



**DXN HOLDINGS BHD.**  
**(Company No : 363120-V)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER AND THREE MONTHS ENDED 31 MAY 2011**

	Quarter 3 months ended		Year-to-date 3 months ended	
	31.05.2011 Unaudited RM'000	31.05.2010 Unaudited RM'000	31.05.2011 Unaudited RM'000	31.05.2010 Unaudited RM'000
<b>Revenue</b>	<u>68,095</u>	<u>67,800</u>	<u>68,095</u>	<u>67,800</u>
Operating profit	13,203	12,710	13,203	12,710
Finance costs	(119)	(250)	(119)	(250)
Share of profit of associate	-	63	-	63
Profit before taxation	<u>13,084</u>	<u>12,523</u>	<u>13,084</u>	<u>12,523</u>
Tax expense	(3,771)	(2,420)	(3,771)	(2,420)
<b>Profit for the period</b>	<u><u>9,313</u></u>	<u><u>10,103</u></u>	<u><u>9,313</u></u>	<u><u>10,103</u></u>
Profit attributable to :				
-Owners of the Company	9,117	10,076	9,117	10,076
-Minority interests	196	27	196	27
Profit for the period	<u><u>9,313</u></u>	<u><u>10,103</u></u>	<u><u>9,313</u></u>	<u><u>10,103</u></u>
Earnings per share attributable to Owners of the Company (sen)				
-Basic (Based on RM 0.25 per ordinary share)	<u><u>4.03</u></u>	<u><u>4.43</u></u>	<u><u>4.03</u></u>	<u><u>4.43</u></u>

The selected explanatory notes form an integral part of, and should be read in conjunction with, this interim financial report.



**DXN HOLDINGS BHD.**  
 (Company No : 363120-V)  
 (Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND THREE MONTHS ENDED 31 MAY 2011**

	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.05.2011</b>	<b>31.05.2010</b>	<b>31.05.2011</b>	<b>31.05.2010</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	9,313	10,103	9,313	10,103
<b>Other comprehensive income :</b>				
<b>Gain/(loss) recognised directly to Equity</b>				
Foreign currency translation differences for foreign operations	490	(2,069)	490	(2,069)
<b>Total comprehensive income for the period</b>	<b>9,803</b>	<b>8,034</b>	<b>9,803</b>	<b>8,034</b>
Total comprehensive income attributable to :				
-Owners of the Company	9,605	7,986	9,605	7,986
-Minority interest	198	48	198	48
Total comprehensive income for the period	<b>9,803</b>	<b>8,034</b>	<b>9,803</b>	<b>8,034</b>

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**DXN HOLDINGS BHD.**  
**(Company No : 363120-V)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2011**

	<b>As At 31.05.2011 Unaudited RM'000</b>	<b>As At 28.02.2011 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	84,000	82,787
Prepaid lease payments	820	808
Intangible assets	8,186	8,331
Investment properties	22,175	22,285
Land held for property development	7,378	7,378
Other investments	350	350
Deferred tax assets	1,373	1,651
	124,282	123,590
<b>Current assets</b>		
Property development costs	30,534	30,264
Trade receivables	19,743	19,048
Other receivables and prepayment	20,096	22,408
Derivative asset	635	687
Inventories	53,514	49,387
Current tax assets	6,388	5,851
Cash and cash equivalents	41,585	41,614
	172,495	169,259
<b>Total assets</b>	<b>296,777</b>	<b>292,849</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	60,191	60,191
Share premium	1,780	1,780
Translation reserve	(7,131)	(7,619)
Treasury shares	(8,937)	(8,826)
Retained earnings	174,462	169,874
<b>Total equity attributable to owners of the Company</b>	<b>220,365</b>	<b>215,400</b>
Minority interests	3,248	3,050
<b>Total Equity</b>	<b>223,613</b>	<b>218,450</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	13,265	16,067
Deferred tax liabilities	386	446
	13,651	16,513
<b>Current liabilities</b>		
Trade payables	6,048	5,985
Other payables and accruals	32,177	28,905
Derivative liability	51	-
Borrowings	14,914	13,891
Current tax liabilities	1,794	2,732
Dividend payable	4,529	6,373
	59,513	57,886
<b>Total equity and liabilities</b>	<b>296,777</b>	<b>292,849</b>
Net assets per share attributable to owners of the Company (RM)	0.9731	0.9508

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**DXN HOLDINGS BHD.**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE THREE MONTHS ENDED 31 MAY 2011**

	<b>31.05.2011</b> <b>Unaudited</b> <b>RM'000</b>	<b>31.05.2010</b> <b>Unaudited</b> <b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	13,084	12,523
Adjustments for: -		
Non-cash items	998	896
Non-operating items	18	196
	<u>1,016</u>	<u>1,092</u>
Operating profit before changes in working capital	14,100	13,615
Changes in working capital: -		
Net change in current assets	3,190	7,636
Net change in current liabilities	(1,453)	3,034
	<u>1,737</u>	<u>10,670</u>
Cash generated from operations	15,837	24,285
Income tax paid	(5,044)	(3,354)
	<u>10,793</u>	<u>20,931</u>
<i>Net cash generated from operating activities</i>	10,793	20,931
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment, net of proceeds	(1,563)	(122)
Acquisition of intangible assets	(5)	(217)
Proceeds from disposal of investment properties	-	213
Acquisition of a subsidiary, net of cash acquired	(1,228)	2,057
Interest received	101	54
<i>Net cash (used in)/generated from investing activities</i>	<u>(2,695)</u>	<u>1,985</u>
<b>Cash flow from financing activities</b>		
Borrowings, net	(1,645)	(15,506)
Placement of pledged fixed deposits	-	(144)
Purchase of treasury shares	(111)	(6)
Dividend paid	(6,373)	(1,704)
Interest paid	(119)	(250)
<i>Net cash used in financing activities</i>	<u>(8,248)</u>	<u>(17,610)</u>
Net (decrease)/increase in cash and cash equivalents	(150)	5,306
Cash and cash equivalents at beginning of the period	39,434	32,107
Effect of exchange differences on cash and cash equivalents	141	(806)
Cash and cash equivalents at end of the period	<u><u>39,425</u></u>	<u><u>36,607</u></u>

Note :

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following :

	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	37,076	37,149
Fixed deposits with licensed banks	4,509	6,311
	<u>41,585</u>	<u>43,460</u>
Less: Pledged fixed deposits	(2,160)	(6,055)
Bank overdrafts	-	(798)
Cash and cash equivalents	<u><u>39,425</u></u>	<u><u>36,607</u></u>

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**DXN HOLDINGS BHD.**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MAY 2011**

	Share Capital	← Share Premium	Non-Distributable Translation Reserve	→ Treasury Shares	Distributable Retained Earnings	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2010	60,191	1,780	(3,365)	(7,905)	145,485	196,186	-	196,186
Effect arising from adoption of FRS 139	-	-	-	-	89	89	-	89
At 1 March 2010, restated	60,191	1,780	(3,365)	(7,905)	145,574	196,275	-	196,275
Total comprehensive (expense)/income for the period	-	-	(2,090)	-	10,076	7,986	48	8,034
Treasury shares acquired	-	-	-	(6)	-	(6)	-	(6)
Acquisition of a subsidiary	-	-	-	-	-	-	2,690	2,690
Dividends	-	-	-	-	(1,278)	(1,278)	-	(1,278)
At 31 May 2010	60,191	1,780	(5,455)	(7,911)	154,372	202,977	2,738	205,715
At 1 March 2011	60,191	1,780	(7,619)	(8,826)	169,874	215,400	3,050	218,450
Total comprehensive (expense)/income for the period	-	-	488	-	9,117	9,605	198	9,803
Treasury shares acquired	-	-	-	(111)	-	(111)	-	(111)
Dividends	-	-	-	-	(4,529)	(4,529)	-	(4,529)
At 31 May 2011	60,191	1,780	(7,131)	(8,937)	174,462	220,365	3,248	223,613

The selected explanatory notes form an integral part of, and, should be read in conjunction with this interim financial report.

**DXN HOLDINGS BHD.**  
**(Company No. 363120-V)**  
**(Incorporated in Malaysia)**  
**Notes to the Interim Financial Report**  
**Year Ended 31 May 2011**

**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Main Market Listing Requirements.

The interim financial report should be read in conjunction with the most recent audited financial statements of DXN Holdings Bhd for the year ended 28 February 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 28 February 2011 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

**FRSs, Amendments to FRSs and IC Interpretations**

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemption for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sales and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether an Arrangement Contain a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs (2010)	

The application of the above FRSs, Amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Group.

## **2. Auditors' qualification**

There were no qualifications on the audit report of the preceding annual financial statements of DXN Holdings Bhd.

## **3. Seasonality or cyclical factors**

The business of the Group was not significantly affected by any seasonal or cyclical factors.

## **4. Exceptional and extraordinary items**

There were no exceptional and extraordinary items for the current financial year-to-date.

## **5. Change in estimates**

There were no material changes in the estimates used for the preparation of this interim financial report.

## **6. Change in debt and equity securities**

### **i) Issuance of Shares**

There were no issuance of any new ordinary shares for the current financial year-to-date.

### **ii) Treasury Shares**

For the current quarter ended 31 May 2011, the Company has repurchased 87,700 shares from open market for total cash consideration of RM 110,833. The repurchased shares were financed by internally generated fund.

The shares repurchased are being held as treasury shares in accordance with Section 67A subsection 3C of the Companies Act, 1965. Other than the above, there were no cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 May 2011.

## **7. Dividends paid**

The 3<sup>rd</sup> interim dividend of 3% less 25% tax and 9% tax exempted dividend, totalling 12% gross dividend per share amounting to RM 6.373 million in respect of the financial year ended 28 February 2011 was paid on 15 March 2011.

The 4<sup>th</sup> interim dividend of 8% tax exempted dividend per share amounting to RM 4.529 million in respect of the financial year ended 28 February 2011 was paid on 15 June 2011.

## 8. Segment revenue and results

The business segmental information has been prepared as follow:-

	Multi-level marketing RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Segment Revenue</b>					
Total External Revenue	66,705	1,343	47	-	68,095
Inter Segment Revenue	-	-	379	(379)	-
<b>Total segment Revenue</b>	<b>66,705</b>	<b>1,343</b>	<b>426</b>	<b>(379)</b>	<b>68,095</b>
<b>Operating profit/(loss)</b>	<b>13,339</b>	<b>(71)</b>	<b>(133)</b>	<b>68</b>	<b>13,203</b>

## 9. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The valuations of land and building have been brought forward without amendment from the previous audited financial statements.

## 10. Material post balance sheet events

There were no material post balance sheet events subsequent to the end of the current quarter.

## 11. Changes in Group's composition

There were no changes in the composition of the Group during the current quarter and financial year-to-date other than as disclosed below:-

- i) DXN Holdings Bhd. ("DXN") and its wholly-owned subsidiary DXN International Holding Limited ("DIH") had on 21 December 2010 entered into a Share Purchase Agreement to acquire the entire 1,000,000 ordinary shares of Indian Rupee ("RS") 10 each, representing 100% equity interest in Daxen Agritech India Private Limited for a total cash consideration of RS 35,500,000 (equivalent to approximately RM 2,500,000). The share transfer was completed on 31 May 2011.

## 12. Changes in contingent liabilities and assets

### Income Tax dispute

There were no change in the status of DXN Herbal Manufacturing (India) Pvt. Ltd. ("DXN Herbal") tax cases dispute for year assessments 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 as disclosed in the previous quarter.

Save as disclosed above, there were no other contingent liabilities and assets applicable to the Group.



### 13. Review of performance of the Company and its principal subsidiaries for the current quarter and year-to-date

The Group recorded a revenue of RM 68.1 million for the current quarter ended and financial year-to-date ended 31 May 2011, which was slightly higher than the corresponding quarter revenue of RM 67.8 million. The increase in revenue was due to higher revenue contributed from its Multi Level Marketing segment, despite lower revenue was recorded from Property segment.

The Group recorded a profit before tax (“PBT”) of RM 13.1 million for the current quarter ended 31 May 2011 as compared to the corresponding quarter of RM 12.5 million with PBT margin of 19.2% compared to 18.5%. The improvement in PBT margin was due to higher sales contributed from its Multi Level Marketing segment.

### 14. Variation of results against preceding quarter

Comparing to the preceding quarter result, the Group reported a revenue of RM 68.1 million in the current quarter ended 31 May 2011 which was higher than the preceding quarter revenue of RM 64.5 million with PBT margin of 19.2% compared to 17.4%. The increased in both revenue and PBT margin were mainly due to the higher revenue generated from its Multi Level Marketing segment.

### 15. Current year prospects

The Board is committed to remain focus on its core multi-level marketing business activities and aiming to penetrate more overseas markets to enhance the Group performance. However, in view of the weak economic performance in United State of America and the sovereign debts crisis in European countries that might potential slow down the global economic performance, the Board is thus cautiously optimistic of the prospects of the Group performance for the financial year ending on 29 February 2012.

### 16. Variance of profit forecast

Not applicable for this reporting.

### 17. Taxation

	Current Year Quarter Ended 31 May 2011 RM'000	Financial Year-to-date 31 May 2011 RM'000
Current tax	3,516	3,516
Deferred tax	255	255
	<u>3,771</u>	<u>3,771</u>

The Group’s effective tax rate of 28.8 % for the current quarter and financial year-to-date is higher than the Malaysian statutory tax rate of 25% mainly due to certain foreign subsidiaries are subjected to higher corporate tax rate.

## 18. Profit/(Loss) on sale of unquoted investments and/or properties for current quarter and financial year-to-date

There were no sale of unquoted investments and properties for the current quarter and financial year-to-date.

## 19. Purchase or disposal of quoted securities

i) There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

ii) Investments in quoted securities as at 31 May 2011: -

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investment	6	-	-

Full provision has been made on the diminution of the above quoted investment.

## 20. Status of corporate proposals

There are no corporate proposals announced but not completed as at the date of this announcement.

## 21. Group borrowings and debts securities

	31 May 2011 RM'000	31 May 2010 RM'000
Current		
Secured		
- Denominated in Ringgit Malaysia	976	18,036
- Denominated in US Dollar	13,876	1,141
- Denominated in SG Dollar	24	23
- Denominated in Philippine Peso	22	22
- Denominated in Thai Baht	16	32
Unsecured		
- Denominated in Ringgit Malaysia	-	35,000
	<u>14,914</u>	<u>54,254</u>
Non-current		
Secured		
- Denominated in Ringgit Malaysia	4,424	6,500
- Denominated in US Dollar	8,771	-
- Denominated in SG Dollar	49	70
- Denominated in Philippine Peso	20	42
- Denominated in Thai Baht	1	15
Unsecured		
- Denominated in Ringgit Malaysia	-	-
	<u>13,265</u>	<u>6,627</u>

## 22. Financial instruments

There were no financial instruments as at the balance sheet date except for as disclosed below:-

### Disclosure of derivatives

Type of Derivatives	Contract Value in Foreign Currency (USD'000)	Contract/Notional Sale Value (RM'000)	Fair Value (RM'000)
i) Sales Forward Foreign Exchange Contract			
- Less than 1 year	9,000	28,043	27,459
- 1 year to 3 years	-	-	-
- More than 3 years	-	-	-

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its liquidity and foreign currency risks. There were no significant changes to the Group's financial risk management policy nor accounting policy as disclosed in the most recent audited financial statements of the Group for the year ended 28 February 2011 except as disclosed in Note1- Adoption of New and Revised FRSs, IC Interpretations and Amendments of this report.

## 23. Changes in material litigation

The Group was not engaged in any material litigation as at the reporting date.

## 24. Proposed dividend

The Board recommends a 1<sup>st</sup> interim dividend of 9% tax exempted dividend per ordinary share of RM0.25 each for the current quarter (Previous corresponding quarter ended 31 May 2010: 4% less 25% tax and 4% tax exempted, totalling 8% gross dividend). The dividend will be paid at a date to be determined later.

## 25. Earnings per share

The calculation of earnings per share for the current quarter and corresponding quarter preceding year are based on the net profit attributable to owner of the Company of RM 9,117,000 and RM 10,076,000 respectively.

### Basic earnings per share

#### Weighted average number of ordinary shares

	Current Year Quarter Ended 31 May 2011 RM'000	Preceding Year Quarter Ended 31 May 2010 RM'000
Issued ordinary shares at beginning of the period	226,554	227,227
Effect of shares buy-back during the period	(45)	(3)
Weighted average number of ordinary shares	<u>226,509</u>	<u>227,224</u>

## 26. Capital commitments

	31 May 2011 RM'000
Contracted but not provided for	439
Approved but not contracted for	<u><u>-</u></u>

## 27. Related party transactions

There were no non-recurrent related party transactions during the period under review.

## 28. Realised and Unrealised Profit or Losses Disclosure

	31 May 2011 RM'000	28 February 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	201,695	194,646
- Unrealised	<u>(516)</u>	<u>60</u>
	201,179	194,706
Consolidation adjustments	<u>(26,717)</u>	<u>(24,832)</u>
<b>Total Group retained earnings as per consolidated accounts</b>	<u><u>174,462</u></u>	<u><u>169,874</u></u>

### BY ORDER OF THE BOARD

**Lam Voon Kean**

Company Secretary

Dated this 25 July 2011