

Financial Result Announcement

Reference No. :
Company Name : XIAN LENG HOLDINGS BERHAD
Stock Name : XIANLNG
Date Announced : 27/03/2020
Financial Year Ended : 31/01/2020
Quarter : 4

Quarterly report on consolidated results for the 4th quarter period ended 31/01/2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/01/2020 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/01/2019 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/01/2020 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING YEAR ENDED 31/01/2019 (Unaudited) RM '000
1 (a) Revenue	<u>4,337</u>	<u>3,256</u>	<u>14,073</u>	<u>12,967</u>
(b) Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Other incomes	<u>111</u>	<u>66</u>	<u>351</u>	<u>319</u>
(d) Operating expenses before finance cost, depreciation and amortisation, exceptional items and extraordinary items	<u>(4,470)</u>	<u>(3,614)</u>	<u>(14,248)</u>	<u>(13,384)</u>
2 (a) Profit/(Loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<u>(22)</u>	<u>(292)</u>	<u>176</u>	<u>(98)</u>
(b) Finance cost	<u>(31)</u>	<u>-</u>	<u>(31)</u>	<u>-</u>
(c) Depreciation and amortisation	<u>(344)</u>	<u>(175)</u>	<u>(833)</u>	<u>(702)</u>
(d) Impairment loss on property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(e) Profit/(Loss) before income tax minority interests and extraordinary items	<u>(397)</u>	<u>(467)</u>	<u>(688)</u>	<u>(800)</u>
(f) Share of profits and losses of associated companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(g) Profit/(Loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated companies	<u>(397)</u>	<u>(467)</u>	<u>(688)</u>	<u>(800)</u>
(h) Income tax	<u>(34)</u>	<u>(28)</u>	<u>(101)</u>	<u>(125)</u>
(i) Net profit/(Loss) for the period	<u>(431)</u>	<u>(495)</u>	<u>(789)</u>	<u>(925)</u>
(j) Other Comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(k) Total Comprehensive profit/(Loss) for the period	<u>(431)</u>	<u>(495)</u>	<u>(789)</u>	<u>(925)</u>
(l) Net profit/(Loss) attributable to -Owners of the parent	<u>(431)</u>	<u>(495)</u>	<u>(789)</u>	<u>(925)</u>
-Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(431)</u>	<u>(495)</u>	<u>(789)</u>	<u>(925)</u>
(m) Total Comprehensive profit/(Loss) attributable to -Owners of the parent	<u>(431)</u>	<u>(495)</u>	<u>(789)</u>	<u>(925)</u>
-Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(431)</u>	<u>(495)</u>	<u>(789)</u>	<u>(925)</u>

3 Earnings/(Loss) per share based on 2(m)
above after deducting any provision
for preference dividends, if any:

(a) Basic (sen)

- from continuing operations	(0.54)	(0.62)	(0.99)	(1.16)
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>(0.54)</u>	<u>(0.62)</u>	<u>(0.99)</u>	<u>(1.16)</u>

Weighted average number of ordinary shares ('000)	79,937	79,937	79,937	79,937
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(b) Fully diluted (based on ordinary
shares - sen)

- from continuing operations	(0.54)	(0.62)	(0.99)	(1.16)
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>(0.54)</u>	<u>(0.62)</u>	<u>(0.99)</u>	<u>(1.16)</u>

Weighted average number of ordinary shares ('000)	79,937	79,937	79,937	79,937
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4 (a) Dividend per share (sen)

NA	NA	NA	NA
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(b) Dividend Description

NA	NA	NA	NA
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The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/01/2020 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2019 (Audited)
	RM '000	RM '000
1 NON-CURRENT ASSETS		
Property, plant and equipment	36,006	35,969
Biological assets	1,289	868
Right-of-use assets	414	-
	37,709	36,837
2 CURRENT ASSETS		
Cash and bank balances	1,692	3,237
Fixed deposits	2,507	3,128
Trade debtors	2,349	1,384
Biological assets	1,491	1,979
Inventories	2,102	1,816
Prepayment	39	44
Other debtors and deposits	159	242
Tax recoverable	14	7
	10,353	11,837
TOTAL ASSETS	48,062	48,674
3 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		
SHARE CAPITAL	76,601	76,601
RESERVES		
Share premium	-	-
Treasury shares	(279)	(279)
Revaluation reserve	-	-
General reserve	-	-
Reserve on consolidation	-	-
Accumulated losses	(29,534)	(28,663)
SHAREHOLDERS' FUNDS	46,788	47,659
4 NON-CURRENT LIABILITY		
Deferred tax liabilities	12	12
Lease liabilities	276	-
	288	12
5 CURRENT LIABILITIES		
Short term borrowings	-	-
Trade creditors	156	283
Other creditors and accruals	592	636
Lease liabilities	204	-
Provision for taxation	34	37
Amount due to director	-	47
	986	1,003

6 TOTAL LIABILITIES	1,274	1,015
7 TOTAL EQUITY AND LIABILITIES	<u>48,062</u>	<u>48,674</u>
8 NET ASSETS PER SHARE (RM)	<u>0.61</u>	<u>0.62</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1 February 2019	76,601	-	(279)	-	-	(28,663)	47,659
MFRS 16 adjustment *	-	-	-	-	-	(82)	(82)
	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,745)</u>	<u>47,577</u>
Issue of share capital-placement	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-
Issue of share capital - ESOS	-	-	-	-	-	-	-
Currency translation differences not recognised in income statement	-	-	-	-	-	-	-
Total Comprehensive Profit/(Loss) for the period ended:	-	-	-	-	-	(789)	(789)
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 January 2020	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,534)</u>	<u>46,788</u>
<i>Balance at 1 February 2018</i>	<i>76,465</i>	<i>136</i>	<i>(279)</i>	<i>-</i>	<i>-</i>	<i>(28,543)</i>	<i>47,779</i>
<i>Prior year adjustment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>424</i>	<i>424</i>
	<u>76,465</u>	<u>136</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,119)</u>	<u>48,203</u>
<i>Issue of share capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Transition to no par value regime</i>	<i>136</i>	<i>(136)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Issue of share capital - ESOS</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Currency translation differences not recognised in income statement</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Total Comprehensive (Loss)/Profit for the period ended:</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(544)</i>	<i>(544)</i>
<i>Dividend for the period ended:</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Balance at 31 January 2019</i>	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,663)</u>	<u>47,659</u>

The Condensed Consolidated Statements For Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**Quarterly report on consolidated results for the 4th quarter period ended 31/01/2020
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/01/2020 (Unaudited)	PRECEDING PERIOD ENDED 31/01/2019 (Audited)
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	(688)	(762)
Adjustment for:		
Depreciation of property, plant and equipment	654	645
Depreciation of right-of-use assets	179	
Impairment loss on property, plant and equipment	-	-
Allowance for impairment loss on amount due by third party	-	3
Allowance for impairment loss on amount due by intercompany	8,697	-
(Reversal)/Provision for doubtful debts	(8,697)	(1)
Bad debt	-	-
Provision for slow moving stock	36	
Gain on disposal	(32)	
Unrealised gain on Forex	(4)	(9)
Changes in fair value of non-current biological assets	(421)	-
Inventories written off	1	7
Inventories write down to net realisable value	-	-
PPE written off	-	1
Interest income	(163)	(157)
Interest expense	31	-
Operating (loss)/profit before working capital changes	<u>(407)</u>	<u>(273)</u>
Changes in working capital		
Net change in receivables	(875)	41
Net change in inventories and biological assets	165	550
Net change in payables	<u>(171)</u>	<u>(414)</u>
Cash used in operating activities	<u>(1,288)</u>	<u>(96)</u>
Tax refund/(paid)	(111)	(85)
Interest received	163	157
Interest paid	<u>(31)</u>	<u>-</u>
Net cash used in operating activities	<u>(1,267)</u>	<u>(24)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(149)	(48)
Construction work in progress	(543)	-
Proceed from disposal of fixed asset	32	-
Net cash used in investing activities	<u>(660)</u>	<u>(48)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to director	(46)	26
Proceed from share issue	-	-
Share premium account	-	-
Dividend paid	-	-
Purchase of treasury shares	-	-
Drawdown of hire purchase	-	-
Repayment of hire purchase payables	-	-
Repayment of lease obligation	<u>(194)</u>	<u>-</u>
Net cash used in financing activities	<u>(240)</u>	<u>26</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,167)</u>	<u>(46)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>6,365</u>	<u>6,411</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>4,198</u></u>	<u><u>6,365</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,691	3,237
Fixed deposits	<u>2,507</u>	<u>3,128</u>
	<u><u>4,198</u></u>	<u><u>6,365</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Malaysia).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2019. These condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 January 2020. MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 January 2019.

At the date of authorization of these interim financial statements the following MFRS and Amendments to MFRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 2	Share-based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible assets	1 January 2020
Amendments to IC Interpretation 12	Service concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132	Intangible Assets- Web Site Costs	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021

The above MFRSs and Interpretations are not expected to have significant impact on the financial statements of the Group upon their initial application.

The main closing exchange rates used as at 31 January 2020 in translation (units of Malaysian Ringgit per foreign currency) were as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.065
Japanese Yen	0.037
100 Indonesian Rupiah	0.028

2. Audit Qualifications

The audit report of the Group's most recent annual financial statements for the year ended 31 January 2019 was not qualified.

3. Seasonal or Cyclical Factors

The Group's operations and revenue are not affected by any seasonal or cyclical factors except on period where adverse weather may affect fish productions.

4. Unusual Items

There were no unusual items for the fourth quarter ended 31 January 2020.

5. Changes in Estimates

There were no material changes in estimates for the fourth quarter ended 31 January 2020.

6. Debt and Equity Securities

There is no any share buy back in this current quarter. Up to this quarter ended 31 January 2020, the accumulative shares purchased to date since the commencement of the share buy back exercise amounted to 380,000 units, totaling RM279,445.74. All shares bought back are retained as treasury shares. There has been no resale of treasury shares and no cancellation of shares bought back during the financial period under review.

7. Dividend Paid

None.

8. Segment Reporting

The segmental result of the Group under review is set out below:

Current financial quarter ended 31 January 2020

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Others RM'000	Total RM'000
REVENUE						
Sales (Gross)	132	707	3,096	1,134	-	5,069
Inter-Segment sales	(132)	(229)	(371)	-	-	(732)
External	-	478	2,725	1,134	-	4,337
RESULT						
Segment result	(73)	(370)	(25)	103	(1)	(366)
Finance costs	-	(6)	(25)	-	-	(31)
Profit/(Loss) before tax	(73)	(376)	(50)	103	(1)	(397)
Tax expenses	(5)	-	(29)	-	-	(34)
Profit/(Loss) after tax	(78)	(376)	(79)	103	(1)	(431)

Preceding year corresponding quarter ended 31 January 2019

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Others RM'000	Total RM'000
REVENUE					
Sales (Gross)	120	899	2,984	-	4,003
Inter-Segment sales	(120)	(334)	(293)	-	(747)
External	-	565	2,691	-	3,256
RESULT					
Segment result	1	(535)	70	(3)	(467)
Finance costs	-	-	-	-	-
Profit/(Loss) before tax	1	(535)	70	(3)	(467)
Tax expenses	4	-	(32)	-	(28)
Profit/(Loss) after tax	5	(535)	38	(3)	(495)

Current financial period ended 31 January 2020

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Others RM'000	Total RM'000
REVENUE						
Sales (Gross)	528	3,165	12,149	1,134	-	16,976
Inter-Segment sales	(528)	(978)	(1,397)	-	-	(2,903)
External	-	2,187	10,752	1,134	-	14,073
RESULT						
Segment result	(6)	(826)	76	103	(4)	(657)
Finance costs	-	(6)	(25)	-	-	(31)
Profit/(Loss) before tax	(6)	(832)	51	103	(4)	(688)
Tax expenses	(26)	-	(75)	-	-	(101)
Profit/(Loss) after tax	(32)	(832)	(24)	103	(4)	(789)

Preceding year corresponding period ended 31 January 2019

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Others RM'000	Total RM'000
REVENUE					
Sales (Gross)	480	3,791	11,522	-	15,793
Inter-Segment sales	(480)	(1,185)	(1,161)	-	(2,826)
External	-	2,606	10,361	-	12,967
RESULT					
Segment result	11	(1,187)	379	(3)	(800)
Finance costs	-	-	-	-	-
Profit/(Loss) before tax	11	(1,187)	379	(3)	(800)
Tax expenses	(28)	-	(97)	-	(125)
Profit/(Loss) after tax	(17)	(1,187)	282	(3)	(925)

9. Carrying Amount of Property, Plant and Equipment

The valuations, where present, stated in the previous annual financial statements have been brought forward without amendment.

10. Events Subsequent to the Balance Sheet Date

None.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

12. Contingent Liabilities and Contingent Assets

The group did not give any corporate guarantee to anybody or company as at the date of report.

13. Significant Related Party Transactions

None.

14. Review of Performance

Current Financial Quarter as compared with Previous Year corresponding Quarter

	Individual Period		Changes %
	Current Financial Quarter 31/01/2020 RM'000	Previous Year Corresponding Quarter 31/01/2019 RM'000	
Revenue	4,337	3,256	33.20
Loss before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	(22)	(292)	-92.47
Loss Before Tax	(397)	(467)	-14.99
Loss After Tax	(431)	(495)	-12.93

The Group had achieved revenue of RM4.337 million for the 3 months period ended 31 January 2020 as compared with RM3.256 million in the corresponding quarter last year representing a increased of 33.20%. The Group registered a loss before tax of RM0.397 million as compared with loss before tax of RM0.467 million in the corresponding quarter last year. The performance is further explained below:

Aquaculture Operation

The aquaculture operations recorded revenue of RM3.203 for the 3 months period ended 31 January 2020 as compared with RM3.256 million in the corresponding quarter last year representing a decreased of 1.63%. This is mainly due to the decrease in sales volume of Arowana fish compared to the previous corresponding quarter.

The aquaculture operations registered a loss before tax of RM0.500 million as compared with loss before tax of RM0.467 million in the corresponding quarter last year. The reason of loss before tax accounted in current financial quarter mainly due to decrease in sales volume of Arowana fish.

Edible Bird Nest Operation

The edible bird nest operations recorded a revenue and profit before tax of RM1.134 million and RM0.103 million respectively under current quarter. This was the first-quarter sales of edible bird nest operation.

Current Financial Period as compared with Previous Year corresponding Period

	Cumulative Period		Changes %
	Current Financial Period 31/01/2020 RM'000	Previous Year Corresponding Period 31/01/2019 RM'000	
Revenue	14,073	12,967	8.53
Profit/(Loss) before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	176	(98)	-279.59
Loss Before Tax	(688)	(800)	-14.00
Loss After Tax	(789)	(925)	-14.70

The Group achieved revenue of RM14.073 million for the 12 months period ended 31 January 2020 as compared with RM12.967 million in the corresponding period last year. Turnover was increase about 8.53%. The Group registered a loss before tax of RM0.688 million as compared with loss before tax of RM0.800 million in the corresponding period last year. The performance is further explained below:

Aquaculture Operation

The aquaculture operations achieved revenue of RM12.939 million for the 12 months period ended 31 January 2020 as compared with RM12.967 million in the corresponding period last year. Turnover was decrease about 0.22% mainly due to the decrease in sales volume of Arowana fish compared to the previous corresponding period.

The aquaculture operations registered a loss before tax of RM0.791 million as compared with loss before tax of RM0.800 million in the corresponding period last year. The reason of lower loss before tax in the current under review was due to adoption of MFRS16 Leases.

Edible Bird Nest Operation

The edible bird nest operations recorded a revenue and profit before tax of RM1.134 million and RM0.103 million respectively under current quarter. This was the first-quarter sales of edible bird nest operation.

15. Variation of Results against Preceding Quarter

	Current Financial Quarter 31/01/2020 RM'000	Immediate Preceding Quarter 31/10/2019 RM'000	Changes %
Revenue	4,337	3,118	39.10
(Loss)/Profit before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	(366)	(328)	11.59
(Loss)/Profit Before Tax	(397)	(493)	-19.47
(Loss)/Profit After Tax	(431)	(519)	-16.96

The Group achieved revenue of RM4.337 million for the 3 months period ended 31 January 2020 as compared with RM3.118 million in the preceding quarter ended 31 October 2019. Turnover was increase about 39.10%. The Group registered a loss before tax for the current quarter ended 31 January 2020 of RM0.397 million representing a decrease about 19.47 % as compared with a loss before tax of RM0.493 million for the previous quarter ended 31 October 2019. The performance is further explained below:

Aquaculture Operation

The aquaculture operations achieved revenue of RM3.203 million for the 3 months period ended 31 January 2020 as compared with RM3.118 million in the preceding quarter ended 31 October 2019. Turnover was increase about 2.73%. This is mainly due to the increase in sales volume of merchandise stocks, despite of decrease in sales volume of Arowana fish compared to preceding quarter.

The aquaculture operations registered a loss before tax of RM0.500 million as compared with loss before tax of RM0.493 million for the previous quarter ended 31 October 2019 The reason of loss before tax in the current under review was due to decrease in sales volume of Arowana fish.

Edible Bird Nest Operation

The edible bird nest operations recorded a revenue and profit before tax of RM1.134 million and RM0.103 million respectively under current quarter. This was the first quarter sales of edible bird nest operation.

16. Current Prospects

Aquaculture and Edible Bird Nest business will continue to face economic challenges for its operations both domestically as well as globally due to the world wide Covid-19 outbreak, in particular in greater China. Also, Malaysia government has imposed a 28-day movement control order (MCO) from March 18 until Apr 14 to curb the spread of the virus. It will further affect our domestic and export business.

Going forward, the industry is expected to remain challenging but necessary measures to explore future business opportunities and effective cost control measures continue to be implemented to meet this challenging period.

The Group places a great emphasis on the improvement of its operational efficiency, at the same time focusing on the Group's long-term growth plan.

17. Profit Forecast

Not applicable to the Group as no profit forecast was published.

18. Tax Expense

	Individual Quarter 31/01/2020 RM'000	Year to Date 31/01/2020 RM'000
Current taxation	34	101
Deferred taxation	-	-
	<u>34</u>	<u>101</u>

The effective tax rate of the Group was higher than the standard rate of 24% principally due to a subsidiary's capital allowances had fully utilized and other income is tax as different sources.

19. Status of corporate proposal announced

Proposed Diversification

The Company had on 11 November 2019 announced that the Company proposed to diversify its existing business to include the trading and distribution of edible bird nest ("EBN Business") which undertaken by the wholly owned subsidiary, Xian Leng EBN Trading Sdn. Bhd. Approximately RM 1.5 million had been utilized as working capital for EBN Business. This proposal is eventually carried by the shareholder in the Extraordinary General Meeting held on 30 December 2019.

Private Placement

The proposal of Private Placement exercise which announced on 14 June 2017 and had been fully completed on 30 August 2017.

The state of utilization of proceeds for private placement exercise as at 31 January 2020 is as follows:-

Status of utilisation of proceeds

Purpose	Proposed Utilisation RM'000	Balance Brought Forward RM'000	Utilisation of Balance during the financial quarter RM'000	Remaining Balance Carried Forward RM'000	Intended Timeframe for Utilisation
Staff salaries	377	(377)	-	-	N/A
Future Business Projects/Investments for Xian Leng and its Subsidiaries (Group)	3,284*	-	(1,500)	1,500	25/03/2020*
Defrayment of the expenses incidental to the Private Placement	100	(100)	-	-	N/A
Working Capital	-	(284)*	-	-	N/A
Total	<u>3,761</u>	<u>(761)</u>	<u>(1,500)</u>	<u>1,500</u>	

The Board of Directors has on 31 October 2018 approved a revision in the utilization of part of the said proceeds amounting to RM284,000 allocated for future business project to working capital. An approval also granted for extension of time to 25 March 2020 for the utilization of the remaining proceeds of RM1.5 million for proposed business project.

20. Borrowings

There was no bank borrowing as at the date of this report.

21. Notes to the Condensed Consolidated Statement of Comprehensive Income

Operating loss is stated after charging/(crediting):

	3 months ended		Year to date	
	<u>31.01.20</u> RM'000	<u>31.01.19</u> RM'000	<u>31.01.20</u> RM'000	<u>31.01.19</u> RM'000
Interest income	(33)	(40)	(163)	(157)
Other income	(64)	(26)	(109)	(162)
Interest expenses	31	-	31	-
Depreciation	344	175	833	702
(Reversed)/ Provision for doubtful debts	-	(1)	(8,697)	(1)
Allowance for impairment loss on amount due by intercompany	-	-	8,697	-
Provision for slow moving Inventories	36	15	36	15
Inventories written off	2	7	2	7
(Gain)/loss on disposal of quoted/unquoted investments	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	-	(1)	(32)	(1)
Property, plant and equipment written off	-	90	-	96
Provision for impairment of property, plant and equipment	-	-	-	-
Changes in fair value of biological assets	(75)	-	(421)	-

	3 months ended		Year to date	
	<u>31.01.20</u>	<u>31.01.19</u>	<u>31.01.20</u>	<u>31.01.19</u>
	RM'000	RM'000	RM'000	RM'000
Foreign exchange (gains)/losses	(14)	(32)	(47)	(59)
Derivatives (gains)/losses	-	-	-	-
Exception items	-	-	-	-

22. Material litigation

None.

23. Dividend Payable

No dividend has been declared for the third quarter ended 31 January 2020 (2019: Nil).

24. Capital Commitments

None.

25. Earnings/(Loss) per share

a) Basic (Loss) / Earnings per share

	3 months ended		Year to date	
	<u>31.01.20</u>	<u>31.01.19</u>	<u>31.01.20</u>	<u>31.01.19</u>
Net earnings/ (Loss) for the period (RM'000)	(431)	(495)	(789)	(925)
Weighted Average No. of shares ('000)	79,937	79,937	79,937	79,937
Basic earnings/ (loss) per share (sen)				
-from continuing operations	(0.54)	(0.62)	(0.99)	(1.16)
-from discontinued operation	-	-	-	-
Total	<u>(0.54)</u>	<u>(0.62)</u>	<u>(0.99)</u>	<u>(1.16)</u>

b) Diluted earnings/ (loss) per share

Weighted Average No. of shares ('000)	79,937	79,937	79,937	79,937
Diluted earnings/ (loss) per share (sen)				
-from continuing operations	(0.54)	(0.62)	(0.99)	(1.16)
-from discontinued operation	-	-	-	-
Total	<u>(0.54)</u>	<u>(0.62)</u>	<u>(0.99)</u>	<u>(1.16)</u>