



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

**Unaudited Interim Financial Report  
for the First Quarter Ended 31 May 2024**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2024**

	<b>31.05.2024</b>	<b>28.02.2024</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	749,890	752,596
Right-of-use assets	52,696	45,747
Investment properties	6,632	6,758
Intangible assets	5,628	5,641
Deferred tax assets	113,461	120,317
Prepayments	33,498	25,523
<b>Total non-current assets</b>	<b>961,805</b>	<b>956,582</b>
Biological assets	1,099	366
Inventories	305,949	334,061
Contract assets	1,437	935
Trade and other receivables, including prepayments	119,518	108,752
Current tax assets	67,012	56,212
Short term investments	24,887	77,769
Cash and cash equivalents	609,184	564,390
<b>Total current assets</b>	<b>1,129,086</b>	<b>1,142,485</b>
<b>Total assets</b>	<b>2,090,891</b>	<b>2,099,067</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2024 (CONTINUED)**

	<b>31.05.2024</b>	<b>28.02.2024</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Equity</b>		
Share capital	214,620	214,620
Reserves	1,097,598	1,063,682
<b>Equity attributable to owners of the Company</b>	<b>1,312,218</b>	<b>1,278,302</b>
<b>Non-controlling interests</b>	79,960	79,961
<b>Total equity</b>	<b>1,392,178</b>	<b>1,358,263</b>
<b>Liabilities</b>		
Loans and borrowings	3,098	3,065
Retirement benefits	6,457	6,727
Lease liabilities	19,081	12,313
Deferred tax liabilities	13,900	12,183
<b>Total non-current liabilities</b>	<b>42,536</b>	<b>34,288</b>
Loans and borrowings	136,996	162,357
Lease liabilities	8,422	7,935
Trade and other payables, including derivatives	486,218	501,689
Current tax liabilities	24,541	34,535
<b>Total current liabilities</b>	<b>656,177</b>	<b>706,516</b>
<b>Total liabilities</b>	<b>698,713</b>	<b>740,804</b>
<b>Total equity and liabilities</b>	<b>2,090,891</b>	<b>2,099,067</b>
<i>Net assets per share (RM)</i>	<i>0.28<sup>(i)</sup></i>	<i>0.27<sup>(i)</sup></i>

Notes:

- (i) Computed based on total equity divided by the total number of ordinary shares in issue of 4,985,000,000 and after deducting the number of treasury shares of 12,238,500.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
Revenue	475,053	423,982	475,053	423,982
Other income	7,377	4,213	7,377	4,213
Changes in work-in-progress and manufactured inventories	(11,919)	45,211	(11,919)	45,211
Raw materials used and trading inventories sold	(62,704)	(112,940)	(62,704)	(112,940)
Depreciation and amortisation	(16,442)	(12,076)	(16,442)	(12,076)
Employee benefits expense	(48,450)	(39,023)	(48,450)	(39,023)
Net (loss)/gain on impairment of financial assets	(261)	30	(261)	30
Other expenses	(207,197)	(184,662)	(207,197)	(184,662)
<b>Results from operating activities</b>	<b>135,457</b>	<b>124,735</b>	<b>135,457</b>	<b>124,735</b>
Interest income	4,232	1,686	4,232	1,686
Finance costs	(3,355)	(2,304)	(3,355)	(2,304)
<b>Profit before tax</b>	<b>136,334</b>	<b>124,117</b>	<b>136,334</b>	<b>124,117</b>
Tax expense	(49,232)	(43,327)	(49,232)	(43,327)
<b>Profit for the period</b>	<b>87,102</b>	<b>80,790</b>	<b>87,102</b>	<b>80,790</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (CONTINUED)**

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
<b>Total other comprehensive (expense)/income, net of tax:</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
- Foreign currency translation differences for foreign operations	(3,602)	32,277	(3,602)	32,277
<b>Total comprehensive income for the period</b>	<u>83,500</u>	<u>113,067</u>	<u>83,500</u>	<u>113,067</u>
<b>Profit for the period attributable to:</b>				
Owners of the Company	85,563	77,602	85,563	77,602
Non-controlling interests	1,539	3,188	1,539	3,188
	<u>87,102</u>	<u>80,790</u>	<u>87,102</u>	<u>80,790</u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	83,501	107,717	83,501	107,717
Non-controlling interests	(1)	5,350	(1)	5,350
	<u>83,500</u>	<u>113,067</u>	<u>83,500</u>	<u>113,067</u>
Basic/Diluted earnings per ordinary share (sen)	<u>1.72</u>	<u>1.60</u>	<u>1.72</u>	<u>1.60</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←——— <i>Attributable to owners of the Company</i> ———→					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	←——— <i>Non-distributable</i>		———→ <i>Distributable</i>					
	Share capital RM'000	Treasury Shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000			
<b>At 1 March 2023</b>	60,191	-	(5,365)	-	908,253	963,079	62,052	1,025,131
Profit for the period	-	-	-	-	77,602	77,602	3,188	80,790
Foreign currency translation differences for foreign operations representing other comprehensive income for the period	-	-	30,115	-	-	30,115	2,162	32,277
<b>Total comprehensive income for the period</b>	-	-	30,115	-	77,602	107,717	5,350	113,067
Shares issued pursuant to Initial Public Offering	112,000	-	-	-	-	112,000	-	112,000
Share issuance expenses	(3,375)	-	-	-	-	(3,375)	-	(3,375)
Bonus issue	45,842	-	-	-	(45,842)	-	-	-
Dividends paid to owners of the Company	-	-	-	-	(20,000)	(20,000)	-	(20,000)
<b>Total transaction with owners of the Company</b>	154,467	-	-	-	(65,842)	88,625	-	88,625
<b>At 31 May 2023</b>	214,658	-	24,750	-	920,013	1,159,421	67,402	1,226,823



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	←——— <i>Attributable to owners of the Company</i> ———→					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	←——— <i>Non-distributable</i> ———→			→ <i>Distributable</i>				
	Share capital RM'000	Treasury Shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000			
<b>At 1 March 2024</b>	214,620	(7,819)	46,680	1,000	1,023,821	1,278,302	79,961	1,358,263
Profit for the period	-	-	-	-	85,563	85,563	1,539	87,102
Foreign currency translation differences for foreign operations representing other comprehensive expense for the period	-	-	(2,062)	-	-	(2,062)	(1,540)	(3,602)
<b>Total comprehensive (expense)/income for the period</b>	-	-	(2,062)	-	85,563	83,501	(1)	83,500
Share-based payment transactions	-	-	-	143	-	143	-	143
Dividends paid to owners of the Company	-	-	-	-	(49,728)	(49,728)	-	(49,728)
<b>Total transaction with owners of the Company</b>	-	-	-	143	(49,728)	(49,585)	-	(49,585)
<b>At 31 May 2024</b>	214,620	(7,819)	44,618	1,143	1,059,656	1,312,218	79,960	1,392,178

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	136,334	124,117
Adjustments for :		
Depreciation of :		
- Property, plant and equipment	13,013	9,418
- Right-of-use assets	3,350	2,600
- Investment properties	58	57
Amortisation of intangible assets	21	1
Fair value changes on biological assets	(652)	(397)
Retirement benefits expense	23	100
Property, plant and equipment written off	53	21
Impairment loss on property, plant and equipment	-	2,213
Gain on derecognition of right-of-use and lease liability	(207)	-
Interest income	(4,232)	(1,686)
(Gain)/Loss on disposal of property, plant and equipment	(45)	221
Interest expense	3,355	2,304
Net impairment loss/(gain) on financial assets	261	(30)
Share-based payments	143	-
<b>Operating profit before working capital changes</b>	151,475	138,939
Changes in :		
Inventories	32,874	(59,627)
Biological assets	(85)	-
Trade and other receivables	(13,028)	(4,589)
Contract assets	(502)	(57)
Trade and other payables	29,872	45,381
<b>Cash generated from operations</b>	200,606	120,047
Tax paid	(62,657)	(77,951)
Retirement benefits paid	(132)	(115)
<b>Net cash from operating activities</b>	137,817	41,981



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(CONTINUED)**

	3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
<b>Cash flows from investing activities</b>		
Purchase of :		
- Property, plant and equipment	(24,301)	(31,231)
- Right-of-use assets	(20)	-
- Intangible assets	(7)	(31)
Proceeds from disposal of property, plant and equipment	49	295
Interest received	4,232	1,686
Withdrawal/(placement) of short-term investments	52,813	(34,851)
<b>Net cash from/(used in) investing activities</b>	<b>32,766</b>	<b>(64,132)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	(94,580)	(20,000)
Interest paid	(3,355)	(3,638)
Repayment of :		
- Lease liabilities	(2,221)	(4,286)
- Hire purchase liabilities	(584)	(325)
- Revolving credits	(22,124)	30,252
- Term loans	(87)	(2,894)
Proceeds from issuance of shares	-	112,000
Shares issuance expenses	-	(3,375)
<b>Net cash (used in)/from financing activities</b>	<b>(122,951)</b>	<b>107,734</b>
<b>Net increase in cash and cash equivalents</b>	<b>47,632</b>	<b>85,583</b>
Foreign currency translation differences	(2,902)	6,170
Cash and cash equivalents at beginning of the period	563,791	456,270
Cash and cash equivalents at end of the period	<u>608,521</u>	<u>548,023</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(CONTINUED)**

**A. Cash and Cash Equivalents**

Cash and cash equivalents included in the condensed consolidation consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position:

	<b>31.05.2024</b> <b>Unaudited</b> <b>RM'000</b>	<b>31.05.2023</b> <b>Unaudited</b> <b>RM'000</b>
Cash and cash equivalents	609,184	548,073
Less: Pledged deposits	(63)	(50)
Less: Bank overdraft	(600)	-
	<u>608,521</u>	<u>548,023</u>

**B. Purchase of Property, Plant and Equipment**

	<b>31.05.2024</b> <b>Unaudited</b> <b>RM'000</b>	<b>31.05.2023</b> <b>Unaudited</b> <b>RM'000</b>
Total additions	16,691	26,447
<i>Add/(Less):</i>		
Amount financed through hire purchase	(427)	(491)
Changes in prepayment for purchase of property, plant and equipment	8,037	6,609
Interest expense capitalised	-	(1,334)
	<u>24,301</u>	<u>31,231</u>

**C. Dividends paid to owners of the Company**

	<b>31.05.2024</b> <b>Unaudited</b> <b>RM'000</b>	<b>31.05.2023</b> <b>Unaudited</b> <b>RM'000</b>
Dividends declared during the period	49,728	20,000
Amount paid for dividend declared in prior year	44,852	-
	<u>94,580</u>	<u>20,000</u>

## **PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MAY 2024**

### **A1. Basis of Preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), requirements of MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

These condensed consolidated interim financial statements do not include all the information required for an annual financial statements and should be read in conjunction with the Group's audited financial statements for the financial year ended 29 February 2024. These notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of DXN Holdings Bhd. ("DXNH" or the "Company") and its subsidiaries (the "Group") for the individual and cumulative quarters presented.

### **A2. Significant Accounting Policies**

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the financial year ended 29 February 2024, except for the adoption of the following new standards:

#### ***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*
- Amendments to MFRS 107 *Statement of Cash Flows and MFRS 7 Financial Instruments : Disclosures - Supplier Finance Arrangements*

The initial application of the above Amendments to MFRS Accounting Standards is not expected to have any material financial impact to the financial statements of the Group upon adoption.

As at the date of authorisation of these condensed consolidated interim financial statements, the following Standards and Amendments to MFRS Accounting Standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

#### ***Amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026***

- Amendments to MFRS 9, *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MAY 2024**

**A2. Significant Accounting Policies (continued)**

***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027***

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

***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*

**A3. Auditors' Report**

The audited consolidated financial statements of the Company for the financial year ended 29 February 2024 were not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

The nature of the Group's business was not subject to any significant seasonal or cyclical factors.

**A5. Unusual Items**

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period under review.

**A6. Changes in Estimates**

There were no material changes in estimates for the financial period under review.

**A7. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

**A8. Dividend Paid**

On 23 April 2024, the Board of Directors declared the fourth interim dividend of 1.00 sen per ordinary share totalling RM49.73 million for the financial year ended 29 February 2024. The dividend was paid on 30 May 2024.

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MAY 2024 (continued)**

**A9. Operating Segments**

The Group has the following reportable segments as described below. The segments offer different products or services, and are managed separately because they require different technology, operational and marketing strategies. For each of the segment, the Group's Chief Executive Officer (the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- (i) Health and wellness consumer products  
Manufacture and sale of fortified food and beverages, health and dietary supplements, personal care products, skin care and cosmetics and other related products
- (ii) Investment holding  
Investment holding and provision of management services
- (iii) Other non-reportable segments  
Other non-reportable segments comprise the provision of lab test services, provision of consultation and treatment services with ganotherapy, operating of a café, glamping resort, marine sanctuary and related tour activities, forest plantation and related forestry support services. None of these segments met the quantitative threshold for reporting segment for financial period ended 31 May 2024 and 31 May 2023.

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MAY 2024 (continued)**

**A9. Operating Segments (continued)**

	<b>Manufacture and sale of health and wellness consumer products RM'000</b>	<b>Investment holding RM'000</b>	<b>Other non- reportable segments RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Unaudited</b>					
<b>31.05.2024</b>					
<b>Revenue</b>					
Revenue from external customers	467,276	-	7,777	-	475,053
Inter-segment revenue	682	91,369	1,692	(93,743)	-
<b>Total revenue</b>	<b>467,958</b>	<b>91,369</b>	<b>9,469</b>	<b>(93,743)</b>	<b>475,053</b>
<b>Segment profit</b>	<b>142,251</b>	<b>73,904</b>	<b>2,183</b>	<b>(82,004)</b>	<b>136,334</b>
Included in the measure of segment profit/(loss) are:					
- Gain on disposal of property, plant and equipment	45	-	-	-	45
- Property, plant and equipment written off	(46)	-	(7)	-	(53)
- Inventories written off	(18)	-	-	-	(18)
- Depreciation of property, plant and equipment	(10,687)	(437)	(1,889)	-	(13,013)
- Depreciation of right-of-use assets	(3,285)	-	(65)	-	(3,350)
- Depreciation of investment properties	(49)	-	(9)	-	(58)
- Amortisation of intangible assets	(9)	(8)	(4)	-	(21)
- Impairment loss on trade and other receivables	(112)	(38)	-	-	(150)
- Bad debts written off	(111)	-	-	-	(111)
<b>Segment assets</b>	<b>1,754,370</b>	<b>91,646</b>	<b>64,402</b>	<b>-</b>	<b>1,910,418</b>

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MAY 2024 (continued)**

**A9. Operating Segments (continued)**

	<b>Manufacture and sale of health and wellness consumer products RM'000</b>	<b>Investment holding RM'000</b>	<b>Other non- reportable segments RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Unaudited</b>					
<b>31.05.2023</b>					
<b>Revenue</b>					
Revenue from external customers	417,462	-	6,520	-	423,982
Inter-segment revenue	92	7,096	41	(7,229)	-
<b>Total revenue</b>	<b>417,554</b>	<b>7,096</b>	<b>6,561</b>	<b>(7,229)</b>	<b>423,982</b>
<b>Segment profit/(loss)</b>	<b>135,068</b>	<b>(10,692)</b>	<b>(259)</b>	<b>-</b>	<b>124,117</b>
Included in the measure of segment profit/(loss) are:					
- Loss on disposal of property, plant and equipment	(221)	-	-	-	(221)
- Property, plant and equipment written off	(8)	-	(13)	-	(21)
- Inventories written off	(44)	-	-	-	(44)
- Depreciation of property, plant and equipment	(7,034)	(899)	(1,485)	-	(9,418)
- Depreciation of right-of-use assets	(2,553)	-	(47)	-	(2,600)
- Depreciation of investment properties	(49)	-	(8)	-	(57)
- Amortisation of intangible assets	-	-	(1)	-	(1)
- Impairment loss on property, plant and equipment	(1,043)	-	(1,170)	-	(2,213)
- Reversal/(Impairment loss) on trade and other receivables	11	(35)	-	-	(24)
- Bad debts written off	(37)	-	-	-	(37)
- Bad debts recovered	91	-	-	-	91
<b>Segment assets</b>	<b>1,585,006</b>	<b>221,845</b>	<b>60,716</b>	<b>-</b>	<b>1,867,567</b>

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MAY 2024 (continued)**

**A10. Property, Plant and Equipment**

The Group acquired property, plant and equipment amounting to RM16.69 million during the financial period under review.

**A11. Impairment Losses**

Save as disclosed in Note B4, there were no impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets, assets arising from contracts with customers or other assets during the financial period under review.

**A12. Material Events Subsequent to the Statement of Financial Position Date**

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements.

**A13. Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the financial period ended 31 May 2024.

**A14. Changes in Contingent Assets and Contingent Liabilities**

There were no material contingent assets and liabilities arising since the last audited consolidated financial statements for the financial year ended 29 February 2024.

**A15. Capital Commitments**

	<b>31.05.2024</b>	<b>29.02.2024</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
Contracted but not provided for:		
Property, plant and equipment	<u>42,939</u>	<u>32,392</u>



**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MAY 2024 (continued)**

**A16. Related Party Transactions**

The significant related party transactions of the Group are shown below:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
<b>Transactions with companies in which certain Directors have a substantial financial interest</b>				
Purchase of trading goods	1,102	146	1,102	146
Purchase of raw materials	70	526	70	526
Rental expense (premises)	156	142	156	142
Purchase of air tickets	156	84	156	84
Sales of property, plant and equipment	-	192	-	192
<b>Transactions with Directors and persons connected to Directors</b>				
Insurance premium expense	424	1,100	424	1,100
Rental expense (premises)	29	29	29	29
<b>Transactions with the Foundation</b>				
Donation and Corporate Social Responsibility contribution paid	4,467	632	4,467	632

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Group's Performance**

**Comparison with Corresponding Quarter**

Financial review for current quarter compared with corresponding quarter:

	Individual quarter		Change %
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000	
Revenue	475,053	423,982	12.0
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	151,899	136,811	11.0
Profit before tax ("PBT")	136,334	124,117	9.8
Profit for the period	87,102	80,790	7.8
Profit for the period attributable to owners of the Company ("PATAMI")	85,563	77,602	10.3
EBITDA margin (%)	32.0	32.3	(0.9)
PBT margin (%)	28.7	29.3	(2.0)
PATAMI margin (%)	18.0	18.3	(1.6)

For the current quarter, the Group achieved a revenue of RM475.1 million, marking a 12.0% increase from RM424.0 million in the corresponding quarter. This growth was driven by organic expansion in Latin America and India, with notable sales increases in Peru, Bolivia, and Mexico, resulting from sustained independent activities, large-scale events organized by leadership groups, new product introductions, and effective marketing strategies.

The Group's EBITDA increased by 11.0%, from RM136.8 million in the corresponding quarter ended 31 May 2023 to RM151.9 million for the quarter ended 31 May 2024. However, the EBITDA margin decreased by 0.9%, from 32.3% in the corresponding quarter to 32.0% in the current quarter. This marginal decline in margin in the current quarter was primarily attributable to the increase in staff costs, which was offset by the recognition of approved refund on indirect tax. During the quarter under review, the Group also made some contribution to charitable causes.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B1. Review of Group Performance (continued)**

**Comparison with Immediate Preceding Quarter**

Financial review for current quarter compared with immediate preceding quarter:

	<b>Current quarter 31.05.2024 Unaudited RM'000</b>	<b>Preceding quarter 29.02.2024 Unaudited RM'000</b>	<b>Change %</b>
Revenue	475,053	470,635	0.9
EBITDA	151,899	132,615	14.5
PBT	136,334	116,986	16.5
Profit for the period	87,102	82,008	6.2
PATAMI	85,563	79,018	8.3
EBITDA margin (%)	32.0	28.2	13.5
PBT margin (%)	28.7	24.9	15.3
PATAMI margin (%)	18.0	16.8	7.1

The Group's revenue increased by 0.9%, from RM470.6 million in the preceding quarter to RM475.1 million in the current quarter. This growth was mainly driven by higher sales in Peru and Bolivia, resulting from consistent independent activities and effective marketing strategies.

The Group's EBITDA increased by 14.5%, from RM132.6 million to RM151.9 million in the current quarter. This improvement was accompanied by a rise in EBITDA margin from 28.2% in the preceding quarter to 32.0% in the current quarter. The increased in EBITDA margin in the current quarter was attributed to the recognition of an approved refund on indirect tax. This improvement also accounts for the stock write-off and higher staff costs in the preceding quarter.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B2. Prospects**

With a strategic focus on expansion into newer markets, sustaining growth momentum, launching innovative products, optimizing production efficiency, and maintaining resilience in the face of global uncertainties, the Group is well-positioned for continued success in financial year 2025, leveraging its strong performance in financial year 2024 and strategic expansion plans to drive further growth and success in the coming year.

**B3. Profit Forecast**

Not applicable as the Group did not issue any profit forecast during the financial period under review.

**B4. Profit Before Taxation**

Profit before taxation is arrived at after charging/(crediting):

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
Interest income	(4,232)	(1,686)	(4,232)	(1,686)
Finance costs	3,355	2,304	3,355	2,304
Depreciation and amortisation	16,442	12,076	16,442	12,076
Net loss/(gain) on impairment of financial assets	261	(30)	261	(30)
(Gain)/Loss on disposal of property, plant and equipment	(45)	221	(45)	221
Foreign exchange loss/(gain)	2,125	(9,544)	2,125	(9,544)
Gain on derivatives	(27)	(7)	(27)	(7)
Impairment loss on property, plant and equipment	-	2,213	-	2,213
IPO expenses	-	9,198	-	9,198
Written off:				
- Property, plant and equipment	53	21	53	21
- Inventories	18	44	18	44

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B5. Tax Expense**

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000	31.05.2024 Unaudited RM'000	31.05.2023 Unaudited RM'000
Current tax expense				
- Current period	41,285	54,431	41,285	54,431
- Prior year	857	81	857	81
	<u>42,142</u>	<u>54,512</u>	<u>42,142</u>	<u>54,512</u>
Deferred tax expense				
- Current period	5,743	(11,593)	5,743	(11,593)
- Prior year	1,347	408	1,347	408
	<u>7,090</u>	<u>(11,185)</u>	<u>7,090</u>	<u>(11,185)</u>
	<u>49,232</u>	<u>43,327</u>	<u>49,232</u>	<u>43,327</u>
Effective tax rate for current period	34.5%	34.5%	34.5%	34.5%

The Group's effective tax rates for both quarters are higher than the statutory tax rate of 24% mainly due to the higher tax rates applicable to certain foreign subsidiaries and certain non-deductible expenses incurred.

The effective tax rate for the current quarter includes withholding tax of RM3.5 million on dividend received from foreign subsidiary. The effective tax rate excluding the withholding tax is at 31.9%.

**B6. Status of Corporate Proposals**

There is no corporate proposal announced or not completed by the Group as at the date of this report.



**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B7. Loans and Borrowings**

The Group's loans and borrowings are as follows:

	<b>31.05.2024</b>	<b>29.02.2024</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>		
Hire purchase liabilities	2,522	2,402
Term loans, secured	576	663
	<u>3,098</u>	<u>3,065</u>
<b>Current</b>		
Bank overdraft, secured	600	536
Hire purchase liabilities	844	1,128
Term loans, secured	349	349
Revolving credits, secured	133,788	158,915
Revolving credits, unsecured	1,415	1,429
	<u>136,996</u>	<u>162,357</u>
<b>Total loans and borrowings</b>	<u><b>140,094</b></u>	<u><b>165,422</b></u>
Loans and borrowings:		
Islamic	472	476
Conventional	139,622	164,946
<b>Total</b>	<u><b>140,094</b></u>	<u><b>165,422</b></u>
Currency profile of borrowings:		
United States Dollar	79,081	103,643
EURO	56,122	56,701
Malaysian Ringgit	4,103	4,323
Others	788	755
<b>Total</b>	<u><b>140,094</b></u>	<u><b>165,422</b></u>

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B8. Derivatives**

	31.05.2024		29.02.2024	
	Nominal value Unaudited RM'000	Assets Unaudited RM'000	Nominal value Audited RM'000	(Liabilities) Audited RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts (less than 1 year)	-	-	923	(27)

The risks associated with the derivatives, policies to mitigate those risks, cash requirements of the derivatives and related accounting policies are unchanged since the financial year ended 29 February 2024.

**B9. Material Litigation**

As at the date of this report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had, material or significant effect on the Group's financial position or profitability, except as disclosed below:

DXN Corporation Ningxia Co., Ltd. ("DXN Ningxia"), a wholly-owned subsidiary of the Company had on 3 July 2023 terminated a Share Sale Agreement ("SSA") entered on 17 May 2022 with Fujian Anxi Jinjiang Source Tea Technology Co., Ltd ("Fujian Jinjiang") for the disposal of the entire equity interest in Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd. ("Florin Fujian") and its subsidiary, Anxi Gande Foluohua Intergated Agricultural Science and Technology Co., Ltd, ("Anxi Gande"), for a total consideration of Chinese Yuan ("RMB") 58.7 million (equivalent to RM38.8 million). Fujian Jinjiang paid a deposit of RMB10.0 million (equivalent to RM6.7 million) as the first instalment for the purchase.

Following the termination of the SSA on 5 July 2023, DXN Ningxia commenced civil proceedings against Fujian Jinjiang on 31 October 2023 to recoup the official seals and business licenses of Florin Fujian and Anxi Gande, and for Fujian Jinjiang to cooperate with the registration procedures for the change of legal representatives. DXN Ningxia also claimed several reliefs against Fujian Jinjiang including damages for breach of contract.

On 6 November 2023, Fujian Jinjiang commenced civil proceedings against DXN Ningxia to claim the sum of RMB10.0 million (equivalent to RM6.7 million) paid under the SSA.

The aforementioned civil proceedings were consolidated and heard together by the Anxi County People's Court ("the Court"). On 3 June 2024, DXN Ningxia received a civil judgement from the Court. The details of the judgement are as follows :

- (1) Fujian Jinjiang shall pay DXN Ningxia an interest of RMB318,000 (equivalent to RM211,500) within 10 days from the date of judgement;
- (2) Fujian Jinjiang shall pay DXN Ningxia a penalty for the breach of SSA amounting to RMB564,000 (equivalent to RM375,250) within 10 days from the date of judgement;

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B9. Material Litigation (continued)**

- (3) DXN Ningxia shall refund the deposit received under the SSA of RMB10.0 million (equivalent to RM6.7 million) to Fujian Jinjiang within 1 month from the date of judgement; and
- (4) All other claims initiated by DXN Ningxia and Fujian Jinjiang were rejected by the Court.

DXN Ningxia has filed an appeal on the above judgement before the Quanzhou Intermediate People's Court ("QIPC") on 20 June 2024. The trial date for the appeal is fixed on 6 August 2024. The lawyer advising DXN Ningxia on this matter is of the opinion that DXN Ningxia has a fair chance of a favorable decision from QIPC.

**B10. Dividend Proposed or Declared**

On 26 July 2024, the Board of Directors declared the first interim dividend of 0.90 sen per ordinary share totalling RM44.76 million for the financial year ending 28 February 2025 which will be paid on 28 August 2024 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 12 August 2024.

**B11. Earnings per Ordinary Share ("EPS")**

**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.05.2024 Unaudited	31.05.2023 Unaudited	31.05.2024 Unaudited	31.05.2023 Unaudited
PATAMI (RM'000)	85,563	77,602	85,563	77,602
Weighted average number of ordinary shares ('000)	4,972,761	4,845,870	4,972,761	4,845,870
Basic earnings per ordinary share (sen)	<u>1.72</u>	<u>1.60</u>	<u>1.72</u>	<u>1.60</u>

**Diluted earnings per ordinary share**

The diluted earnings per ordinary share is assumed to be the same as basic earnings per ordinary share as the potential new ordinary shares from the exercise of ESOS are deemed to be anti-dilutive since the market share price is lower than the exercise price of the ESOS.





**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**

**B12. Fair Value of Financial Liabilities**

There was no gain or loss arising from fair value changes of the Group's financial liabilities measured at fair value through profit or loss (other than derivative financial instruments as disclosed in Note B8).

**BY ORDER OF THE BOARD**

Tai Yit Chan  
Ong Tze-En  
Lim Yew Lin  
Company Secretaries

26 July 2024