

Financial Result Announcement

Reference No. :
 Company Name : XIAN LENG HOLDINGS BERHAD
 Stock Name : XIANLNG
 Date Announced : 21/12/2020
 Financial Year Ended : 31/01/2021
 Quarter : 3

Quarterly report on consolidated results for the 3rd quarter period ended 31/10/2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/10/2020 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/10/2019 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/10/2020 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING YEAR ENDED 31/10/2019 (Unaudited) RM '000
1 (a) Revenue	<u>7,748</u>	<u>3,118</u>	<u>22,105</u>	<u>9,736</u>
(b) Investment income	-	-	-	-
(c) Other incomes	<u>133</u>	<u>80</u>	<u>339</u>	<u>240</u>
(d) Operating expenses before finance cost, depreciation and amortisation, exceptional items and extraordinary items	<u>(7,331)</u>	<u>(3,526)</u>	<u>(21,165)</u>	<u>(9,778)</u>
2 (a) Profit/(Loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<u>550</u>	<u>(328)</u>	<u>1,279</u>	<u>198</u>
(b) Finance cost	<u>(5)</u>	-	<u>(16)</u>	-
(c) Depreciation and amortisation	<u>(210)</u>	<u>(165)</u>	<u>(629)</u>	<u>(489)</u>
(d) Impairment loss on property, plant and equipment	-	-	-	-
(e) Profit/(Loss) before income tax minority interests and extraordinary items	335	(493)	634	(291)
(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	335	(493)	634	(291)
(h) Income tax	<u>(67)</u>	<u>(26)</u>	<u>(199)</u>	<u>(67)</u>
(i) Net profit/(Loss) for the period	<u>268</u>	<u>(519)</u>	<u>435</u>	<u>(358)</u>
(j) Other Comprehensive loss	-	-	-	-

(k) Total Comprehensive profit/(Loss) for the period	<u>268</u>	<u>(519)</u>	<u>435</u>	<u>(358)</u>
(l) Net profit/(Loss) attributable to				
-Owners of the parent	268	(519)	435	(358)
-Non-controlling interests	-	-	-	-
	<u>268</u>	<u>(519)</u>	<u>435</u>	<u>(358)</u>
(m) Total Comprehensive profit/(Loss) attributable to				
-Owners of the parent	268	(519)	435	(358)
-Non-controlling interests	-	-	-	-
	<u>268</u>	<u>(519)</u>	<u>435</u>	<u>(358)</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	0.34	(0.65)	0.54	(0.45)
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.34</u>	<u>(0.65)</u>	<u>0.54</u>	<u>(0.45)</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	0.34	(0.65)	0.54	(0.45)
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.34</u>	<u>(0.65)</u>	<u>0.54</u>	<u>(0.45)</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

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/10/2020 (Unaudited) RM '000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2020 (Audited) RM '000
1 NON-CURRENT ASSETS		
Property, plant and equipment	35,542	36,006
Biological assets	1,361	1,289
Right-of-use assets	280	414
	37,183	37,709
2 CURRENT ASSETS		
Cash and bank balances	1,592	1,692
Fixed deposits	1,001	2,507
Trade debtors	4,396	2,349
Biological assets	1,758	1,491
Inventories	1,897	2,102
Prepayment	21	39
Other debtors and deposits	802	159
Tax recoverable	25	14
	11,492	10,353
TOTAL ASSETS	48,675	48,062
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	(29,099)	(29,534)
SHAREHOLDERS' FUNDS	47,223	46,788
4 NON-CURRENT LIABILITY		
Deferred tax liabilities	12	12
Lease liabilities	276	276
	288	288

5 CURRENT LIABILITIES		
Short term borrowings	-	-
Trade creditors	324	156
Other creditors, accruals and deposits	528	592
Lease liabilities	52	204
Provision for taxation	191	34
Amount due to director	69	-
	1,164	986
6 TOTAL LIABILITIES	1,452	1,274
7 TOTAL EQUITY AND LIABILITIES	48,675	48,062
8 NET ASSETS PER SHARE (RM)	0.62	0.61

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:	-	-	-	-	-	435	435
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 October 2020	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,099)</u>	<u>47,223</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>(358)</i>	<i>(358)</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 October 2019	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,021)</u>	<u>47,301</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

	CURRENT PERIOD ENDED 31/10/2020 (Unaudited)	PRECEDING PERIOD ENDED 31/10/2019 (Unaudited)
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	634	(291)
Adjustment for:		
Depreciation of property, plant and equipment	495	489
Depreciation of right-of-use assets	134	-
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	16	15
Gain on disposal	-	(32)
Unrealised gain on forex	(2)	(9)
Changes in fair value of non-current biological assets	(71)	(346)
Inventories written off	35	-
Inventories write down to net realisable value	-	-
PPE written off	-	-
Interest income	(30)	(130)
Interest expense	16	-
Operating (loss)/profit before working capital changes	<u>1,227</u>	<u>(304)</u>
Changes in working capital		
Net change in receivables	(2,670)	(103)
Net change in inventories and biological assets	(113)	353
Net change in payables	103	(309)
Cash used in operating activities	<u>(1,453)</u>	<u>(363)</u>
Tax refund/(paid)	(52)	(91)
Interest received	30	130
Interest paid	(16)	-
Net cash used in operating activities	<u>(1,491)</u>	<u>(324)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(31)	(149)
Construction work in progress	-	-
Proceed from disposal of fixed asset	-	32
Net cash used in investing activities	<u>(31)</u>	<u>(117)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to director	69	(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	(152)	-
Net cash used in financing activities	<u>(83)</u>	<u>(4)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,605)</u>	<u>(445)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>4,198</u>	<u>6,365</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>2,593</u></u>	<u><u>5,920</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,592	1,316
Fixed deposits	1,001	4,604
	<u><u>2,593</u></u>	<u><u>5,920</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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 1, MFRS 9 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 17	Amendments to 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 October 2020 in translation (units of Malaysian Ringgit per foreign currency) are as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.134
Japanese Yen	0.040
100 Indonesian Rupiah	0.026

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 third quarter ended 31 October 2020.

5. Changes in Estimates

There were no material changes in estimates for the third quarter ended 31 October 2020.

6. Debt and Equity Securities

There is no share buyback during the current quarter. Up to this quarter ended 31 October 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 October 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)	126	635	4,513	3,492	-	8,766
Inter-Segment sales	(126)	(288)	(604)	-	-	(1,018)
External	-	347	3,909	3,492	-	7,748
RESULT						
Segment result	17	(46)	276	94	(1)	340
Finance costs	-	(1)	(4)	-	-	(5)
Profit/(Loss) before tax	17	(47)	272	94	(1)	335
Tax expenses	-	-	(44)	(23)	-	(67)
Profit/(Loss) after tax	17	(47)	228	71	(1)	268

Previous year's corresponding quarter ended 31 October 2019

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Others RM'000	Total RM'000
REVENUE					
Sales (Gross)	132	627	3,066	29	3,854
Inter-Segment sales	(132)	(243)	(361)	-	(736)
External	-	384	2,705	29	3,118
RESULT					
Segment result	10	(508)	13	(8)	(493)
Finance costs	-	-	-	-	-
Profit/(Loss) before tax	10	(508)	13	(8)	(493)
Tax expenses	(8)	-	(18)	-	(26)
Profit/(Loss) after tax	2	(508)	(5)	(8)	(519)

Current financial period ended 31 October 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)	378	2,002	10,818	11,346	-	24,544
Inter-Segment sales	(378)	(764)	(1,297)	-	-	(2,439)
External	-	1,238	9,521	11,346	-	22,105
RESULT						
Segment result	31	(293)	613	301	(2)	650
Finance costs	-	(3)	(13)	-	-	(16)
Profit/(Loss) before tax	31	(296)	600	301	(2)	634
Tax expenses	(1)	-	(125)	(73)	-	(199)
Profit/(Loss) after tax	30	(296)	475	228	(2)	435

Preceding year corresponding period ended 31 October 2019

	Investment Holding RM'000	Fish Farming RM'000	Merchandise RM'000	Others RM'000	Total RM'000
REVENUE					
Sales (Gross)	396	2,458	9,023	29	11,906
Inter-Segment sales	(396)	(748)	(1,026)	-	(2,170)
External	-	1,710	7,997	29	9,736
RESULT					
Segment result	67	(453)	107	(12)	(291)
Finance costs	-	-	-	-	-
Profit/(Loss) before tax	67	(453)	107	(12)	(291)
Tax expenses	(21)	-	(46)	-	(67)
Profit/(Loss) after tax	46	(453)	61	(12)	(358)

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 any individuals or legal entities/companies 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		
	Current Financial Quarter 31/10/2020 RM'000	Previous Year's Corresponding Quarter 31/10/2019 RM'000	Changes %
Revenue	7,748	3,118	148.49
Profits / (Loss) before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	550	(328)	-267.68
Profits / (Loss) Before Tax	335	(493)	-167.95
Profits / (Loss) After Tax	268	(519)	-151.64

The Group recorded a totalled revenue of RM7.748 million for the three months' quarter ended 31 October 2020 as compared with RM3.118 million in the previous year's corresponding quarter representing an increase of more than 100%. The Group registered a profit before tax of RM0.335 million as compared with loss before tax of RM0.493 million in the previous year's corresponding quarter. The performance movement is further explained below:

Fish Farming Segment

The fish farming segment recorded revenue of RM0.347 million for the three months' quarter ended 31 October 2020 as compared with RM0.384 million in the previous year corresponding quarter. Revenue decreased approximately 9.64% mainly due to the decrease in sales volume of Arowana fish as compared to the corresponding quarter. Despite the decreased in the sales volume of Arowana fish, the sales volume of Stingray and Tropical fish in the domestic market has shown a substantial increase in the current financial quarter.

The fish farming segment registered a lower loss before tax of RM0.047 million as compared to loss before tax of RM0.508 million in the previous year's corresponding quarter attributed by operating cost reduction.

Merchandise Segment

The merchandise segment recorded revenue of RM3.909 million for the three months' quarter ended 31 October 2020 as compared with RM2.705 million in the previous year's corresponding quarter. Revenue increased approximately 44.51% mainly due to the increase in sales volume of merchandise stocks.

The merchandise segment registered a higher profit before tax of RM0.272 million as compared to profit before tax of RM0.013 million in the previous year's corresponding quarter as a result of better sales volume of merchandise stocks from domestic market.

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 RM3.492 million and RM0.094 million respectively in the current quarter under review.

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

	Current Financial Period 31/10/2020 RM'000	Cumulative Period Previous Year's Corresponding Period 31/10/2019 RM'000	Changes %
Revenue	22,105	9,736	127.04
Profit before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	1,279	198	545.96
Profit / (Loss) Before Tax	634	(291)	-317.87
Profit / (Loss) After Tax	435	(358)	-221.51

The Group recorded revenue of RM22.105 million for the nine months' period ended 31 October 2020 as compared with RM9.736 million in the previous year's corresponding period indicating approximately 127.04% improvement. The Group registered a profit before tax of RM0.634 million as compared with loss before tax of RM0.291 million in the previous year's corresponding period. The performance is further explained below:

Fish Farming Segment

The fish farming segment recorded revenue of RM1.238 million for the nine months' period ended 31 October 2020, was lower compared to RM1.710 million in the previous year's corresponding period. Revenue decreased approximately 27.60%. This is attributed by the export market experiencing a decline of approximately 55.49% or RM0.867 million as a result of lower demand from China and Japan subsequent to the outbreak of the 2019 corona virus (COVID-19) and the prohibited of cross country transportation. Despite the decrease in the export market, the domestic market demand for Stingray and Tropical fish has significantly increased after the first Movement Control Order (MCO) period resulting a spike in the sales volume.

The fish farming segment registered a lower loss before tax of RM0.296 million as compared to loss before tax of RM0.453 million in the previous year's corresponding period due to a decrease in operating cost.

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 RM9.521 million for the nine months' period ended 31 October 2020 as compared with RM7.997 million in the previous year's corresponding period. Revenue increased approximately 19.06% due to the recovery in the merchandise segment sales upon upliftment of certain trade restrictions after the first Movement Control Order (MCO) period.

The merchandise segment registered a higher profit before tax of RM0.600 million as compared with profit before tax of RM0.107 million in the previous year's corresponding period last year mainly attributed by decrease in administrative expenses.

Edible Bird Nest Segment

The edible bird nest operations recorded a revenue and profit before tax of RM11.346 million and RM0.301 million respectively in the current financial period under review.

15. Variation of Results against the Immediate Preceding Quarter

	Current Financial Quarter 31/10/2020 RM'000	Immediate Preceding Quarter 31/07/2020 RM'000	Changes %
Revenue	7,748	7,953	-2.58
Profit before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	550	761	-27.73
Profit Before Tax	335	547	-38.76
Profit After Tax	268	437	-38.67

The Group recorded revenue of RM7.748 million for the three months' period ended 31 October 2020 as compared with RM7.953 million in the immediate preceding quarter ended 31 July 2020. Revenue decreased approximately 2.58%. The Group registered a profit before tax in the current quarter ended 31 October 2020 of RM0.335 million representing a decrease of approximately 38.76 % as compared with a profit before tax of RM0.547 million for the immediate preceding quarter ended 31 July 2020. The performance is further explained below:

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

Fish Farming Segment

The fish farming segment recorded revenue of RM0.347 million for the three months' period ended 31 October 2020 as compared with RM0.662 million in the preceding quarter ended 31 July 2020. Revenue decreased by approximately 47.58% mainly due to the decrease in sales volume of Arowana and tropical fish in the export market.

The fish farming segment registered a loss before tax of RM0.047 million as compared to profit before tax of RM0.099 million for the immediate preceding quarter ended 31 July 2020. The reason of loss before tax in the current quarter under review was mainly due to the decrease in sales volume of Arowana and tropical fish in the export market.

Merchandise Segment

The merchandise segment recorded revenue of RM3.909 million for the three months' period ended 31 October 2020 as compared to RM3.468 million in the preceding quarter ended 31 July 2020. Revenue increased approximately 12.72% mainly due to the increase in sales volume of merchandise stocks in the domestic market.

The merchandise segment registered a lower profit before tax of RM0.272 million as compared to profit before tax of RM0.313 million for the immediate preceding quarter ended 31 October 2020 due to the increase in operating cost.

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM3.492 million for the three months' period ended 31 October 2020 as compared to RM3.823 million in the immediate preceding quarter ended 31 July 2020. Revenue decreased by approximately 8.66% mainly attributable by decrease in sales to Hong Kong during the quarter under review as a result to stricter trade restrictions imposed after outbreak of the second wave Covid-19 pandemic.

The edible bird nest operations registered a lower profit before tax of RM0.094 million as compared with profit before tax of RM0.150 million for the previous quarter ended 31 July 2020 mainly due to increase in operating cost.

16. Current Prospects

The outbreak of the COVID-19 pandemic had to a certain extent, caused destructive impact to the global economy including Malaysia. With the resurgence of the Covid-19 cases in Malaysia as third wave, the government has reinstated Conditional Movement Control Order ("CMCO") on several affected states. The Directors are in the opinion that the financial performance for the next three months remained challenging due to the uncertainty in the market operations and deteriorating insight during the CMCO period.

Moving forward, the Group will explore future business opportunities and better effective cost control measures to be implemented during this challenging period. The Group places 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 31/10/2020 RM'000	Year to Date 31/10/2020 RM'000
Current taxation	67	199
Deferred taxation	-	-
	<u>67</u>	<u>199</u>

The effective tax rate of the Group for the individual quarter was lower than the standard rate of 24% principally due to the profit of one of the subsidiary had fully absorbed by loss carry forward.

The effective tax rate of the Group for the year to date 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 Group had on 11 November 2019 announced its proposal to diversify its existing business lines to include the trading and distribution of edible bird nest ("EBN Business") which is currently undertaken by its wholly owned subsidiary, Xian Leng EBN Trading Sdn. Bhd. There is approximately RM3 million utilized as the working capital for EBN Business. This proposal has eventually been convened and agreed by the shareholder in the Extraordinary General Meeting held on 30 December 2019.

Private Placement

The proposal of Private Placement exercise which was announced on 14 June 2017 had been fully completed on 30 August 2017. The proceeds of RM3,761,000 have been fully utilized in the first quarter ended 30 April 2020 as follows:-

<u>Purpose</u>	RM'000
Staff salaries	377
Future Business Projects/Investments for Xian Leng and its Subsidiaries (Group)	3,000*
Defrayment of the expenses incidental to the Private Placement	100
Working Capital	<u>284*</u>
Total	<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>31.10.20</u>	<u>31.10.19</u>	<u>31.10.20</u>	<u>31.10.19</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(7)	(53)	(30)	(130)
Other income	(126)	(27)	(309)	(110)
Lease expenses	5	-	16	-
Depreciation	210	165	629	489
(Reversed)/ Provision for doubtful debts	-	-	-	-
Allowance for impairment loss on amount due by intercompany	-	-	-	-
Provision for slow moving Inventories	16	15	16	15
Inventories written off	35	-	35	-
(Gain)/loss on disposal of quoted/unquoted investments	-	-	-	(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	(40)	(28)	(71)	(346)
Foreign exchange (gains)/losses	(5)	(17)	(36)	(33)
Derivatives (gains)/losses	-	-	-	-
Exception items	-	-	-	-

22. Material litigation

None.

23. Dividend Payable

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

24. Capital Commitments

None.

25. Earnings/(Loss) per share

a) Basic Earnings/ (Loss) per share

	3 months ended		Year to date	
	<u>31.10.20</u>	<u>31.10.19</u>	<u>31.10.20</u>	<u>31.10.19</u>
Net earnings/ (Loss) for the period (RM'000)	268	(519)	435	(358)
Weighted Average No. of shares ('000)	79,937	79,937	79,937	79,937
Basic earnings/ (loss) per share (sen)				
-from continuing operations	0.34	(0.65)	0.54	(0.45)
-from discontinued operation	-	-	-	-
Total	<u>0.34</u>	<u>(0.65)</u>	<u>0.54</u>	<u>(0.45)</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	0.34	(0.65)	0.54	(0.45)
-from discontinued operation	-	-	-	-
Total	<u>0.34</u>	<u>(0.65)</u>	<u>0.54</u>	<u>(0.45)</u>