

**Financial Result Announcement**

Reference No. :  
Company Name : XIAN LENG HOLDINGS BERHAD  
Stock Name : XIANLNG  
Date Announced : 23/09/2020  
Financial Year Ended : 31/01/2021  
Quarter : 2

**Quarterly report on consolidated results for the 2nd quarter period ended 31/07/2020**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/07/2020 (Unaudited)  RM '000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/07/2019 (Unaudited)  RM '000	CURRENT YEAR TO DATE ENDED 31/07/2020 (Unaudited)  RM '000	PRECEDING YEAR CORRESPONDING YEAR ENDED 31/07/2019 (Unaudited)  RM '000
1 (a) Revenue	7,953	3,294	14,357	6,618
(b) Investment income	-	-	-	-
(c) Other incomes	122	94	206	160
(d) Operating expenses before finance cost, depreciation and amortisation, exceptional items and extraordinary items	(7,314)	(3,166)	(13,834)	(6,252)
2 (a) Profit/(Loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	761	222	729	526
(b) Finance cost	(5)	-	(11)	-
(c) Depreciation and amortisation	(209)	(166)	(419)	(324)
(d) Impairment loss on property, plant and equipment	-	-	-	-
(e) Profit/(Loss) before income tax minority interests and extraordinary items	547	56	299	202
(f) Share of profits and losses of associated companies	-	-	-	-
(g) Profit/(Loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated companies	547	56	299	202
(h) Income tax	(110)	(4)	(132)	(41)
(i) Net profit/(Loss) for the period	437	52	167	161
(j) Other Comprehensive loss	-	-	-	-
(k) Total Comprehensive profit/(Loss) for the period	437	52	167	161
(l) Net profit/(Loss) attributable to -Owners of the parent	437	52	167	161
-Non-controlling interests	-	-	-	-
	437	52	167	161
(m) Total Comprehensive profit/(Loss) attributable to				

-Owners of the parent	437	52	167	161
-Non-controlling interests	-	-	-	-
	<u>437</u>	<u>52</u>	<u>167</u>	<u>161</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	0.55	0.07	0.21	0.20
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.55</u>	<u>0.07</u>	<u>0.21</u>	<u>0.20</u>
Weighted average number of ordinary shares ('000)	79,937	79,937	79,937	79,937
(b) Fully diluted (based on ordinary shares - sen)				
- from continuing operations	0.55	0.07	0.21	0.20
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.55</u>	<u>0.07</u>	<u>0.21</u>	<u>0.20</u>
Weighted average number of ordinary shares ('000)	79,937	79,937	79,937	79,937
4 (a) Dividend per share (sen)	NA	NA	NA	NA
(b) Dividend Description	NA	NA	NA	NA

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT FINANCIAL PERIOD ENDED 31/07/2020 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2020 (Audited)</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>1 NON-CURRENT ASSETS</b>		
Property, plant and equipment	35,681	36,006
Biological assets	1,321	1,289
Right-of-use assets	325	414
	<b>37,327</b>	<b>37,709</b>
<b>2 CURRENT ASSETS</b>		
Cash and bank balances	2,534	1,692
Fixed deposits	1,001	2,507
Trade debtors	3,805	2,349
Biological assets	1,668	1,491
Inventories	2,090	2,102
Prepayment	23	39
Other debtors and deposits	136	159
Tax recoverable	24	14
	<b>11,281</b>	<b>10,353</b>
<b>TOTAL ASSETS</b>	<b>48,608</b>	<b>48,062</b>
<b>3 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT SHARE CAPITAL</b>	<b>76,601</b>	<b>76,601</b>
<b>RESERVES</b>		
Share premium	-	-
Treasury shares	(279)	(279)
Revaluation reserve	-	-
General reserve	-	-
Reserve on consolidation	-	-
Accumulated losses	(29,367)	(29,534)
<b>SHAREHOLDERS' FUNDS</b>	<b>46,955</b>	<b>46,788</b>
<b>4 NON-CURRENT LIABILITY</b>		
Deferred tax liabilities	12	12
Lease liabilities	276	276
	<b>288</b>	<b>288</b>
<b>5 CURRENT LIABILITIES</b>		
Short term borrowings	-	-
Trade creditors	289	156
Other creditors, accruals and deposits	753	592
Lease liabilities	104	204
Provision for taxation	138	34
Amount due to director	81	-
	<b>1,365</b>	<b>986</b>
<b>6 TOTAL LIABILITIES</b>	<b>1,653</b>	<b>1,274</b>
<b>7 TOTAL EQUITY AND LIABILITIES</b>	<b>48,608</b>	<b>48,062</b>
<b>8 NET ASSETS PER SHARE (RM)</b>	<b>0.61</b>	<b>0.61</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2020 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 2020	76,601	-	(279)	-	-	(29,534)	46,788
MFRS 16 adjustment *	-	-	-	-	-	-	-
	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,534)</u>	<u>46,788</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:	-	-	-	-	-	167	167
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 July 2020	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,367)</u>	<u>46,955</u>
<i>Balance at 1 February 2019</i>	<i>76,601</i>	<i>-</i>	<i>(279)</i>	<i>-</i>	<i>-</i>	<i>(28,663)</i>	<i>47,659</i>
<i>Prior year adjustment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,663)</u>	<u>47,659</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>-</i>	<i>-</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>161</i>	<i>161</i>
<i>Dividend for the period ended:</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Balance at 31 July 2019	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,502)</u>	<u>47,820</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT PERIOD ENDED 31/07/2020 (Unaudited)</b>	<b>PRECEDING PERIOD ENDED 31/07/2019 (Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before taxation	299	202
Adjustment for:		
Depreciation of property, plant and equipment	330	324
Depreciation of right-of-use assets	89	-
Impairment loss on property, plant and equipment	-	-
Allowance for impairment loss on amount due by third party	-	-
Allowance for impairment loss on amount due by intercompany	-	-
(Reversal)/Provision for doubtful debts	-	-
Bad debt	-	-
Provision for slow moving stock	-	-
Gain on disposal	-	(32)
Unrealised gain on forex	5	(2)
Changes in fair value of non-current biological assets	(31)	(318)
Inventories written off	-	-
Inventories write down to net realisable value	-	-
PPE written off	-	-
Interest income	(23)	(77)
Interest expense	11	-
Operating (loss)/profit before working capital changes	<u>680</u>	<u>97</u>
Changes in working capital		
Net change in receivables	(1,421)	(296)
Net change in inventories and biological assets	(165)	8
Net change in payables	294	(84)
Cash used in operating activities	<u>(612)</u>	<u>(275)</u>
Tax refund/(paid)	(38)	(25)
Interest received	23	77
Interest paid	(11)	-
Net cash used in operating activities	<u>(638)</u>	<u>(223)</u>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of fixed assets	(5)	(137)
Construction work in progress	-	-
Proceed from disposal of fixed asset	-	32
Net cash used in investing activities	<u>(5)</u>	<u>(105)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount due to director	81	(4)
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	(101)	-
Net cash used in financing activities	<u>(20)</u>	<u>(4)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(663)</u>	<u>(332)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<u>4,198</u>	<u>6,365</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>3,535</u></u>	<u><u>6,033</u></u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	2,534	1,395
Fixed deposits	1,001	4,638
	<u><u>3,535</u></u>	<u><u>6,033</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2020 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 2020. 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 2021. 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 2020.

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 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020 Cycles	1 January 2022
Amendments to MFRS 3	References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 July 2020 in translation (units of Malaysian Ringgit per foreign currency) are as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.214
Japanese Yen	0.040
100 Indonesian Rupiah	0.027

## 2. Audit Qualifications

The audit report of the Group's most recent annual financial statements for the year ended 31 January 2020 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 second quarter ended 31 July 2020.

## 5. Changes in Estimates

There were no material changes in estimates for the second quarter ended 31 July 2020.

## 6. Debt and Equity Securities

There is no share buyback during the current quarter. Up to this quarter ended 31 July 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 July 2020

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Others RM'000	Total RM'000
<b>REVENUE</b>						
Sales (Gross)	126	961	3,891	3,823	-	8,801
Inter-Segment sales	(126)	(299)	(423)	-	-	(848)
External	-	662	3,468	3,823	-	7,953
<b>RESULT</b>						
Segment result	(14)	100	317	150	(1)	552
Finance costs	-	(1)	(4)	-	-	(5)
Profit/(Loss) before tax	(14)	99	313	150	(1)	547
Tax expenses	(1)	-	(74)	(35)	-	(110)
Profit/(Loss) after tax	(15)	99	239	115	(1)	437



**Previous year's corresponding quarter ended 31 July 2019**

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Others RM'000	Total RM'000
<b>REVENUE</b>					
Sales (Gross)	132	811	3,074	-	4,017
Inter-Segment sales	(132)	(233)	(358)	-	(723)
External	-	578	2,716	-	3,294
<b>RESULT</b>					
Segment result	17	27	14	(2)	56
Finance costs	-	-	-	-	-
Profit/(Loss) before tax	17	27	14	(2)	56
Tax expenses	-	-	(4)	-	(4)
Profit/(Loss) after tax	17	27	10	(2)	52

**Current financial period ended 31 July 2020**

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Others RM'000	Total RM'000
<b>REVENUE</b>						
Sales (Gross)	252	1,367	6,305	7,854	-	15,778
Inter-Segment sales	(252)	(476)	(693)	-	-	(1,421)
External	-	891	5,612	7,854	-	14,357
<b>RESULT</b>						
Segment result	14	(247)	337	208	(2)	310
Finance costs	-	(2)	(9)	-	-	(11)
Profit/(Loss) before tax	14	(249)	328	208	(2)	299
Tax expenses	(1)	-	(81)	(50)	-	(132)
Profit/(Loss) after tax	13	(249)	247	158	(2)	167

**Preceding year corresponding period ended 31 July 2019**

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Others RM'000	Total RM'000
<b>REVENUE</b>					
Sales (Gross)	264	1,831	5,958	-	8,053
Inter-Segment sales	(264)	(506)	(665)	-	(1,435)
External	-	1,325	5,293	-	6,618
<b>RESULT</b>					
Segment result	58	54	94	(4)	202
Finance costs	-	-	-	-	-
Profit/(Loss) before tax	58	54	94	(4)	202
Tax expenses	(13)	-	(28)	-	(41)
Profit/(Loss) after tax	45	54	66	(4)	161

**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 provide 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's Corresponding Quarter

	Individual Period		Changes %
	Current Financial Quarter 31/07/2020 RM'000	Previous Year's Corresponding Quarter 31/07/2019 RM'000	
Revenue	7,953	3,294	141.44
Profits before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	761	222	242.79
Profits Before Tax	547	56	876.79
Profits After Tax	437	52	740.38

The Group recorded revenue of RM7.953 million for the 3 months quarter ended 31 July 2020 as compared with RM3.294 million in the previous year's corresponding quarter representing an increase of 141.44%. The Group registered a profit before tax of RM0.547 million as compared with profit before tax of RM0.056 million in the previous year's corresponding quarter. The performance is further explained below:

#### Fish Farming Segment

The fish farming segment recorded revenue of RM0.662 million for the 3 months quarter ended 31 July 2020 as compared with RM0.578 million in the previous year corresponding quarter. Revenue increased approximately 14.53% mainly due to the increase in sales volume of Tropical fish in the domestic market as compared to the corresponding quarter. Domestic market has recovered upon lifting of certain restrictions after the Movement Control Order (MCO) period.

The fish farming segment registered a profit before tax of RM0.099 million as compared to profit before tax of RM0.027 million in the previous year's corresponding quarter. The profit before tax in the current financial period under the review was due to decrease in operation cost.

#### Merchandise Segment

The merchandise segment recorded revenue of RM3.468 million for the 3 months quarter ended 31 July 2020 as compared with RM2.716 million in the previous year's corresponding quarter. Revenue increased approximately 27.69% mainly due to the increase in sales volume of merchandise stocks.

The merchandise segment registered a profit before tax of RM0.313 million as compared to profit before tax of RM0.014 million in the previous year's corresponding quarter. The higher profit before tax registered in the current under review was due to increase in sales volume of merchandise stocks.

#### 14. Review of Performance (cont'd)

##### **Current Financial Quarter as compared with Previous Year's Corresponding Quarter (cont'd)**

###### Edible Bird Nest Segment

The edible bird nest operations recorded a revenue and profit before tax of RM3.823 million and RM0.150 million respectively in the current quarter under review.

##### **Current Financial Period as compared with Previous Year's Corresponding Period**

	<b>Current Financial Period 31/07/2020 RM'000</b>	<b>Cumulative Period Previous Year's Corresponding Period 31/07/2019 RM'000</b>	<b>Changes %</b>
Revenue	14,357	6,618	116.94
Profit before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	729	526	38.59
Profit Before Tax	299	202	48.02
Profit After Tax	167	161	3.73

The Group recorded revenue of RM14.357 million for the 6 months period ended 31 July 2020 as compared with RM6.618 million in the previous year's corresponding period. Revenue increased approximately 116.94%. The Group registered a profit before tax of RM0.299 million as compared with profit before tax of RM0.202 million in the previous year's corresponding period. The performance is further explained below:

###### Fish Farming Segment

The fish farming segment recorded revenue of RM0.891 million for the 6 months period ended 31 July 2020 as compared to RM1.325 million in the previous year's corresponding period. Revenue decreased approximately 32.75%. Revenue generated from fish farming segment was affected by Covid-19 pandemic as ornamental fish business was temporarily prohibited from operating during Movement Control Order (MCO) period. Export market saw a decline of approximately 53.84% or RM0.667 million mainly due to lower demand from China and Japan.

The fish farming segment registered a loss before tax of RM0.249 million as compared to profit before tax of RM0.054 million in the previous year's corresponding period. The reason for loss before tax in the current financial period under review was due to Covid-19 pandemic and restriction imposed during the MCO period.

#### 14. Review of Performance (cont'd)

##### Current Financial Period as compared with Previous Year's Corresponding Period (cont'd)

###### Merchandise Segment

The merchandise segment recorded revenue of RM5.612 million for the 6 months period ended 31 July 2020 as compared with RM5.293 million in the previous year's corresponding period. Revenue increased approximately 6.03%. Merchandise segment sales was affected by Covid-19 pandemic but has recovered upon lifting of certain restrictions after the Movement Control Order (MCO) period.

The merchandise segment registered a profit before tax of RM0.328 million as compared with profit before tax of RM0.094 million in the previous year's corresponding period last year. The higher profit before tax registered in the current financial period under review was due to decrease in administrative expenses.

###### Edible Bird Nest Segment

The edible bird nest operations recorded a revenue and profit before tax of RM7.854 million and RM0.208 million respectively in the current quarter under review.

#### 15. Variation of Results against the Immediate Preceding Quarter

	<b>Current Financial Quarter 31/07/2020 RM'000</b>	<b>Immediate Preceding Quarter 30/04/2020 RM'000</b>	<b>Changes %</b>
Revenue	7,953	6,404	24.19
Profit / (Loss) before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	761	(32)	2,478.13
Profit / (Loss) Before Tax	547	(248)	320.56
Profit / (Loss) After Tax	437	(270)	261.85

The Group recorded revenue of RM7.953 million for the 3 months period ended 31 July 2020 as compared with RM6.404 million in the immediate preceding quarter ended 30 April 2020. Revenue increased approximately 24.19%. The Group registered a profit before tax in the current quarter ended 31 July 2020 of RM0.547 million representing an increase of approximately 320.56 % as compared with a loss before tax of RM0.248 million for the immediate preceding quarter ended 30 April 2020. The performance is further explained below:

###### Fish Farming Segment

The fish farming segment recorded revenue of RM0.662 million for the 3 months period ended 31 July 2020 as compared with RM0.229 million in the preceding quarter ended 30 April 2020. Revenue increased by approximately 189.08% mainly due to the increase in sales volume of Arowana and tropical fish in the domestic market.

## **15. Variation of Results against the Immediate Preceding Quarter (cont'd)**

### Fish Farming Segment (cont'd)

The fish farming segment registered a profit before tax of RM0.099 million as compared to loss before tax of RM0.348 million for the immediate preceding quarter ended 30 April 2020. The reason of higher profit before tax in the current quarter under review was mainly due to the increase in sales volume of Arowana and tropical fish after Movement Control Order (MCO) period.

### Merchandise Segment

The merchandise segment recorded revenue of RM3.468 million for the 3 months period ended 31 July 2020 as compared to RM2.144 million in the preceding quarter ended 30 April 2020. Revenue increased approximately 61.75% mainly due to the increase in sales volume of merchandise stocks.

The merchandise segment registered a profit before tax of RM0.314 million as compared to profit before tax of RM0.014 million for the immediate preceding quarter ended 30 April 2020. The reason for higher profit before tax in the current quarter under review was mainly due to the increase in sales volume of merchandise stocks.

### Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM3.823 million for the 3 months period ended 31 July 2020 as compared to RM4.031 million in the immediate preceding quarter ended 30 April 2020. Revenue decreased by approximately 5.16% and was mainly due to decrease of sales to Hong Kong during the quarter under review restrictions imposed due to the Covid-19 pandemic.

The edible bird nest operations registered a profit before tax of RM0.150 million as compared with profit before tax of RM0.057 million for the previous quarter ended 30 April 2020. The reason for higher profit before tax in the current quarter under review was mainly due to cost decrease.

## **16. Current Prospects**

The outbreak of the COVID-19 pandemic had to a certain extent, caused destructive impact to the global economy including Malaysia. The Malaysian economy is expected to contract compared to 4.3% in 2019, due to a highly challenging global economic outlook.

Moving 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 during 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 31/07/2020 RM'000	Year to Date 31/07/2020 RM'000
Current taxation	110	132
Deferred taxation	-	-
	<u>110</u>	<u>132</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 3 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 July 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*	(3,000)	-	-	N/A
Defrayment of the expenses incidental to the Private Placement	100	(100)	-	-	N/A
Working Capital	-	(284)*	-	-	N/A
Total	<u>3,761</u>	<u>(3,761)</u>	-	-	

The Board of Directors has approved a revision in the utilization of part of the said proceeds amounting to RM284, 000 allocated for future business project to working capital. The private placement fund amounting RM 3.761million had been fully utilized on 25 March 2020.

## 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 profit is stated after charging/ (crediting):

	3 months ended		Year to date	
	<u>31.07.20</u>	<u>31.07.19</u>	<u>31.07.20</u>	<u>31.07.19</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(9)	(40)	(23)	(77)
Other income	(101)	(94)	(152)	(160)
Lease expenses	5	-	11	-
Depreciation	209	166	419	324
(Reversed)/ Provision for doubtful debts	-	-	-	-
Allowance for impairment loss on amount due by intercompany	-	-	-	-
Provision for slow moving Inventories	-	-	-	-
Inventories written off	-	-	-	-
(Gain)/loss on disposal of quoted/unquoted investments	-	(32)	-	(32)
(Gain)/loss on disposal of property, plant and equipment	-	-	-	-
Property, plant and equipment written off	-	-	-	-
Provision for impairment of property, plant and equipment	-	-	-	-
Changes in fair value of biological assets	6	(52)	(31)	(318)
Foreign exchange (gains)/losses	(12)	(6)	(31)	(16)
Derivatives (gains)/losses	-	-	-	-
Exception items	-	-	-	-



**22. Material litigation**

None.

**23. Dividend Payable**

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

**24. Capital Commitments**

None.

**25. Earnings/(Loss) per share**

## a) Basic Earnings/ (Loss) per share

	<b>3 months ended</b>		<b>Year to date</b>	
	<u>31.07.20</u>	<u>31.07.19</u>	<u>31.07.20</u>	<u>31.07.19</u>
Net earnings/ (Loss) for the period (RM'000)	437	52	167	161
Weighted Average No. of shares ('000)	79,937	79,937	79,937	79,937
Basic earnings/ (loss) per share (sen)				
-from continuing operations	0.55	0.07	0.21	0.20
-from discontinued operation	-	-	-	-
Total	<u>0.55</u>	<u>0.07</u>	<u>0.21</u>	<u>0.20</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	0.55	0.07	0.21	0.20
-from discontinued operation	-	-	-	-
Total	<u>0.55</u>	<u>0.07</u>	<u>0.21</u>	<u>0.20</u>