**159,452**	**139,821**	**172,025**	**52,146**	**27,800**

Note:

(1) Others comprise Indonesia, Peru, Spain and Thailand.

(vi) Material investments and divestitures

Saved as disclosed in Section 12.2.9(v) of this Prospectus and below, we have not undertaken any material investments or divestitures during the FYEs 29 February 2020, 28 February 2021 and 28 February 2022, the FPE 31 October 2022 and up to and including the LPD:

(i) in April 2019, we acquired the entire equity interest in Amazing Discovery in Malaysia for a total cash consideration of RM2.4 million using internal funds from operations.

(ii) in February 2021, we disposed of the following subsidiaries, located in Malaysia to LSJ Global, our substantial shareholder:

(a) entire equity interest in LSJ Plantation for a total cash consideration of RM2.6 million;

(b) entire equity interest in LSJ Land including its subsidiaries, Yiked, Richmont Sapphire and Bio Synergy Engineering for a total cash consideration amounting to RM5.5 million; and

(c) redeemable preference shares held directly by our Company in Yiked for a total cash consideration amounting to RM39.0 million.

The total cash consideration of RM47.1 million from the above divestments was set off against our dividends payable to LSJ Global.

In conjunction with the above divestments, LSJ Global also agreed to set off the dividends payable by our Company amounting to RM100.2 million against the amount owing by the disposed subsidiaries to our Company.

(vii) Capital commitments and contractual obligations

Capital commitments

Our capital commitments as at 31 October 2022 and the LPD are as follows:

	As at 31 October 2022	As at the LPD
	RM'000	**RM'000**
Contracted but not provided for:		
Property, plant and equipment	53,856	49,479
Total	**53,856**	**49,479**

Our contracted but not provided for capital commitments as at the LPD primarily comprise RM8.4 million for the construction of DXN Cyberville in Cyberjaya, Malaysia, RM8.7 million for the construction of a manufacturing facility in Telangana, India, RM6.1 million for the construction of cultivation and manufacturing facilities in Ningxia, China, RM16.9 million for the acquisition of industrial lands in Peru upon the exercise of the options pursuant to the Purchase Option Agreements and RM9.4 million for expansion and renovation work as well as purchase of machineries and equipment. We plan to meet our capital commitments through our cash and cash equivalents, cash generated from our operations and funding from other financing activities (if required).

Save as disclosed above, as at the LPD, we do not have any other material capital commitments incurred or known to be incurred by us that may have a material adverse effect on our financial results.

Other contractual obligations

Our contractual obligations (excluding capital expenditure commitments) as at 31 October 2022 comprise primarily of repayment obligations under our leases and in respect of our borrowings.

The following table sets out the maturity profile of our contractual cash repayment obligations under our leases as at 31 October 2022:

	As at 31 October 2022
	RM'000
Payments due by period	
Not later than one year..	9,191
Later than one year and not later than five years............	11,918
Later than five years..	1,292
Total	**22,401**

The following table sets out the maturity profile of our contractual cash repayment obligations in respect of our borrowings as at 31 October 2022:

	As at 31 October 2022
	RM'000
Payments due by period	
Not later than one year..	190,326

	As at 31 October 2022
	RM'000
Later than one year and not later than five years	48,376
Later than five years	1,380
Total	**240,082**

We plan to meet our contractual cash obligations through our cash and cash equivalents on hand, as well as cash generated from future operations and funding from other financing activities (if required).

(viii) Contingent liabilities

As at the LPD, we do not have any contingent liabilities that, upon becoming enforceable, may have a material adverse effect on our results of operations or financial position.

(ix) Off-balance sheet arrangements

We did not have any off-balance sheet arrangements during the FYEs 29 February 2020, 28 February 2021 and 28 February 2022 and the FPE 31 October 2022.

12.2.10 Financial risk management

We are exposed to market risk arising from our operations and use of financial instruments. Our overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

(i) 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. We are exposed to foreign currency risk on our sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of our Group's entities. The currencies giving rise to this risk are primarily EUR, USD and THB.

Transactions in foreign currencies are measured and recorded on initial recognition in the respective functional currencies of our Group's entities at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

We do not have a formal hedging policy with respect to foreign exchange exposure. Rather, we monitor foreign exchange exposure on an ongoing basis and endeavour to keep net exposures to an acceptable level. If determined as necessary due to prevailing and anticipated conditions, we may enter into forward foreign exchange contracts to hedge foreign currency risk. For example, we have entered into foreign exchange forward currency contracts to hedge our sales proceeds denominated in USD and EUR.

The following table demonstrates the sensitivity of our profit for the year/period to a 10.0% change in RM against EUR and USD at the end of the reporting year/period, with all other variables, in particular interest rates, held constant:

	Increase/(Decrease)			
	FYE 28/29 February			FPE 31 October
	2020	2021	2022	2022
	RM'000	RM'000	RM'000	RM'000
Effects on profit for the year/period				
USD				
- *Strengthened by 10%*	2,310	3,892	5,582	7,154
- *Weakened by 10%*.............	(2,310)	(3,892)	(5,582)	(7,154)
EUR				
- *Strengthened by 10%*	4,459	7,551	1,722	280
- *Weakened by 10%*.............	(4,459)	(7,551)	(1,722)	(280)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our exposure to interest rate risk arises from our significant interest-earning financial assets and interest-bearing financial liabilities in the form of deposit placements and fixed and floating rate borrowings. Short-term receivables and payables are not significantly exposed to interest rate risk.

Our deposit placements as at the end of the reporting period are short-term and therefore exposure to the effects of future changes at prevailing level of interest rates is limited.

Our fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Our variable rate borrowings are exposed to a risk of changes in cash flow due to changes in interest rates.

Our practice is to obtain the most favourable interest rates available. We do not enter into interest rate swaps.

The following table demonstrates the sensitivity of our profit for the year/period to a 100 basis point change in interest rates at the end of the reporting year/period, with all other variables, in particular foreign currency rates, held constant:

	Increase/(Decrease) in profit for the year/period			
	FYE 28/29 February			FPE 31 October
	2020	2021	2022	2022
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Increase of 100 basis points...	(97)	(127)	(305)	(411)
Decrease of 100 basis points.	97	127	305	411

(iii) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises mainly from our receivables with customers. We manage our exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, cash and bank balances, we minimise credit risk by dealing exclusively with high credit rating counterparties.

As at 31 October 2022, we have not incurred material credit losses on our financial assets or other financial instruments.

(iv) Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our exposure to liquidity risk arises primarily from various payables, loans and borrowings.

We practise prudent risk management by maintaining a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they fall due.

See Note 32.5 of the Accountants' Report included in Section 13 of this Prospectus for a summary of the maturity profile of our financial liabilities as at the end of the FYEs 29 February 2020, 28 February 2021 and FYE 28 February 2022 and the FPE 31 October 2022 based on undiscounted contractual payments.

12.2.11 Seasonality

See Section 7.19 of this Prospectus for details on the seasonality of our business.

12.2.12 Inflation

Inflation has not had a material impact on our results of operations in the FYEs 29 February 2020, 28 February 2021 and 28 February 2022 and the FPE 31 October 2022.

12.2.13 Order book

Due to the nature of our business, we do not maintain an order book.

12.2.14 Trends information

As at the LPD, the Russia-Ukraine war which began in February 2022 is still on-going. We have not experienced any material impact to our operations arising from the war as our Group does not export to Russia or Ukraine and does not purchase raw materials from suppliers in Russia or Ukraine. Nevertheless, with the global economy largely reliant on Russia for both oil and gas, inflationary pressures have affected our energy costs as well as the cost of our raw materials, in particular, packaging materials, coffee powder and creamer. While these have not had a material impact on our Group, in the event the war prolongs, such inflationary pressures may materially affect our business, results of operations and financial condition.

In addition, as we continue to expand our business in certain markets, our capital expenditure will increase, including in respect of our plan to develop a manufacturing facility in Dubai upon completion of the Daxen Middle East Acquisition and a manufacturing facility in Peru upon completion of the acquisition of industrial land in Peru. See Section 7.24 of this Prospectus for further details on the Daxen Middle East Acquisition and the acquisition of industrial land in Peru.

Save as disclosed in this section, and to the Board's knowledge and belief, there are no other known factors, trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our business, financial condition and results of operations.

12.2.15 Significant changes

Save as disclosed in this Prospectus, no significant changes have occurred since 31 October 2022 which may have a material effect on our financial position and results of operations.

See Section 7.23 of this Prospectus for further details on the effects of the COVID-19 pandemic on our business.

12.2.16 Government, economic, fiscal and monetary policies

We are subject to the risks of government policies, where any unfavourable change may materially affect our business operations, financial performance and prospects.

For the FYEs 29 February 2020, 28 February 2021 and 28 February 2022, the FPE 31 October 2022 and up to and including the LPD, our results were not materially and adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.

12.2.17 Accounting standards issued but not yet effective and not early adopted

For a description of accounting standards issued but not yet effective and not early adopted, see Note 1(a) of the Accountants' Report included in Section 13 of this Prospectus.

12.2.18 Treasury policies and objectives

One of the main treasury responsibilities is to ensure that we have the liquidity and cash to meet our obligations as they fall due. Our principal sources of liquidity are our cash and bank balances, cash generated from our operations, as well as loans and borrowings. Using appropriate governance and policies, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation and hedging techniques.

We are exposed to currency exchange risk on sales and purchases, borrowings and bank balances that are denominated in a currency other than RM. The currencies giving rise to this risk are primarily USD and EUR. To mitigate the effect of foreign currency fluctuation to our profit performance, we have obtained loans and borrowings denominated in USD and EUR to hedge against our account receivables and bank balances in those currencies. We also use forward contract to hedge foreign currency risk.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below presents our capitalisation and indebtedness as at 28 February 2023 and on the assumption that our IPO, our Listing and the use of proceeds from our Public Issue as set out in Section 4 of this Prospectus had occurred on 28 February 2023. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 28 February 2023 and is provided for illustrative purposes only.

	As at 28 February 2023	**Adjustments**	**Pro Forma After our IPO, Listing and Use of Proceeds**
	RM'000	**RM'000**	**RM'000**
Indebtedness:			
Current			
Secured and guaranteed			
Term loans...	11,458	(9,078)	2,380
Revolving credit.....................................	173,952	(24,804)	149,148
Unsecured and unguaranteed			
Hire purchase liabilities..........................	1,141	-	1,141
Revolving credit.....................................	1,310	-	1,310

	As at 28 February 2023	Adjustments	Pro Forma After our IPO, Listing and Use of Proceeds
	RM'000	**RM'000**	**RM'000**
Lease liabilities	8,821	-	8,821
Non-current			
Secured and guaranteed			
Term loans	47,127	(46,118)	1,009
Unsecured and unguaranteed			
Hire purchase liabilities	2,582	-	2,582
Lease liabilities	12,322	-	12,322
Total indebtedness	**258,713**	**(80,000)**	**178,713**
Equity attributable to owners of our Company	927,937	89,917	1,017,854[(1)]
Non-controlling interests	62,290	-	62,290
Total equity / capitalisation	**990,227**	**89,917**	**1,080,144**
Total capitalisation and indebtedness	**1,248,940**	**9,917**	**1,258,857**
Gearing ratio (times)[(2)]	0.2		0.1

Notes:

(1) Calculated after taking into account, among others, the gross proceeds of approximately RM121.6 million from our Public Issue based on the Retail Price, the estimated listing expenses of approximately RM11.7 million and the payment of the second interim dividend amounting to RM20.0 million in respect of the FYE 28 February 2023 on 13 March 2023.

(2) Calculated based on total indebtedness (excluding lease liabilities) divided by total equity.

12.4 DIVIDEND POLICY

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

(i) the level of our cash, gearing, return on equity and retained earnings;

(ii) our projected levels of capital expenditure and other growth/investment plans; and

(iii) applicable restrictive covenants under our financing documents.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries, joint venture and associate. Distributions by our subsidiaries, joint venture and associate will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors including exchange controls. There are no dividend restrictions imposed on our subsidiaries, joint venture and associate as at the LPD save for in India, where two of our subsidiaries are currently unable to remit profits to Malaysia due to errors in the registration of shareholding of our Indian subsidiaries, though such subsidiaries are not restricted from declaring dividends. We have filed the regularisation applications with the relevant authorities in India to regularise these errors in the registration of shareholding of our Indian subsidiaries, which we expect to be completed within one year from the date of this Prospectus.

We target a payout ratio of 30% to 50% of our profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. There can be no assurance that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5.3.5 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

The following table sets out our dividends declared and paid for the financial years/period indicated:

	FYE 28/29 February			**FPE 31 October**
	2020	**2021**	**2022**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total dividends declared	55,000	280,000	70,000	70,000
Total dividends paid	55,000	80,000[(1)]	122,700[(2)]	30,000
Profit for the year/period	255,248	200,884	245,444	188,648
Dividend payout ratio[(3)]	0.22	0.40	0.50	0.16

Notes:

(1) Of the total dividends declared in the FYE 28 February 2021, RM80.0 million was paid out of our internally generated funds from operations, RM47.1 million was set off against the proceeds from the disposal of subsidiaries, RM100.2 million was set off against the amount due from the disposed subsidiaries to our Company and the remaining RM52.7 million was paid in the FYE 28 February 2022.

(2) The total dividends paid in the FYE 28 February 2022 include the dividend of RM52.7 million declared in the FYE 28 February 2021.

(3) Computed based on dividend paid out divided by profit for the year/period during the financial year/period.

On 18 October 2022, we declared a first interim dividend of approximately 16.61 sen per Share amounting to RM40.0 million in respect of the FYE 28 February 2023 which was paid on 15 November 2022.

On 6 March 2023, we declared a second interim dividend of approximately 8.31 sen per Share amounting to RM20.0 million in respect of the FYE 28 February 2023 which was paid on 13 March 2023.

Save as mentioned above, we have not declared or paid any other dividends to our shareholders. Unless otherwise stated, the dividends above were funded by our internal funds from operations. These dividends will not affect the execution and implementation of our future plans or strategies.

12.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
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Strictly private and confidential

The Board of Directors
DXN Holdings Bhd.
Wisma DXN
213, Lebuhraya Sultan Abdul Halim
05400 Alor Setar
Kedah Darul Aman

Date: 14 April 2023

Dear Sirs,

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")

Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Company's prospectus in connection with the initial public offering of up to 932,675,000 ordinary shares in the Company ("Shares") ("IPO") and in conjunction with the listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus") ("Listing")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of DXN as at 31 October 2022 ("Pro Forma Financial Position") prepared by the management of the Company. The Pro Forma Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes of Attachment A on the Group's statement of financial position as at 31 October 2022, as if the transactions had taken place as at 31 October 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the audited consolidated financial statements of DXN for the period ended 31 October 2022, on which an auditors' report dated 14 April 2023 has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

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

Opinion

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared in connection with the IPO and in conjunction with the Listing and should not be relied upon for any other purposes.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Raymond Chong Chee Mon
Approval Number: 03272/06/2024 J
Chartered Accountant

Penang

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma consolidated statement of financial position of DXN as at 31 October 2022 ("Pro Forma Financial Position") as set out below has been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 October 2022, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

			Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV
	Note	As at 31 October 2022 * RM'000	After adjustment for subsequent events RM'000	After Pro Forma I and the Pre-IPO Exercise RM'000	After Pro Forma II and the IPO RM'000	After Pro Forma III and the use of proceeds RM'000
Assets						
Property, plant and equipment		642,242	642,242	642,242	642,242	642,242
Right-of-use assets		32,506	32,506	32,506	32,506	32,506
Investment properties		6,832	6,832	6,832	6,832	6,832
Intangible assets		59	59	59	59	59
Deferred tax assets		84,058	84,058	84,058	84,058	84,058
Prepayments		9,383	9,383	9,383	9,383	9,383
Total non-current assets		775,080	775,080	775,080	775,080	775,080
Biological assets		818	818	818	818	818
Inventories		285,534	285,534	285,534	285,534	285,534
Contract assets		676	676	676	676	676
Trade and other receivables		102,650	102,650	102,650	102,650	102,650
Current tax assets		13,712	13,712	13,712	13,712	13,712
Short term investments		24,889	24,889	24,889	24,889	24,889
Cash and cash equivalents	3(a)	501,499	441,499	441,499	563,099	467,880
Total current assets		929,778	869,778	869,778	991,378	896,159
Total assets		1,704,858	1,644,858	1,644,858	1,766,458	1,671,239

** Extracted from the audited consolidated financial statements of the Company for the financial period ended 31 October 2022.*

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1

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

	Note	As at 31 October 2022 * RM'000	Pro Forma I After adjustment for subsequent events RM'000	Pro Forma II After Pro Forma I and the Pre-IPO Exercise RM'000	Pro Forma III After Pro Forma II and the IPO RM'000	Pro Forma IV After Pro Forma III and the use of proceeds RM'000
Equity						
Share capital	3(b)	60,191	60,191	106,033	224,016	224,016
Translation reserve		16,572	16,572	16,572	16,572	16,572
Retained earnings	3(c)	812,778	792,778	746,936	735,334	735,334
Equity attributable to owners of the Company		889,541	869,541	869,541	975,922	975,922
Non-controlling interests		60,123	60,123	60,123	60,123	60,123
Total equity		949,664	929,664	929,664	1,036,045	1,036,045
Liabilities						
Loans and borrowings	3(d)	46,236	46,236	46,236	46,236	118
Retirement benefits		5,716	5,716	5,716	5,716	5,716
Lease liabilities		12,581	12,581	12,581	12,581	12,581
Deferred tax liabilities		6,762	6,762	6,762	6,762	6,762
Total non-current liabilities		71,295	71,295	71,295	71,295	25,177
Loans and borrowings	3(e)	187,386	187,386	187,386	187,386	153,504
Lease liabilities		8,303	8,303	8,303	8,303	8,303
Trade and other payables, including derivatives	3(f)	436,136	396,136	396,136	411,355	396,136
Current tax liabilities		52,074	52,074	52,074	52,074	52,074
Total current liabilities		683,899	643,899	643,899	659,118	610,017
Total liabilities		755,194	715,194	715,194	730,413	635,194
Total equity and liabilities		1,704,858	1,644,858	1,644,858	1,766,458	1,671,239

** Extracted from the audited consolidated financial statements of the Company for the financial period ended 31 October 2022.*

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2

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Supplementary information

	As at 31 October 2022 *	Pro Forma I After adjustment for subsequent events	Pro Forma II After Pro Forma I and the Pre-IPO Exercise	Pro Forma III After Pro Forma II and the IPO	Pro Forma IV After Pro Forma III and the use of proceeds
Number of ordinary shares ('000)	240,764	240,764	4,825,000	4,985,000	4,985,000
Net assets per share attributable to owners of the Company^ (RM)	3.69	3.61	0.18	0.20	0.20
Net assets per share# (RM)	3.94	3.86	0.19	0.21	0.21

* *Extracted from the audited consolidated financial statements of the Company for the financial period ended 31 October 2022.*
^ *Based on equity attributable to owners of the Company over the number of ordinary shares in the Company ("Shares").*
\# *Based on total equity over the number of Shares*

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3

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statement of Financial Position

The pro forma consolidated statement of financial position of DXN as at 31 October 2022 ("Pro Forma Financial Position") has been prepared for inclusion in the prospectus of the Company in connection with the initial public offering of up to 932,675,000 ordinary shares in the Company ("Shares") ("IPO") and in conjunction with the listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus") ("Listing") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited consolidated financial statements of DXN for the financial period ended 31 October 2022, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 14 April 2023 on the consolidated financial statements of DXN for the financial period ended 31 October 2022 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I - Adjustment for subsequent events

Dividends declaration

The followings are the dividends paid by the Company after 31 October 2022:

(i) A first interim dividend of approximately 16.61 sen per ordinary share totalling RM40,000,000 in respect of financial year ended 28 February 2023, which was declared on 18 October 2022 and paid on 15 November 2022.

(ii) A second interim dividend of approximately 8.31 sen per ordinary share totalling RM20,000,000 in respect of financial year ended 28 February 2023, which was declared on 6 March 2023 and paid on 13 March 2023.

The above dividends which were paid to the shareholders of the Company subsequent to 31 October 2022 and prior to the IPO are illustrated in the Pro Forma Financial Position.

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2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.2 Pro Forma II – Pre-IPO Exercise

The Pre-IPO Exercise entails the issuance of 4,584,236,000 Shares ("**Bonus Shares**") on the basis of approximately 19 Bonus Shares for every one (1) existing share held ("**Bonus Issue**"). The Bonus Issue will be implemented by capitalising approximately RM45.8 million or RM0.01 for each Bonus Share from the Company's retained earnings.

Upon completion of the Bonus Issue, the Company will have 4,825,000,000 Shares in issue.

2.3 Pro Forma III - IPO

The IPO entails the initial public offering of up to 932,675,000 Shares which comprises the following transactions:

(i) Public Issue

The public issue of 160,000,000 new Shares ("Issued Shares") at an indicative price of RM0.76 per Issued Share.

(ii) Offer for Sale

The offer for sale by DXN Global Sdn. Bhd. and Gano Global Supplements Pte. Ltd. (collectively, the "Selling Shareholders") of up to 772,675,000 existing Shares ("Offer Shares") at an indicative price of RM0.76 per Offer Share.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of RM587.23 million from the Offer for Sale will be accrued entirely to the Selling Shareholders.

(iii) Estimated listing expenses

The estimated listing expenses comprises the following:

	RM'000
Professional fees	17,191
Fees payable to authorities	1,164
Fees and expenses for printing, advertising, travel and roadshow	1,811
Brokerage fee, underwriting commission and placement fees	3,021
Miscellaneous expenses and contingencies	900
	24,087

The total estimated listing expenses to be borne by the Company is estimated to be RM24.09 million. As of 31 October 2022, RM8.87 million has been paid and recognised in profit or loss of the Group. The balance of the estimated listing expenses of RM15.22 million has been accrued in trade and other payables of which RM3.62 million directly attributable to the Public Issue will be debited against the share capital of the Company, and the remaining estimated listing expenses of RM11.60 million will charged to profit or loss of the Group.

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.4 Pro Forma IV - Use of proceeds

The total gross proceeds from the Public Issue of RM121.60 million are intended to be used as follows:

	RM'000
Repayment of bank borrowings (1)	80,000
Working capital	17,513
Estimated listing expenses (2)	24,087
	121,600

Notes:

(1) The use of proceeds earmarked by the Company for the repayment of borrowings is in relation to outstanding amounts owing in respect of term loan facilities granted by OCBC Bank (Malaysia) Berhad for the construction of DXN Cyberville and purchase of a land in Cyberjaya and revolving credit facilities granted by United Overseas Bank (Malaysia) Berhad for working capital requirements.

(2) The estimated listing expenses comprise the following:

	RM'000
Professional fees	*17,191*
Fees payable to authorities	*1,164*
Fees and expenses for printing, advertising, travel and roadshow	*1,811*
Brokerage fee, underwriting commission and placement fees	*3,021*
Miscellaneous expenses and contingencies	*900*
	24,087

The total estimated listing expenses to be borne by the Company is estimated to be RM24.09 million. As of 31 October 2022, RM8.87 million has been paid and recognised in profit or loss of the Group. The balance of the estimated listing expenses of RM15.22 million has been accrued in trade and other payables and upon completion of the Listing, this amount will be paid using the proceeds from the Public Issue.

2.5 Employees' Share Option Scheme ("ESOS")

In conjunction with the Listing, the Company will establish the ESOS which entails the granting of ESOS options to eligible Directors and employees of the Group.

The ESOS shall be administered by a committee to be appointed by the Directors and governed by the By-Laws. The total number of Shares which may be made available under the ESOS shall not exceed in aggregate five percent (5%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the ESOS.

The ESOS is not illustrated in the Pro Forma Financial Position as the ESOS options under the ESOS have yet to be granted as of the date of this report.

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Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position

(a) Movements in cash and cash equivalents

	RM'000
Balance as at 31 October 2022	501,499
Effects of Pro Forma I:	
- Dividends paid	(60,000)
Pro Forma I and II	441,499
Effects of Pro Forma III:	
- Proceeds from the Public Issue	121,600
Pro Forma III	563,099
Effects of Pro Forma IV:	
- Estimated listing expenses	(15,219)
- Repayment of bank borrowings using proceeds from the Public Issue	(80,000)
Pro Forma IV	467,880

(b) Movements in share capital

	RM'000
Balance as at 31 October 2022 / Pro Forma I	60,191
Effects of Pro Forma II:	
- Bonus Issue	45,842
Pro Forma II	106,033
Effects of Pro Forma III:	
- Public Issue	121,600
- Estimated listing expenses directly attributable to the Public Issue	(3,617)
Pro Forma III and IV	224,016

(c) Movement in retained earnings

	RM'000
Balance as at 31 October 2022	812,778
Effects of Pro Forma I:	
- Second interim dividend declared and paid	(20,000)
Pro Forma I	792,778
Effects of Pro Forma II	
- Bonus Issue	(45,842)
Pro Forma II	746,936
Effect of Pro Forma III	
- Estimated listing expenses charged to profit or loss of the Group	(11,602)
Pro Forma III and IV	735,334

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Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(d) Movements in loans and borrowings – non-current

	RM'000
Balance as at 31 October 2022 / Pro Forma I, II and III	46,236
Effects of Pro Forma IV:	
- Repayment of bank borrowings using proceeds from the Public Issue	(46,118)
Pro Forma IV	118

(e) Movements in loans and borrowings - current

	RM'000
Balance as at 31 October 2022 / Pro Forma I, II and III	187,386
Effects of Pro Forma IV:	
- Repayment of bank borrowings using proceeds from the Public Issue	(33,882)
Pro Forma IV	153,504

(f) Movements in trade and other payables, including derivatives - current

	RM'000
Balance as at 31 October 2022	436,136
Effects of Pro Forma I:	
- First interim dividend paid	(40,000)
Pro Forma I and II	396,136
Effects of Pro Forma III:	
- Estimated listing expenses accrued	15,219
Pro Forma III	411,355
Effects of Pro Forma IV:	
- Reversal of accrued estimated listing expenses upon payment using proceeds from the Public Issue	(15,219)
Pro Forma IV	396,136

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8

DXN Holdings Bhd.

(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)

and its subsidiaries

Accountants' Report on the Consolidated Financial Statements

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of financial position

	Note	31.10.2022 Audited RM'000	28.2.2022 Audited RM'000	28.2.2021 Audited RM'000	29.2.2020 Audited RM'000
Assets					
Property, plant and equipment	3	642,242	584,927	450,610	346,169
Right-of-use assets	4	32,506	31,138	28,846	25,012
Investment properties	5	6,832	7,118	7,553	108,847
Intangible assets	6	59	55	55	109
Investment in an associate	8	-	-	1	1
Investment in joint venture	9	-	-	1	1
Inventories	10	-	-	-	34,501
Deferred tax assets	11	84,058	49,705	37,851	32,724
Prepayments	12	9,383	8,333	1,623	2,997
Total non-current assets		775,080	681,276	526,540	550,361
Biological assets	13	818	96	646	1,382
Inventories	10	285,534	217,226	166,126	125,349
Contract assets	14	676	569	865	546
Trade and other receivables, including derivatives	15	102,650	77,482	93,118	79,647
Current tax assets		13,712	21,142	12,610	7,175
Short term investments	16	24,889	33,792	193,775	152,805
Cash and cash equivalents	16	501,499	409,572	325,978	252,489
		929,778	759,879	793,118	619,393
Assets classified as held for sale	17	-	32,425	-	-
Total current assets		929,778	792,304	793,118	619,393
Total assets		1,704,858	1,473,580	1,319,658	1,169,754

Consolidated statements of financial position (continued)

	Note	31.10.2022 Audited RM'000	28.2.2022 Audited RM'000	28.2.2021 Audited RM'000	29.2.2020 Audited RM'000
Equity					
Share capital	18	60,191	60,191	60,191	60,191
Translation reserve		16,572	(2,309)	(8,956)	(3,219)
Retained earnings		812,778	702,857	529,935	618,363
Equity attributable to owners of the Company		889,541	760,739	581,170	675,335
Non-controlling interests		60,123	50,876	48,520	35,356
Total equity		949,664	811,615	629,690	710,691
Liabilities					
Loans and borrowings	19	46,236	32,620	16,403	14,789
Retirement benefits	20	5,716	5,244	5,408	4,300
Lease liabilities		12,581	14,771	11,679	10,560
Deferred tax liabilities	11	6,762	8,456	3,777	850
Total non-current liabilities		71,295	61,091	37,267	30,499
Loans and borrowings	19	187,386	213,565	241,460	141,530
Lease liabilities		8,303	8,068	6,959	6,315
Trade and other payables, including derivatives	21	436,136	337,034	378,749	256,638
Contract liabilities	14	-	-	8,305	-
Current tax liabilities		52,074	38,631	17,228	24,081
		683,899	597,298	652,701	428,564
Liabilities classified as held for sale	17	-	3,576	-	-
Total current liabilities		683,899	600,874	652,701	428,564
Total liabilities		755,194	661,965	689,968	459,063
Total equity and liabilities		1,704,858	1,473,580	1,319,658	1,169,754

The notes on pages 17 to 145 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.

(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statements of profit or loss and other comprehensive income

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Revenue	22	1,043,237	793,165	1,242,856	1,050,205	1,104,608
Other income		12,544	13,796	22,443	35,284	26,337
Changes in work-in-progress and manufactured inventories		49,835	51,503	51,262	28,126	6,751
Raw materials used and trading inventories sold		(216,323)	(161,232)	(224,284)	(162,978)	(162,856)
Depreciation and amortisation		(37,678)	(23,809)	(38,590)	(31,026)	(25,129)
Employee benefits expense	23	(93,798)	(85,041)	(127,204)	(113,836)	(102,253)
Net (loss)/gain on impairment of financial assets	24	(105)	469	(1,245)	(3,724)	680
Other expenses		(468,510)	(351,682)	(562,446)	(519,219)	(503,180)
Results from operating activities	24	289,202	237,169	362,792	282,832	344,958
Interest income		1,646	1,839	2,740	6,923	6,874
Finance costs	25	(3,090)	(1,691)	(2,614)	(2,488)	(3,993)
Profit before tax		287,758	237,317	362,918	287,267	347,839
Tax expense	26	(99,110)	(76,590)	(117,474)	(86,383)	(92,591)
Profit for the period/year		188,648	160,727	245,444	200,884	255,248

Consolidated statements of profit or loss and other comprehensive income (continued)

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Other comprehensive income/(expense), net of tax:						
Item that may be reclassified subsequently to profit or loss						
- Foreign currency translation differences for foreign operations		19,401	3,434	6,481	(6,953)	3,962
Total comprehensive income for the period/year		208,049	164,161	251,925	193,931	259,210
Profit for the period/ year attributable to						
Owners of the Company		179,921	159,075	242,922	191,572	241,671
Non-controlling interests		8,727	1,652	2,522	9,312	13,577
		188,648	160,727	245,444	200,884	255,248
Total comprehensive income for the period/year attributable to:						
Owners of the Company		198,802	163,194	249,569	185,835	245,429
Non-controlling interests		9,247	967	2,356	8,096	13,781
		208,049	164,161	251,925	193,931	259,210
Basic/Diluted earnings per ordinary share (RM)	27	0.75	0.66	1.01	0.80	1.00

The notes on pages 17 to 145 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of changes in equity

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
Audited	**Share capital RM'000**	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 March 2019	60,191	(6,977)	431,692	484,906	22,940	507,846
Profit for the year	-	-	241,671	241,671	13,577	255,248
Foreign currency translation differences for foreign operations representing other comprehensive income for the year	-	3,758	-	3,758	204	3,962
Total comprehensive income for the year	-	3,758	241,671	245,429	13,781	259,210
Issuance of shares to non-controlling interests	-	-	-	-	1	1
Dividends paid to non-controlling interests	-	-	-	-	(1,366)	(1,366)
Dividends paid to owners of the Company (Note 28)	-	-	(55,000)	(55,000)	-	(55,000)
Total transactions with owners of the Company	-	-	(55,000)	(55,000)	(1,365)	(56,365)
At 29 February 2020	60,191	(3,219)	618,363	675,335	35,356	710,691
	Note 18					

Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2020	60,191	(3,219)	618,363	675,335	35,356	710,691
Profit for the year	-	-	191,572	191,572	9,312	200,884
Foreign currency translation differences for foreign operations representing other comprehensive expense for the year	-	(5,737)	-	(5,737)	(1,216)	(6,953)
Total comprehensive (expense)/income for the year	-	(5,737)	191,572	185,835	8,096	193,931
Issuance of shares to non-controlling interests (Note 34.2)	-	-	-	-	5,068	5,068
Dividends paid to owners of the Company (Note 28)	-	-	(280,000)	(280,000)	-	(280,000)
Total transactions with owners of the Company	-	-	(280,000)	(280,000)	5,068	(274,932)
At 28 February 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
	Note 18					

Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Unaudited						
At 1 March 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
Profit for the period	-	-	159,075	159,075	1,652	160,727
Foreign currency translation differences for foreign operations representing other comprehensive income for the period	-	4,119	-	4,119	(685)	3,434
Total comprehensive income for the period	-	4,119	159,075	163,194	967	164,161
Dividend paid to owners of the Company	-	-	(60,000)	(60,000)	-	(60,000)
Total transaction with owners of the Company	-	-	(60,000)	(60,000)	-	(60,000)
At 31 October 2021	60,191	(4,837)	629,010	684,364	49,487	733,851

Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
Profit for the year	-	-	242,922	242,922	2,522	245,444
Foreign currency translation differences for foreign operations representing other comprehensive income for the year	-	6,647	-	6,647	(166)	6,481
Total comprehensive income for the year	-	6,647	242,922	249,569	2,356	251,925
Dividends paid to owners of the Company (Note 28)	-	-	(70,000)	(70,000)	-	(70,000)
Total transaction with owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
At 28 February 2022	60,191	(2,309)	702,857	760,739	50,876	811,615
	Note 18					

Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company* →					
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2022	60,191	(2,309)	702,857	760,739	50,876	811,615
Profit for the period	-	-	179,921	179,921	8,727	188,648
Foreign currency translation differences for foreign operations representing other comprehensive income for the period	-	18,881	-	18,881	520	19,401
Total comprehensive income for the period	-	18,881	179,921	198,802	9,247	208,049
Dividend to owners of the Company (Note 28)	-	-	(70,000)	(70,000)	-	(70,000)
Total transaction with owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
At 31 October 2022	60,191	16,572	812,778	889,541	60,123	949,664
	Note 18					

The notes on pages 17 to 145 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of cash flows

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Cash flows from operating activities						
Profit before tax		287,758	237,317	362,918	287,267	347,839
Adjustments for:						
Depreciation of:						
- Property, plant and equipment	3	31,428	17,738	29,473	20,633	15,319
- Right-of-use assets	4	6,048	5,852	8,777	8,882	8,014
- Investment properties	5	150	158	236	1,393	1,479
Amortisation of intangible assets	6	52	61	104	118	317
Fair value changes on biological assets	13	(722)	(805)	550	736	(56)
(Gain)/Loss on derecognition of right-of-use assets and lease liabilities		-	(22)	(48)	92	-
Retirement benefits expense	20	621	125	183	1,476	991
Written off:						
- Property, plant and equipment	24	276	468	1,634	6,906	587
- Intangible assets	24	-	-	-	-	12

10

Consolidated statements of cash flows (continued)

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Impairment loss on:						
- Property, plant and equipment	3	-	-	1,457	10,723	-
- Intangible assets	6	-	-	-	-	3,206
- Investment in associate	24	-	-	1	-	-
- Investment in joint venture	24	-	-	1	-	-
Interest income		(1,646)	(1,839)	(2,740)	(6,923)	(6,874)
Loss/(Gain) on disposal of:						
- Property, plant and equipment	24	86	(45)	(388)	(44)	(106)
- Investment in subsidiaries	24	-	-	-	(1,655)	-
Interest expense	25	3,090	1,691	2,614	2,488	3,993
Bargain purchase gain on business combination	34	(19)	-	-	-	(5,267)
Operating profit before working capital changes		327,122	260,699	404,772	332,092	369,454
Changes in:						
Inventories		(64,108)	(48,711)	(55,300)	(42,984)	(5,838)
Trade and other receivables		(24,101)	14,036	14,586	(14,383)	4,068
Contract assets		(107)	61	296	(319)	(546)
Trade and other payables		75,186	(13,518)	16,365	66,627	43,692
Contract liabilities		-	(8,305)	(8,305)	8,305	-
Cash generated from operations		313,992	204,262	372,414	349,338	410,830
Tax paid		(114,114)	(73,213)	(112,090)	(98,641)	(103,411)
Retirement benefits paid	20	(238)	(209)	(311)	(289)	(26)
Net cash from operating activities		199,640	130,840	260,013	250,408	307,393

Consolidated statements of cash flows (continued)

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Cash flows from investing activities						
Purchase of:						
- Property, plant and equipment	B	(58,651)	(128,093)	(189,451)	(140,060)	(146,133)
- Right-of-use assets		-	-	(1,638)	-	(6,000)
- Investment properties	C	-	-	-	-	(37,319)
- Intangible assets	6	(49)	(19)	(74)	(70)	(135)
Proceeds from disposal of property, plant and equipment		475	185	1,576	580	232
Investment in an associate		-	-	-	-	(1)
Acquisition of subsidiaries, net of cash and cash equivalents	34	(5)	-	-	(8,383)	(2,012)
Disposal of subsidiaries, net of cash disposed	35.1	-	-	-	(207)	-
Derecognition of a subsidiary, net of cash derecognised		-	-	-	-	(6)
Interest received		1,646	1,839	2,740	6,923	6,874
(Placement)/ Withdrawal of pledged deposits		(8)	(344)	(253)	(1,271)	649
Withdrawal/ (Placement) of short term investments		8,903	127,204	159,983	(40,970)	(58,835)
Net cash (used in)/ from investing activities		(47,689)	772	(27,117)	(183,458)	(242,686)

Consolidated statements of cash flows (continued)

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Cash flows from financing activities						
Dividends paid to:						
- Owners of the Company	E	(30,000)	(112,700)	(122,700)	(80,000)	(55,000)
- Non-controlling interests		-	-	-	-	(1,366)
Interest paid	25	(4,649)	(3,256)	(4,961)	(4,308)	(3,993)
Proceeds from issuance of shares to non-controlling interests		-	-	-	5,068	1
Repayment of:						
- Lease liabilities	19.2	(5,760)	(3,752)	(8,457)	(8,608)	(7,106)
- Hire purchase liabilities	19.2	(848)	(743)	(1,040)	(1,054)	(840)
- Term loans	19.2	-	-	-	-	(20,690)
- Revolving credits	19.2	(37,963)	(11,146)	(34,603)	-	-
Drawdown of:						
- Term loans	19.2	8,531	24,714	21,759	4,896	-
- Revolving credits	19.2	-	-	-	96,622	85,244
Net cash (used in)/ from financing activities		(70,689)	(106,883)	(150,002)	12,616	(3,750)
Net increase in cash and cash equivalents		81,262	24,729	82,894	79,566	60,957
Foreign currency translation differences		10,347	2,233	774	(7,348)	1,708
Cash and cash equivalents at beginning of the period/year		407,021	323,353	323,353	251,135	188,470
Cash and cash equivalents at end of the period/year	A	498,630	350,315	407,021	323,353	251,135

Consolidated statements of cash flows (continued)

Notes

A. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following consolidated statements of financial position amounts:

	Note	31.10.2022 Audited RM'000	31.10.2021 Unaudited RM'000	28.2.2022 Audited RM'000	28.2.2021 Audited RM'000	29.2.2020 Audited RM'000
Cash and cash equivalents	16.2	501,499	353,277	409,572	325,978	252,489
Assets classified as held for sale	17	-	-	327	-	-
Less: Pledged deposits	16.2a	(2,869)	(2,962)	(2,878)	(2,625)	(1,354)
		498,630	350,315	407,021	323,353	251,135

B. Purchase of property, plant and equipment

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Total additions	3	61,359	122,419	185,476	144,669	145,635
Add/(Less) :						
Amount paid in prior year		-	-	-	-	(860)
Amount financed through hire purchase	19.2	(2,199)	-	(388)	(1,415)	(1,173)
Changes in prepayment for purchase of property, plant and equipment		1,050	7,239	6,710	(1,374)	2,531
Interest expense capitalised	25	(1,559)	(1,565)	(2,347)	(1,820)	-
		58,651	128,093	189,451	140,060	146,133

Consolidated statements of cash flows (continued)

Notes (continued)

C. Purchase of investment properties

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Total additions	5	-	-	-	-	99,073
Less: Amount paid in prior year		-	-	-	-	(61,754)
		-	-	-	-	37,319

D. Cash outflows for leases as a lessee

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Included in net cash from operating activities						
Payment relating to short-term leases	24	3,164	2,805	4,189	2,787	2,985
Payment relating to low-value assets	24	175	308	367	390	530
Interest paid in relation to lease liabilities	25	642	635	953	826	979
Included in net cash used in financing activities						
Payment of lease liabilities	19.2	5,760	3,752	8,457	8,608	7,106
Total cash outflows for leases		9,741	7,500	13,966	12,611	11,600

Consolidated statements of cash flows (continued)

Notes (continued)

E. Dividends paid to owners of the Company

	Note	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Total dividends declared	28	70,000	60,000	70,000	280,000	55,000
(Less)/Add :						
Amount set off against						
- Proceeds from disposal of subsidiaries	36(vi)	-	-	-	(47,100)	-
- Amount due from disposed subsidiaries to the Company	36(vi)	-	-	-	(100,200)	-
Amount unpaid at period/year end	21	(40,000)	-	-	(52,700)	-
Amount paid for dividends declared in prior year		-	52,700	52,700	-	-
		30,000	112,700	122,700	80,000	55,000

The notes on pages 17 to 145 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Notes to the consolidated financial statements

DXN Holdings Bhd. (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Wisma DXN
213, Lebuhraya Sultan Abdul Halim
05400 Alor Setar
Kedah Darul Aman

Registered office

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

The Company is principally engaged in investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 7 to the consolidated financial statements.

1. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associate and joint venture have been prepared in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

The consolidated financial statements of the Company for the financial period ended 31 October 2022 and for the financial years ended 28 February 2022, 28 February 2021 and 29 February 2020 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The following are accounting standard and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group.

The initial application of the amendments, where applicable is not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the consolidated financial statements.

(c) Functional and presentation currency

These consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with MFRSs 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.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the consolidated financial statements other than those disclosed in the following notes:

- Note 3.1 - Impairment loss on property, plant and equipment
- Note 4.2 - Extension options and incremental borrowing rate in relation to leases
- Note 11 - Deferred tax assets/(liabilities)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. Income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

	%
Buildings	2 - 20
Farms	2 - 20
Plant and machinery	6.7 - 25
Furniture, fittings and office equipment	3 - 50
Motor vehicle and vessel	10 - 25
Aircrafts	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Software costs

Software costs which have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(ii) Logging concession rights

Logging concession rights are measured at cost on initial recognition. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Software costs are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Logging concession rights with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

The depreciate rates for the current and comparative periods based on the estimated useful life of software costs ranges from 20% - 50%.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment properties

Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

2. Significant accounting policies (continued)

(g) Investment properties (continued)

Investment property carried at cost (continued)

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives ranging from 20 - 50 years. Freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(h) Biological assets

The biological assets of the Group comprise agricultural produce from productive plants, i.e. reishi gano, ganocelium, tea leaves and spirulina which are presented as current assets in the consolidated statements of financial position.

Growing crops are stated at fair value less the estimated costs necessary to make the sale. Gains or losses arising from the initial recognition of growing crops at fair value less estimated costs to sell and the subsequent changes in fair value less costs to sell at each reporting date are recognised in profit or loss in the period in which such gains or losses occur.

Fair value is determined by applying estimates of production volume with the estimated market price at the reporting date.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

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.

(i) Raw materials, trading inventories and manufactured inventories

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

2. Significant accounting policies (continued)

(i) Inventories (continued)

(ii) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(iii) Developed properties

Developed properties are measured at the lower of cost and net realisable value. Cost is determined on the specific identification basis and comprise cost associated with the acquisition of land, direct building and construction costs and appropriate proportion of common costs.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of its short term commitments. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2. Significant accounting policies (continued)

(l) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for contract assets, inventories, biological assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

2. Significant accounting policies (continued)

(n) Employee benefits (continued)

(iii) Defined benefit plans (continued)

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

2. Significant accounting policies (continued)

(q) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

2. Significant accounting policies (continued)

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (continued)

(s) Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, where applicable.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Significant accounting policies (continued)

(v) Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 March 2019	27,287	72,212	9,331	77,791	30,694	13,018	7,900	20,518	258,751
Acquisition through business combination (Note 34.3)	15,700	16,876	-	-	486	15	-	-	33,077
Derecognition of a subsidiary	-	-	-	-	-	-	-	(2,789)	(2,789)
Additions	3,714	18,972	740	7,683	5,947	2,431	-	106,148	145,635
Disposals	-	(41)	-	(55)	(93)	(410)	-	(36)	(635)
Written-off	-	(24)	(513)	(529)	(273)	(276)	-	-	(1,615)
Transfer from/(to) investment properties	24,638	7,106	-	-	(433)	-	-	-	31,311
Transfer to land held for property development	-	-	-	-	-	-	-	(440)	(440)
Reclassification	-	275	273	318	29	-	-	(895)	-
Effect of movement in exchange rates	238	35	-	215	167	72	-	(827)	(100)
At 29 February 2020/1 March 2020	71,577	115,411	9,831	85,423	36,524	14,850	7,900	121,679	463,195
Acquisition through business combination (Note 34.2)	-	1,077	-	1,776	111	2	-	5,541	8,507
Disposal of subsidiaries (Note 35.1)	(1,569)	(7,106)	-	(42)	(136)	(435)	-	-	(9,288)
Additions	90	2,022	1,136	19,877	4,167	4,378	3,219	109,780	144,669
Disposals	-	(182)	-	(481)	(303)	(242)	-	(60)	(1,268)
Written-off	-	(7,324)	-	(4,693)	(175)	(115)	-	(26)	(12,333)
Reclassification	1,064	18,837	1,883	4,032	231	-	-	(26,047)	-
Effect of movement in exchange rates	(517)	986	-	(335)	(328)	(71)	-	(2,210)	(2,475)
At 28 February 2021	70,645	123,721	12,850	105,557	40,091	18,367	11,119	208,657	591,007

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 March 2021	70,645	123,721	12,850	105,557	40,091	18,367	11,119	208,657	591,007
Additions	5,882	18,150	1,381	19,789	6,345	6,068	-	127,861	185,476
Disposals	-	-	-	-	(170)	(470)	-	(1,048)	(1,688)
Written-off	-	(274)	(451)	(885)	(1,171)	-	-	(129)	(2,910)
Transfer to intangible assets (Note 6)	-	-	-	-	-	-	-	(32)	(32)
Transfer to assets classified as held for sale	-	(17,423)	-	(4,886)	(706)	(145)	-	(1,589)	(24,749)
Reclassification	-	102,776	3,165	3,835	1,992	31	-	(111,799)	-
Effect of movement in exchange rates	(82)	1,779	-	717	(22)	(9)	-	3,401	5,784
At 28 February 2022/1 March 2022	76,445	228,729	16,945	124,127	46,359	23,842	11,119	225,322	752,888
Acquisition through business combination (Note 34.1)	-	-	-	-	15	-	-	-	15
Additions	3,854	5,822	313	9,195	3,869	3,827	-	34,479	61,359
Disposals	-	(80)	-	(108)	(69)	(742)	-	(9)	(1,008)
Written-off	-	(163)	(350)	(891)	(220)	(45)	-	(23)	(1,692)
Transfer from investment properties (Note 5)	-	45	-	-	-	-	-	-	45
Transfer from assets classified as held for sale	-	17,423	-	4,886	706	145	-	1,589	24,749
Reclassification	-	71,033	86	4,449	15,432	-	-	(91,000)	-
Effect of movement in exchange rates	637	2,036	-	1,214	506	182	-	1,604	6,179
At 31 October 2022	80,936	324,845	16,994	142,872	66,598	27,209	11,119	171,962	842,535

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2019									
Accumulated depreciation	-	15,997	3,762	51,044	17,914	8,229	237	-	97,183
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	15,997	3,762	51,932	17,915	8,229	237	3,593	101,665
Depreciation for the year	-	2,879	493	6,643	3,176	1,812	316	-	15,319
Disposals	-	(13)	-	(51)	(77)	(368)	-	-	(509)
Written-off	-	-	(127)	(506)	(255)	(140)	-	-	(1,028)
Transfer from/(to) investment properties	-	1,284	-	-	(54)	-	-	-	1,230
Effect of movement in exchange rates	-	159	-	43	95	52	-	-	349
At 29 February 2020									
Accumulated depreciation	-	20,306	4,128	57,173	20,799	9,585	553	-	112,544
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	20,306	4,128	58,061	20,800	9,585	553	3,593	117,026

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2020									
Accumulated depreciation	-	20,306	4,128	57,173	20,799	9,585	553	-	112,544
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	20,306	4,128	58,061	20,800	9,585	553	3,593	117,026
Disposal of subsidiaries (Note 35.1)	-	(1,283)	-	(2)	(24)	(89)	-	-	(1,398)
Depreciation for the year	-	3,766	637	7,667	3,530	2,021	3,012	-	20,633
Impairment loss	10,723	-	-	-	-	-	-	-	10,723
Disposals	-	(182)	-	(76)	(285)	(189)	-	-	(732)
Written-off	-	(1,376)	-	(3,799)	(137)	(115)	-	-	(5,427)
Effect of movement in exchange rates	-	(28)	-	(246)	(126)	(28)	-	-	(428)
At 28 February 2021									
Accumulated depreciation	-	21,203	4,765	60,717	23,757	11,185	3,565	-	125,192
Accumulated impairment losses	10,723	-	-	888	1	-	-	3,593	15,205
	10,723	21,203	4,765	61,605	23,758	11,185	3,565	3,593	140,397

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2021									
Accumulated depreciation	-	21,203	4,765	60,717	23,757	11,185	3,565	-	125,192
Accumulated impairment losses	10,723	-	-	888	1	-	-	3,593	15,205
	10,723	21,203	4,765	61,605	23,758	11,185	3,565	3,593	140,397
Depreciation for the year	-	7,050	1,172	11,029	4,512	2,569	3,141	-	29,473
Impairment loss for the year	-	-	-	-	-	-	1,457	-	1,457
Disposals	-	-	-	-	(147)	(353)	-	-	(500)
Written-off	-	(68)	(138)	(505)	(565)	-	-	-	(1,276)
Transfer to assets classified as held for sale	-	(849)	-	(590)	(271)	(29)	-	-	(1,739)
Reclassification	-	503	-	50	(546)	(7)	-	-	-
Effect of movement in exchange rates	-	145	-	109	(77)	(28)	-	-	149
At 28 February 2022									
Accumulated depreciation	-	27,984	5,799	70,810	26,663	13,337	6,706	-	151,299
Accumulated impairment losses	10,723	-	-	888	1	-	1,457	3,593	16,662
	10,723	27,984	5,799	71,698	26,664	13,337	8,163	3,593	167,961

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2022									
Accumulated depreciation	-	27,984	5,799	70,810	26,663	13,337	6,706	-	151,299
Accumulated impairment losses	10,723	-	-	888	1	-	1,457	3,593	16,662
	10,723	27,984	5,799	71,698	26,664	13,337	8,163	3,593	167,961
Depreciation for the period	-	12,942	918	8,139	6,131	2,083	1,215	-	31,428
Disposals	-	(2)	-	(49)	(69)	(327)	-	-	(447)
Written-off	-	(93)	(277)	(849)	(152)	(45)	-	-	(1,416)
Transfer from investment properties (Note 5)	-	6	-	-	-	-	-	-	6
Transfer from assets classified as held for sale	-	849	-	590	271	29			1,739
Effect of movement in exchange rates	-	299	-	350	228	145	-	-	1,022
At 31 October 2022									
Accumulated depreciation	-	41,985	6,440	78,991	33,072	15,222	7,921	-	183,631
Accumulated impairment losses	10,723	-	-	888	1	-	1,457	3,593	16,662
	10,723	41,985	6,440	79,879	33,073	15,222	9,378	3,593	200,293

3. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amounts									
At 1 March 2019	27,287	56,215	5,569	25,859	12,779	4,789	7,663	16,925	157,086
At 29 February 2020/1 March 2020	71,577	95,105	5,703	27,362	15,724	5,265	7,347	118,086	346,169
At 28 February 2021/1 March 2021	59,922	102,518	8,085	43,952	16,333	7,182	7,554	205,064	450,610
At 28 February 2022/1 March 2022	65,722	200,745	11,146	52,429	19,695	10,505	2,956	221,729	584,927
At 31 October 2022	70,213	282,860	10,554	62,993	33,525	11,987	1,741	168,369	642,242

3.1 Impairment loss

(a) During the financial year ended 28 February 2022, the Group recognised an impairment loss of RM1,457,000 in respect of an aircraft that was intended to be disposed of subsequent to the financial year end based on fair value less cost to sell method. The impairment loss was recognised as other expenses in profit or loss. The fair value of the aircraft was determined to be RM2,345,000 using fair value less cost to sell method and was classified as level 3 in the fair value hierarchy.

(b) During the financial year ended 28 February 2021, the Group recognised an impairment loss of RM10,723,000 based on a valuation conducted by independent valuers using a combination of the comparison and depreciated replacement cost approach in regards to a property which the Group currently operates a glamping resort. Widespread containment measures, travel restrictions and lockdowns by governments globally to curb the outbreak of Covid-19 had caused significant disruptions in both business and leisure travels resulting in a substantial drop in the occupancy rate and revenue of the resort. The impairment loss was recognised as other expenses in profit or loss.

The fair value of the glamping resort was determined to be RM21,500,000 and was classified as level 3 in the fair value hierarchy. The most significant unobservable input in this approach was the price per square foot of RM15.97 which would increase/(decrease) the estimated fair value if the price per square foot was higher/(lower).

3. Property, plant and equipment (continued)

3.2 Security

The carrying amounts of properties charged as security for loans and borrowings granted to the Group as disclosed in Note 19.1 are as follows:

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Freehold land	32,929	32,929	32,929	32,929
Buildings	89,284	87,753	21,114	26,442
Capital work-in-progress	43,670	26,035	44,323	-
	165,883	146,717	98,366	59,371

3.3 Assets held in trust

Included in property, plant and equipment of the Group are motor vehicles and an aircraft with carrying amount of Nil (28.2.2022: Nil; 28.2.2021: Nil; 29.2.2020: RM74,000) and RM1,383,000 (28.02.2022: RM1,883,000; 28.02.2021: RM4,453,000; 29.2.2020: RM7,347,000) respectively held in trust by certain Directors and a third party trust company.

3.4 Change in estimates

During the financial year ended 28 February 2021, the Group undertook a review of the categorisation, depreciation methods and useful lives of certain property, plant and equipment. As a result of the review conducted, the useful lives of an aircraft and a glamping resort's buildings were reduced from 25 years to 5 years and 50 years to 20 years respectively. The Directors are of the view that the above changes will better present the cost and carrying amount of these assets based on their nature and pattern of use. The effect of these changes on the depreciation expense recognised in profit or loss, in the current and future periods are as follows:

	28.2.2021 RM'000	28.2.2022 RM'000	28.2.2023 RM'000	29.2.2024 RM'000	Later RM'000
Increase/(Decrease) in depreciation expense	2,535	2,535	2,535	1,461	(9,066)

3.5 Included in additions of property, plant and equipment of the Group are borrowing costs capitalised of RM1,559,000 (28.2.2022: RM2,347,000; 28.2.2021: RM1,820,000; 29.2.2020: Nil) in relation to capital work-in-progress of the Group. These capital work-in-progress comprise mainly the on-going construction of new manufacturing facilities in India, Mexico and China as well as the Group's corporate building in Cyberjaya, Malaysia.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 2.98% (28.2.2022: 2.01%; 28.2.2021: 1.67%; 29.2.2020: Nil).

4. Right-of-use assets

	Leasehold land RM'000	Agriculture land RM'000	Buildings RM'000	Total RM'000
At 1 March 2019	3,639	1,429	18,191	23,259
Additions	176	6,451	3,087	9,714
Depreciation for the year	(129)	(369)	(7,516)	(8,014)
Effect of movement in exchange rates	4	(7)	56	53
At 29 February 2020/ 1 March 2020	3,690	7,504	13,818	25,012
Acquisition through business combination (Note 34.2)	2,350	-	-	2,350
Additions	619	-	3,473	4,092
Remeasurement	-	-	6,545	6,545
Derecognition	-	-	(273)	(273)
Depreciation for the year	(691)	(373)	(7,818)	(8,882)
Effect of movement in exchange rates	114	67	(179)	2
At 28 February 2021/ 1 March 2021	6,082	7,198	15,566	28,846
Additions	1,638	-	8,739	10,377
Remeasurement	-	-	5,312	5,312
Derecognition	-	-	(1,102)	(1,102)
Depreciation for the year	(271)	(381)	(8,125)	(8,777)
Effect of movement in exchange rates	316	63	(65)	314
Transfer to assets classified as held for sale	(3,569)	-	(263)	(3,832)
At 28 February 2022/ 1 March 2022	4,196	6,880	20,062	31,138
Additions	-	-	2,851	2,851
Remeasurement	-	-	168	168
Derecognition	-	-	(7)	(7)
Depreciation for the period	(151)	(255)	(5,642)	(6,048)
Effect of movement in exchange rates	(12)	(14)	598	572
Transfer from assets classified as held for sale	3,569	-	263	3,832
At 31 October 2022	7,602	6,611	18,293	32,506

The Group leases a number of warehouses, offices, hostels for employees, factory buildings, premises operated as a café as well as leasehold and agriculture lands that run between 1 year and 92 years. Certain leases are with options to renew the lease after expiry of the initial lease periods.

4. Right-of-use assets (continued)

4.1 Variable lease payments based on future performance

In addition to the initial consideration paid for the lease of an agriculture land, the said lease also contains variable lease payments that are based on the future performance of a subsidiary i.e. 20% of the profits from the sales of produce derived from the subsidiary's plantation activities carried out on the agriculture land are to be shared by the lessor. The variable lease payments will be recognised in profit or loss in the period in which the performance occurs.

4.2 Extension options

Certain leases of agriculture land, factory buildings, warehouses, hostels for employees and offices contain extension options up to 5 years exercisable by the Group before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility.

The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Lease liabilities recognised (discounted)				
Offices	2,603	2,649	2,691	2,869
Warehouses	1,475	1,718	1,706	1,106
Hostels for employees	12	62	235	309
Agriculture land	42	123	242	242
Factory buildings	-	-	194	176
	4,132	4,552	5,068	4,702
Lease liabilities not recognised (discounted)				
Premises operated as café	-	-	-	160

4.3 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rates of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Investment properties

	Freehold land RM'000	Leasehold land (Right-of-use asset) RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 March 2019	27,783	-	17,219	45,002
Additions	-	99,073	-	99,073
Transfer from land held for property development	126	-	-	126
Transfer to property, plant and equipment	(24,638)	-	(6,673)	(31,311)
Effect of movement in exchange rates	7	-	19	26
At 29 February 2020/ 1 March 2020	3,278	99,073	10,565	112,916
Disposal of subsidiaries	(829)	(99,073)	(2,886)	(102,788)
Effect of movement in exchange rates	79	-	140	219
At 28 February 2021/ 1 March 2021	2,528	-	7,819	10,347
Effect of movement in exchange rates	(97)	-	(179)	(276)
At 28 February 2022/ 1 March 2022	2,431	-	7,640	10,071
Transfer to property, plant and equipment (Note 3)	-	-	(45)	(45)
Effect of movement in exchange rates	(55)	-	(100)	(155)
At 31 October 2022	2,376	-	7,495	9,871
Accumulated depreciation				
At 1 March 2019	-	-	3,794	3,794
Depreciation for the year	-	1,003	476	1,479
Transfer to property, plant and equipment	-	-	(1,230)	(1,230)
Effect of movement in exchange rates	-	-	26	26
At 29 February 2020	-	1,003	3,066	4,069

5. Investment properties (continued)

	Freehold land RM'000	Leasehold land (Right-of-use asset) RM'000	Buildings RM'000	Total RM'000
Accumulated depreciation				
At 1 March 2020	-	1,003	3,066	4,069
Depreciation for the year	-	917	476	1,393
Disposal of subsidiaries	-	(1,920)	(768)	(2,688)
Effect of movement in exchange rates	-	-	20	20
At 28 February 2021/ 1 March 2021	-	-	2,794	2,794
Depreciation for the year	-	-	236	236
Effect of movement in exchange rates	-	-	(77)	(77)
At 28 February 2022/ 1 March 2022	-	-	2,953	2,953
Depreciation for the period	-	-	150	150
Transfer to property, plant and equipment (Note 3)	-	-	(6)	(6)
Effect of movement in exchange rates	-	-	(58)	(58)
At 31 October 2022	-	-	3,039	3,039
Carrying amounts				
At 1 March 2019	27,783	-	13,425	41,208
At 29 February 2020/ 1 March 2020	3,278	98,070	7,499	108,847
At 28 February 2021/ 1 March 2021	2,528	-	5,025	7,553
At 28 February 2022/ 1 March 2022	2,431	-	4,687	7,118
At 31 October 2022	2,376	-	4,456	6,832

Investment properties comprise freehold land, residential properties, shop lots and shop offices that are leased to external parties and/or held for capital appreciation. The leasehold land that was leased for 99 years together with all the tree sapling pollards and plantations growing on the land were deconsolidated via the disposal of subsidiaries during the financial year ended 28 February 2021 (Note 35.1).

5. Investment properties (continued)

5.1 Fair value information

The fair value of investment properties is based on the Directors' estimation using the latest available market information, recent experience and knowledge in the location and category of the property being valued. The fair value of the investment properties of the Group as at 31 October 2022 is classified as Level 3 in the fair value hierarchy and estimated to be approximately RM15.66 million (28.2.2022: RM15.22 million; 28.2.2021: RM15.22 million and 29.2.2020: RM119.51 million).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Estimation uncertainty and key assumptions

The fair value of a leasehold land was previously determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the category of property being valued. The leasehold land was deconsolidated during the financial year ended 28 February 2021 upon the disposal of a subsidiary.

The Directors estimate the fair value of the Group's remaining investment properties (comprising freehold land, residential properties, shop lots and shop offices) by comparing the Group's investment properties with similar properties that were published for sale within the same locality or other comparable localities.

The most significant input is the price per square foot which ranged from RM205.67 to RM952.20 (28.2.2022: RM27.84 to RM952.20; 28.2.2021: RM27.84 to RM952.20 and 28.2.2020: RM0.22 to RM952.20) which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower). In doing so, the Directors had determined the current use of the Group's investment properties as their highest and best use.

The following are recognised in profit or loss in respect of investment properties:

	1.3.2022 to 31.10.2022 Audited RM'000	**1.3.2021 to 31.10.2021 Unaudited RM'000**	**1.3.2021 to 28.2.2022 Audited RM'000**	**1.3.2020 to 28.2.2021 Audited RM'000**	**1.3.2019 to 29.2.2020 Audited RM'000**
Rental income	190	150	266	309	333
Direct operating expenses:					
- Income generating investment properties	35	46	69	236	234
- Non-income generating investment properties	14	26	39	168	174

5. Investment properties (continued)

5.1 Fair value information (continued)

The operating lease payments to be received are as follows:

	1.3.2022 to 31.10.2022 Audited RM'000	1.3.2021 to 31.10.2021 Unaudited RM'000	1.3.2021 to 28.2.2022 Audited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000
Less than one year	235	247	287	148	323
One to two years	148	228	225	-	95
Two to three years	-	148	74	-	-
Total undiscounted lease payments	383	623	586	148	418

6. Intangible assets

	Software costs RM'000	Logging concession rights RM'000	Total RM'000
Cost			
At 1 March 2019	4,999	4,933	9,932
Additions	135	-	135
Written-off	(12)	-	(12)
Effect of movement in exchange rates	6	-	6
At 29 February 2020/1 March 2020	5,128	4,933	10,061
Additions	70	-	70
Disposal of a subsidiary	-	(4,933)	(4,933)
Effect of movement in exchange rates	1	-	1
At 28 February 2021/1 March 2021	5,199	-	5,199

6. Intangible assets (continued)

	Software costs RM'000	Logging concession rights RM'000	Total RM'000
Cost			
At 1 March 2021	5,199	-	5,199
Additions	74	-	74
Effect of movement in exchange rates	1	-	1
Transfer to assets classified as held for sale	(5)	-	(5)
Transfer from property, plant and equipment (Note 3)	32	-	32
At 28 February 2022/1 March 2022	5,301	-	5,301
Additions	49	-	49
Effect of movement in exchange rates	(11)	-	(11)
Transfer from assets classified as held for sale	5	-	5
At 31 October 2022	5,344	-	5,344
Amortisation and impairment loss			
At 1 March 2019			
Accumulated amortisation	4,697	-	4,697
Accumulated impairment loss	-	1,727	1,727
	4,697	1,727	6,424
Amortisation for the year	317	-	317
Impairment loss	-	3,206	3,206
Effect of movement in exchange rates	5	-	5
At 29 February 2020			
Accumulated amortisation	5,019	-	5,019
Accumulated impairment loss	-	4,933	4,933
	5,019	4,933	9,952

6. Intangible assets (continued)

	Software costs RM'000	Logging concession rights RM'000	Total RM'000
Amortisation and impairment loss			
At 1 March 2020			
Accumulated amortisation	5,019	-	5,019
Accumulated impairment loss	-	4,933	4,933
	5,019	4,933	9,952
Amortisation for the year	118	-	118
Disposal of a subsidiary	-	(4,933)	(4,933)
Effect of movement in exchange rates	7	-	7
At 28 February 2021/1 March 2021	5,144	-	5,144
Amortisation for the year	104	-	104
Effect of movement in exchange rates	(1)	-	(1)
Transfer to assets classified as held for sale	(1)	-	(1)
At 28 February 2022/1 March 2022	5,246	-	5,246
Amortisation for the period	52	-	52
Effect of movement in exchange rates	(14)	-	(14)
Transfer from assets classified as held for sale	1	-	1
At 31 October 2022	5,285	-	5,285
Carrying amounts			
At 1 March 2019	302	3,206	3,508
At 29 February 2020/1 March 2020	109	-	109
At 28 February 2021/1 March 2021	55	-	55
At 28 February 2022/1 March 2022	55	-	55
At 31 October 2022	59	-	59

The logging concession rights were previously acquired by way of an assignment of full and absolute rights from the registered authority without any fixed or predetermined period, remain unused by the Group and was fully impaired during the financial year ended 29 February 2020 due to the lack of an active market for the Group to transfer or dispose of the paid rights. The impairment loss of RM3,206,000 which represents the entire carrying amount of the concession rights was recognised as other expenses in profit or loss.

The logging concession rights were subsequently disposed of in financial year ended 28 February 2021.

7. List of subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest				Principal activities
		31.10.2022	28.2.2022	28.2.2021	29.2.2020	
DXN Marketing Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Sales of health supplements and other products on direct sales basis
DXN Industries (M) Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Manufacture and distribution of health food supplements and other products
DXN Pharmaceutical Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Manufacture of health food supplements and other products
LSJ Plantation Sdn. Bhd. (formerly known as DXN Plantation Sdn. Bhd.) [c]	Malaysia	-	-	-	100%	Forest plantation, timber logging and related forestry support services
DXN Solutions Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Information technology adviser and consultant and trading in computer hardware and software equipment
LSJ Land Sdn. Bhd. (formerly known as DXN Land Sdn. Bhd.) [c]	Malaysia	-	-	-	100%	Property development and investment holding
DXN Materials Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Property holding

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
DXN Biotech Consultants Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Research and development and experimental work in relation to biotechnology, bio-chemical and agricultural products and trading of agricultural products
DXN Biofuels Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Designing, constructing, owning and operating a biodiesel processing plant, including the processing, manufacturing, selling, distributing and trading of biodiesel products and other related businesses
DXN Cafe Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Operating a café
DXN Safari Eco Park Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Plantation and cultivation of rubber trees and cash crops
Bio Synergy Laboratories Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Research and development, analytical lab tests, experimental work in relation to pharmaceutical and biological products and trading of cosmetics and chemicals materials

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
DXN Mycotech Sdn. Bhd.	Malaysia	70%	70%	70%	70%	Property investment
DXN Agrotech Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Agricultural and forest plantation, processing of virgin palm oil, operating of a marine sanctuary and provision of tour activities
DXN Food Tech Sdn. Bhd.	Malaysia	80%	80%	80%	100%	Confectionery and biscuits manufacturer
Amazing Discovery Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Operating a glamping resort, namely Boulder Valley
DXN Biogreen Sdn. Bhd.	Malaysia	100%	100%	100%	80%	Research and development in aquaponics farming, cultivation, processing and trading of agricultural and horticultural crops and plants
DXN Agro Park Sdn. Bhd.	Malaysia	100%	100%	100%	-	Operating a village complex, namely Ayer Hangat Village Langkawi
DXN (Terengganu) Sdn. Bhd.	Malaysia	-	100%	100%	-	Struck off on 11 July 2022

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Eco Utara Ventures Sdn. Bhd. [(a)]	Malaysia	-	-	-	70%	Struck off on 15 June 2020
DXN International Holding Limited [(a)]	British Virgin Islands	100%	100%	100%	100%	Investment holding and provision of management services
DXN Corporation (Ningxia) Co., Ltd. ("DXN Ningxia") [(a)]	People's Republic of China	100%	100%	100%	100%	Investment holding, research and development and experimental works in relation to biotechnology. Processing and trading of food and beverages
DXN Korea Co., Ltd. [(a)]	Korea	100%	100%	100%	100%	Dormant
DXN Marketing Bangladesh Ltd. [(a)]	Bangladesh	100%	100%	100%	100%	Manufacture, marketing, sales and distribution of health food, non-alcoholic drinks and associated products
Esen Lifesciences Private Limited [(a)]	India	100%	100%	99.98%	99.98%	Dormant. On 15 March 2023, it commenced operation in manufacturing of health food supplements, spirulina cereal and cordyceps cereal products

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
PT Daehsan Indonesia [(a)]	Indonesia	100%	100%	100%	100%	Direct selling business
PT Daxen Agrotech Nusantara [(a)]	Indonesia	100%	100%	100%	100%	Dormant
Daxen Logistic LLC [(a)]	United States of America	100%	100%	100%	-	Marketing and logistic networking
PT Suryasoft Konsultama [(a)] [(e)]	Indonesia	100%	-	-	-	Provision of information technology ("IT") services including IT system, IT consultancy, customised software development, customised software system and others
DXN Bangladesh Industries Pvt. Ltd. [(a)] [(f)]	Bangladesh	100%	-	-	-	Dormant
Subsidiaries of LSJ Land Sdn. Bhd. (formerly known as DXN Land Sdn. Bhd.)						
Yiked-LSJ Stargate Sdn. Bhd. (formerly known as Yiked-DXN Stargate Sdn. Bhd.) [(c)]	Malaysia	-	-	-	100%	Property development, property investment, buying and selling, renting and operating of properties
Richmont Sapphire Sdn. Bhd. [(c)]	Malaysia	-	-	-	100%	Property development
Bio Synergy Engineering Sdn. Bhd. [(c)]	Malaysia	-	-	-	100%	Dormant

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Subsidiary of DXN Biotech Consultants Sdn. Bhd.						
DXN Bio Oil Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Struck off on 2 March 2023
Subsidiary of PT Daxen Agrotech Nusantara						
PT Daxen Agri Pratama [(a)]	Indonesia	90%	90%	90%	90%	Dormant
Subsidiaries of DXN International Holding Limited						
DXN International (UK) Limited [(a)]	United Kingdom	100%	100%	100%	100%	Dormant
DXN International (Hong Kong) Limited [(a)]	Hong Kong	100%	100%	100%	100%	Direct selling health care products
DXN (Singapore) Pte Ltd [(a)]	Singapore	100%	100%	100%	100%	Direct sales and trading in health products and provision of related services and investment holding
PT Daxen Indonesia [(a)]	Indonesia	99%	99%	99%	99%	Manufacturing of traditional medicines, cosmetics and beverages
DXN International (Australia) Pty. Ltd. [(a)]	Australia	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Pakistan (Private) Limited [(a)]	Pakistan	99.99%	99.99%	99.99%	99.99%	Trading and distribution of food and beverages, food supplements and consumer products

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Subsidiaries of DXN International Holding Limited (continued)						
DXN International Private Ltd. [(a)]	Labuan	100%	100%	100%	100%	Investment holding and trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Peru S.A.C. [(b)]	Peru	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daehsan Europe Export-import Korlátolt Felelősségű Társaság [(a)]	Hungary	100%	100%	100%	100%	Investment holding, trading and distribution of food and beverages, food supplements and consumer products
DXN International Chile S.p.A. [(a)]	Chile	100%	100%	100%	100%	Dormant
Daxen Mexico, S.A. DE C.V. [(a)]	Mexico	100%	100%	100%	100%	Provision of human resource services. It has ceased operation during the financial year ended 28 February 2022
DXN Mexico, S.A. DE C.V. [(b)]	Mexico	100%	100%	100%	100%	Manufacturing and distribution of food and beverages, food supplements and consumer products
DXN International (Thailand) Co., Ltd. ("DXN Thailand") [(a)(d)]	Thailand	49%	49%	49%	49%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Subsidiaries of DXN International Holding Limited (continued)						
DXN Bolivia S.R.L. [b]	Bolivia	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Golden Health Trading Limited [a]	Hong Kong	100%	100%	100%	100%	Provision of marketing consultancy services and general trading
Daxen Agritech India Private Limited [a]	India	100%	100%	100%	100%	Manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products and carry on the business of agro farming in the field of mushrooms
DXN Colombia SAS [a]	Colombia	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daehsan Mexico Import & Export, S.A. de C.V. [a]	Mexico	100%	100%	100%	100%	Under liquidation
DXN Mauritania SARL [a]	Mauritania	100%	100%	100%	-	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN-Niger SA [a]	Niger	100%	100%	100%	-	Dormant

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Subsidiaries of DXN (Singapore) Pte Ltd						
DXN Argentina S.R.L. [(a)]	Argentina	100%	100%	100%	100%	Dormant
DXN Trading Ecuador CIA. LTDA. [(a)]	Ecuador	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Panama S.A. [(a)]	Panama	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Marketing (Brasil) LTDA [(a)]	Brazil	100%	100%	100%	100%	Dormant
Daxen LLC [(a)]	Mongolia	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products
DXN Europe Trading GmbH [(a)]	Germany	90%	90%	90%	90%	Under liquidation
FE LLC "DAXEN UBZ" [(a)]	Uzbekistan	100%	100%	100%	100%	Importation and distribution of food and beverages, food supplements and consumer products
DXN RUS LLC [(a)]	Russia	100%	100%	100%	-	Dormant

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
<u>Subsidiaries of DXN Corporation (Ningxia) Co., Ltd.</u>						
Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd. ("Florin Fujian") [(a)]	People's Republic of China	82.82%[(g)]	82.82%[(g)]	82.82%[(g)]	-	Investment holding
DXN Biotechnology (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Dormant
DXN International Trading (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements, cosmetics and consumer products
DXN Edible Fungi Company Limited [(a)]	People's Republic of China	-	-	51%	51%	Struck off on 22 February 2022
DXN Healthtech (Guangzhou) Co., Ltd. [(a)]	People's Republic of China	60%	60%	60%	60%	Dormant
DXN Agrotech (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Research, cultivation, manufacture and trading of mushroom and spirulina

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Subsidiary of DXN Korea Co., Ltd.						
DXN C-One Co., Ltd. (a)	South Korea	-	-	51%	51%	Struck off on 3 March 2021
Subsidiary of DXN International Private Ltd						
DXN Manufacturing (India) Private Limited (b)	India	100%	100%	100%	100%	Manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products
Subsidiaries of Daehsan Europe Export-import Korlátolt Felelősségű Társaság						
Daxen Inc. (a)	United States of America	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International CZ s.r.o. (a)	Czech Republic	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Germany GmbH (a)	Germany	-	100%	100%	100%	Deregistered on 21 July 2022
DXN Bulgaria Ltd. (a)	Bulgaria	100%	100%	100%	100%	Dormant
Daxen Slovakia s.r.o. (a)	Slovakia	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Greece EPE (a)	Greece	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Principal activities
Subsidiaries of Daehsan Europe Export-import Korlátolt Felelősségű Társaság (continued)						
DXN International Poland Sp.z.o.o [(a)]	Poland	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Internacional Spain S.L. Unipersonal [(a)]	Spain	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Italy SRL [(a)]	Italy	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Marketing Private ithalat Ve Pazarlama Limited Şirketi [(a)]	Turkey	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daxen Morocco LLC [(a)]	Morocco	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Subsidiary of Daxen Agritech India Private Limited						
DXN Marketing India Private Limited ("DMIPL") [(b)(d)]	India	50%	50%	50%	50%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest				Principal activities
		31.10.2022	28.2.2022	28.2.2021	29.2.2020	
Subsidiary of PT Daxen Agri Pratama						
PT Daxen KJP Agro [(a)]	Indonesia	81%	81%	81%	81%	Manufacturing of virgin coconut oil. It has ceased operations on 15 December 2022.
Subsidiary of DXN Italy SRL						
DXN Global Marketing Nigeria Limited [(a)]	Nigeria	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Subsidiary of DXN Manufacturing (India) Private Limited						
DXN Clinics Private Limited [(a)]	India	99.99%	99.99%	99.99%	99.99%	Consultation and treatment services with ganotherapy
Subsidiary of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd.						
Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd. [(a)]	People's Republic of China	82.82%[(g)]	82.82%[(g)]	82.82%[(g)]	-	Tea plantation, processing, research and development, wholesale trading and retailing of tea, pre-packaged food and beverages and other products.

(a) *Not audited by KPMG PLT.*

(b) *Audited by member firms of KPMG International.*

(c) *On 26 February 2021, the Company entered into Share Sale Agreements ("SSA") with LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) to dispose of its entire equity interest in LSJ Plantation Sdn. Bhd. (formerly known as DXN Plantation Sdn. Bhd.) and LSJ Land Sdn. Bhd. (formerly known as DXN Land Sdn. Bhd.) and its subsidiaries to LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.).*

(d) *The Company regards DXN Thailand and DMIPL as its subsidiaries by virtue of having board control and being the single largest shareholder in these companies. The remaining voting rights are held by individual investors and there is no indication that other shareholders will exercise their votes collectively.*

(e) *On 3 February 2022, the Company entered into a SSA to acquire the entire equity interest of PT Suryasoft Konsultama ("Suryasoft") from its existing shareholders. On 4 April 2022, the Company completed the acquisition of Suryasoft.*

(f) *On 9 June 2022, the Company incorporated a wholly-owned subsidiary, DXN Bangladesh Industries Pvt. Ltd.*

(g) *The registered ownership is 80.0% pursuant to Florin Fujian's Articles of Association and registration information.*

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

31.10.2022	**DMIPL RM'000**	**DXN Thailand RM'000**	**Other subsidiaries with immaterial NCI RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	47,598	8,642	3,883	60,123
Profit/(Loss) allocated to NCI	8,852	307	(432)	8,727
Other comprehensive income/(expense) allocated to NCI	870	(321)	(29)	520

Summarised financial information before intra-group elimination

As at 31 October 2022	DMIPL RM'000	DXN Thailand RM'000
Non-current assets	6,731	12,470
Current assets	167,194	6,527
Current liabilities	(78,730)	(2,051)
Net assets	95,195	16,946

Period ended 31 October 2022	DMIPL RM'000	DXN Thailand RM'000
Revenue	112,503	9,892
Profit for the period	17,704	602
Total comprehensive income/(expense)	19,443	(28)
Cash flows used in operating activities	(8,634)	(130)
Cash flows from/(used in) investing activities	8,537	(7)
Cash flows used in financing activities	(1,829)	-
Net decrease in cash and cash equivalents	(1,926)	(137)

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries (continued)

28.2.2022	DMIPL RM'000	DXN Thailand RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	37,876	8,657	4,343	50,876
Profit/(Loss) allocated to NCI	1,881	959	(318)	2,522
Other comprehensive income/(expense) allocated to NCI	156	(396)	74	(166)

Summarised financial information before intra-group elimination

As at 28 February 2022

	DMIPL RM'000	DXN Thailand RM'000
Non-current assets	5,808	13,088
Current assets	138,315	6,766
Current liabilities	(68,371)	(2,880)
Net assets	75,752	16,974

Year ended 28 February 2022

	DMIPL RM'000	DXN Thailand RM'000
Revenue	141,114	17,762
Profit for the year	3,762	1,881
Total comprehensive income	4,074	1,104
Cash flows from operating activities	20,265	34
Cash flows used in investing activities	(15,002)	(37)
Cash flows used in financing activities	(364)	-
Net increase/(decrease) in cash and cash equivalents	4,899	(3)

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries (continued)

	DMIPL RM'000	DXN Thailand RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
28.2.2021				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	35,839	8,094	4,587	48,520
Profit allocated to NCI	8,079	1,167	66	9,312
Other comprehensive (expense)/income allocated to NCI	(1,347)	122	9	(1,216)

Summarised financial information before intra-group elimination

As at 28 February 2021

	DMIPL	DXN Thailand
Non-current assets	717	13,972
Current assets	116,133	6,653
Current liabilities	(45,172)	(4,755)
Net assets	71,678	15,870

Year ended 28 February 2021

	DMIPL	DXN Thailand
Revenue	129,854	20,456
Profit for the year	16,157	2,289
Total comprehensive income	13,463	2,528
Cash flows from/(used in) operating activities	12,132	(363)
Cash flows used in investing activities	(5,752)	(320)
Cash flows used in financing activities	(123)	-
Net increase/(decrease) in cash and cash equivalents	6,257	(683)

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries (continued)

	DMIPL RM'000	DXN Thailand RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
29.2.2020				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	29,107	6,805	(556)	35,356
Profit/(Loss) allocated to NCI	12,390	1,527	(340)	13,577
Other comprehensive income allocated to NCI	80	118	6	204

Summarised financial information before intra-group elimination

As at 29 February 2020

	DMIPL RM'000	DXN Thailand RM'000
Non-current assets	569	13,719
Current assets	100,840	7,390
Current liabilities	(43,194)	(7,767)
Net assets	58,215	13,342

Year ended 29 February 2020

	DMIPL RM'000	DXN Thailand RM'000
Revenue	151,604	23,366
Profit for the year	24,780	2,994
Total comprehensive income	24,941	3,225
Cash flows from operating activities	33,163	8,261
Cash flows from/(used in) investing activities	370	(6,368)
Cash flows used in financing activities	(48,562)	(2,653)
Net decrease in cash and cash equivalents	(15,029)	(760)
Dividends paid to NCI	-	1,366

7.2 Significant restriction

The jurisdictions of India in which certain subsidiaries of the Company operate in prohibit those subsidiaries from providing advances or pay dividend to parties outside of India.

8. Investment in an associate

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Investment, at cost	1	1	1	1
Less : Impairment loss	(1)	(1)	-	-
	-	-	1	1

Details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Nature of the relationship
Box Park Management Sdn. Bhd.	Malaysia	40%	40%	40%	40%	Venture into business of management of real estate on a fee or contract basis

9. Investment in joint venture

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Investment, at cost	1	1	1	1
Less : Impairment loss	(1)	(1)	-	-
	-	-	1	1

Details of the joint venture are as follows:

Name of joint venture	Principal Place of business/ Country of incorporation	Effective ownership and voting interest 31.10.2022	28.2.2022	28.2.2021	29.2.2020	Nature of the relationship
DNC Food Industries Sdn. Bhd.	Malaysia	50%	50%	50%	50%	Venture into business of manufacture and trading of spices and curry powder

10. Inventories

	Note	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Non-current					
Land held for property development	10.1	-	-	-	34,501
Current					
Raw materials		83,563	65,595	65,763	50,852
Work-in-progress		11,464	12,011	6,502	7,682
Manufactured inventories		189,915	139,533	93,780	64,474
Trading inventories		592	87	81	134
Developed properties		-	-	-	2,207
		285,534	217,226	166,126	125,349

10.1 Land held for property development

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Represented by:				
Freehold land	-	-	-	21,780
Development costs	-	-	-	12,721
	-	-	-	34,501

The land held for property development together with the developed properties were deconsolidated via the disposal of subsidiaries during the financial year ended 28 February 2021 (Note 35.1).

10.2 Security

Certain land held for property development with carrying amount of Nil (28.2.2022: Nil; 28.2.2021: Nil; 29.2.2020: RM10.1 million) were charged as security for loans and borrowings granted to the Group as disclosed in Note 19.1.

11. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets				Liabilities				Net			
	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Property, plant and equipment and intangible assets - capital allowance	-	-	-	-	(6,045)	(4,982)	(4,171)	(5,103)	(6,045)	(4,982)	(4,171)	(5,103)
Inventories	59,056	30,012	16,647	20,322	(521)	(2,756)	(1,746)	(752)	58,535	27,256	14,901	19,570
Biological assets	-	-	-	-	(196)	(23)	(155)	(332)	(196)	(23)	(155)	(332)
Unabsorbed capital allowances	-	-	111	104	-	-	-	-	-	-	111	104
Tax losses carry-forward	215	-	2,508	552	-	-	-	-	215	-	2,508	552
Unutilised investment tax allowance	-	-	295	303	-	-	-	-	-	-	295	303
Provisions	24,264	19,805	19,912	16,199	-	-	-	-	24,264	19,805	19,912	16,199
Right-of-use assets	-	-	-	-	(4,477)	(5,115)	(4,285)	(3,583)	(4,477)	(5,115)	(4,285)	(3,583)
Lease liabilities	4,586	5,225	4,414	3,930	-	-	-	-	4,586	5,225	4,414	3,930
Other items	416	-	544	234	-	(919)	-	-	416	(919)	544	234
	88,537	55,042	44,431	41,644	(11,239)	(13,795)	(10,357)	(9,770)	77,298	41,247	34,074	31,874
Set-off of tax	(4,479)	(5,337)	(6,580)	(8,920)	4,479	5,337	6,580	8,920	-	-	-	-
Transfer (from)/to assets classified as held for sale	-	-	-	-	(2)	2	-	-	(2)	2	-	-
Net deferred tax assets/ (liabilities)	84,058	49,705	37,851	32,724	(6,762)	(8,456)	(3,777)	(850)	77,296	41,249	34,074	31,874

11. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

The movements in temporary differences during the year/period are as follows:

	At 1.3.2019 RM'000	Recognised in profit or loss (Note 26) RM'000	Acquisition of a subsidiary (Note 34.3) RM'000	Effect of movement in exchange rates RM'000	At 29.2.2020/ 1.3.2020 RM'000	Recognised in profit or loss (Note 26) RM'000	Effect of movement in exchange rates RM'000	At 28.2.2021 RM'000
Property, plant and equipment and intangible assets								
- capital allowance	(3,979)	(51)	(1,072)	(1)	(5,103)	930	2	(4,171)
Inventories	22,618	(3,048)	-	-	19,570	(4,669)	-	14,901
Biological assets	(318)	(14)	-	-	(332)	177	-	(155)
Unabsorbed capital allowances	20	85	-	(1)	104	8	(1)	111
Tax losses carry-forward	114	432	-	6	552	1,970	(14)	2,508
Unutilised investment tax allowance	-	303	-	-	303	(8)	-	295
Provisions	10,376	5,519	-	304	16,199	4,320	(607)	19,912
Right-of-use assets	(4,460)	877	-	-	(3,583)	(702)	-	(4,285)
Lease liabilities	4,674	(744)	-	-	3,930	484	-	4,414
Other items	212	21	-	1	234	312	(2)	544
	29,257	3,380	(1,072)	309	31,874	2,822	(622)	34,074

11. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

	At 1.3.2021 RM'000	Recognised in profit or loss (Note 26) RM'000	Transfer to assets classified as held for sale (Note 17) RM'000	Effect of movement in exchange rates RM'000	At 28.2.2022/ 1.3.2022 RM'000	Recognised in profit or loss (Note 26) RM'000	Transfer from assets classified as held for sale (Note 17) RM'000	Effect of movement in exchange rates RM'000	At 31.10.2022 RM'000
Property, plant and equipment and intangible assets									
- capital allowance	(4,171)	(809)	-	(2)	(4,982)	(1,159)	-	96	(6,045)
Inventories	14,901	12,355	-	-	27,256	31,279	-	-	58,535
Biological assets	(155)	132	-	-	(23)	(173)	-	-	(196)
Unabsorbed capital allowances	111	(111)	-	-	-	-	-	-	-
Tax losses carry-forward	2,508	(2,508)	-	-	-	210	-	5	215
Unutilised investment tax allowance	295	(295)	-	-	-	-	-	-	-
Provisions	19,912	(133)	-	26	19,805	3,149	-	1,310	24,264
Right-of-use assets	(4,285)	(832)	2	2	(5,113)	631	(2)	5	(4,479)
Lease liabilities	4,414	811	-	-	5,225	(639)	-	-	4,586
Other items	544	(1,483)	-	20	(919)	1,321	-	14	416
	34,074	7,127	2	46	41,249	34,619	(2)	1,430	77,296

11. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Unabsorbed capital allowances	21,220	14,766	7,567	4,194
Tax losses carry-forward	111,718	79,856	64,625	33,429
Other items	3	3	57	5
	132,941	94,625	72,249	37,628

The unabsorbed capital allowances do not expire under current tax legislation. The tax losses carry-forward will expire in the following years of assessment based on the tax legislations in the countries which the group entities operate:

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Tax losses carry-forward:				
Expiring not more than 5 years	21,889	29,249	18,511	12,872
Expiring between 6 to 7 years	28,035	22,369	2,675	4,626
Expiring between 8 to 10 years	57,642	24,518	40,870	13,569
With no expiry period	4,152	3,720	2,569	2,362
	111,718	79,856	64,625	33,429

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

12. Prepayments

The non-current prepayments comprise amount paid for the purchase of property, plant and equipment and a leasehold land together with all the tree sapling pollards and plantations growing on the said land. The leasehold land was deconsolidated in financial year 28 February 2021 via the disposal of subsidiaries.

13. Biological assets

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
At 1 March 2022/ 2021/2020/2019	96	646	1,382	1,326
Fair value movement on remeasurement of biological assets and changes due to harvest	722	(550)	(736)	56
At 31 October 2022/ 28 February 2022/ 28 February 2021/ 29 February 2020	818	96	646	1,382

Biological assets of the Group comprise agricultural produce i.e. reishi gano, ganocelium, tea leaves and spirulina.

14. Contract assets/(liabilities)

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Contract assets	676	569	865	546
Contract liabilities	-	-	(8,305)	-

Movements in the contract assets and liabilities are as follows:

	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
At 1 March 2022/2021/2020/2019	569	(7,440)	546	-
Revenue recognised as a result of measure of progress	14,480	19,002	15,630	14,236
Billings raised during the period/year	(14,373)	(10,993)	(23,616)	(13,690)
At 31 October 2022/ 28 February 2022/ 28 February 2021/ 29 February 2020	676	569	(7,440)	546

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its research and development, analytical lab testing and experiment works. Typically, the amount will be billed within 10 days and payment is expected based on the payment terms contracted with the customers. The contract assets will be transferred to trade receivables when the rights become unconditional.

Contract liabilities comprised redemption points awarded under the promotion programme determined based on the fair value of products to be redeemed, which also represents the aggregate amount of transaction price allocated to the performance obligations that were unsatisfied (or partially unsatisfied) at the end of the financial year. The contract liabilities were recognised as revenue when the points were redeemed or upon expiry of the redemption period, whichever earlier.

15. Trade and other receivables, including derivatives

	Note	31.10.2022 RM'000	28.2.2022 RM'000	28.2.2021 RM'000	29.2.2020 RM'000
Trade					
Trade receivables		36,979	20,539	18,944	11,925
Non-trade					
Amount due from:					
- associate	15.1	-	-	-	3,544
- joint venture	15.1	2,258	2,250	2,672	2,670
- companies in which certain Directors have a substantial financial interest	15.2	-	332	6,621	11,229
Other receivables	15.3	41,422	36,621	48,959	33,876
Derivative financial assets	21.4	-	80	4	-
Prepayments		16,859	12,958	11,912	11,711
Deposits		5,132	4,702	4,006	4,692
		65,671	56,943	74,174	67,722
		102,650	77,482	93,118	79,647
Financial instruments:					
Trade and other receivables (excluding prepayments, derivatives and indirect taxes)		68,619	48,653	62,708	56,035
Add: Short term investments		24,889	33,792	193,775	152,805
Cash and cash equivalents	16.2	501,499	409,572	325,978	252,489
Total financial assets measured at amortised cost		595,007	492,017	582,461	461,329

15.1 Amounts due from associate and joint venture

The non-trade amounts due from associate and joint venture are unsecured, interest-free and repayable on demand.

15.2 Amount due from companies in which certain Directors have a substantial financial interest

The non-trade amount due from companies in which certain Directors have a substantial financial interest is unsecured, earns interest at Nil (28.2.2022: 4.82%; 28.2.2021: 4.82% to 7.25%; 29.2.2020: 4.82% to 9.00%) per annum and repayable on demand.