

Financial Result Announcement

Reference No.	:	
Company Name	:	XL HOLDINGS BERHAD
Stock Name	:	XL
Date Announced	:	27/9/2021
Financial Year Ended	:	31/1/2022
Quarter	:	2

Quarterly report on consolidated results for the 2nd quarter period ended 31 July 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/7/2021 (Unaudited) RM '000	PRECEDING YEAR QUARTER ENDED 31/7/2020 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/7/2021 (Unaudited) RM '000	PRECEDING YEAR TO DATE ENDED 31/7/2020 (Unaudited) RM '000
Revenue	28,725	7,953	34,343	14,357
Cost of sales	<u>(26,258)</u>	<u>(6,315)</u>	<u>(31,291)</u>	<u>(12,048)</u>
Gross Profit	2,467	1,638	3,052	2,309
Other incomes	<u>81</u>	<u>122</u>	<u>144</u>	<u>206</u>
	2,548	1,760	3,196	2,515
Depreciation and amortisation	(268)	(209)	(565)	(419)
Administrative and other operating expenses	<u>(1,913)</u>	<u>(999)</u>	<u>(2,788)</u>	<u>(1,786)</u>
Profit from operational	367	552	(157)	310
Finance cost	(2)	(5)	(5)	(11)
Share of profits and losses of associated companies	-	-	-	-
Profit/(Loss) before taxation	<u>365</u>	<u>547</u>	<u>(162)</u>	<u>299</u>
Taxation	<u>(52)</u>	<u>(110)</u>	<u>(99)</u>	<u>(132)</u>
Net profit/(Loss) for the period	313	437	(261)	167
Other Comprehensive income/(loss)	-	-	-	-
Total Comprehensive income/(loss)	<u>313</u>	<u>437</u>	<u>(261)</u>	<u>167</u>
Net profit/(Loss) attributable to				
-Owners of the parent	313	437	(261)	167
-Non-controlling interests	-	-	-	-
	<u>313</u>	<u>437</u>	<u>(261)</u>	<u>167</u>
Total Comprehensive profit/(Loss) attributable to				
-Owners of the parent	313	437	(261)	167
-Non-controlling interests	-	-	-	-
	<u>313</u>	<u>437</u>	<u>(261)</u>	<u>167</u>
Earnings/(Loss) per ordinary share				
Basic (sen)				
- from continuing operations	0.33	0.55	(0.28)	0.21
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.33</u>	<u>0.55</u>	<u>(0.28)</u>	<u>0.21</u>
Fully diluted (sen)				
- from continuing operations	0.33	0.55	(0.27)	0.21
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.33</u>	<u>0.55</u>	<u>(0.27)</u>	<u>0.21</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2021 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 31/7/2021 (Unaudited) RM '000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/1/2021 (Audited) RM '000
1 NON-CURRENT ASSETS		
Property, plant and equipment	35,320	35,267
Biological assets	1,572	1,513
Right-of-use assets	146	235
	<u>37,038</u>	<u>37,015</u>
2 CURRENT ASSETS		
Biological assets	1,845	1,857
Inventories	2,347	2,421
Investment	1,073	-
Trade receivables	22,184	4,457
Other receivables	3,608	230
Prepayment	24	43
Current tax assets	29	25
Fixed deposits	1,001	1,001
Cash and bank balances	9,358	1,862
	<u>41,469</u>	<u>11,896</u>
TOTAL ASSETS	<u><u>78,507</u></u>	<u><u>48,911</u></u>
3 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Share capital	89,330	76,601
Reserves	(279)	(279)
Accumulated losses	(29,327)	(29,066)
SHAREHOLDERS' FUNDS	<u>59,724</u>	<u>47,256</u>
4 NON-CURRENT LIABILITY		
Hire purchase	196	-
Lease liabilities	59	59
Deferred tax liabilities	12	12
	<u>267</u>	<u>71</u>
5 CURRENT LIABILITIES		
Trade payables	16,651	374
Other payables	1,462	726
Amount due to director	35	79
Hire purchase	46	-
Lease liabilities	110	217
Current tax liabilities	212	188
	<u>18,516</u>	<u>1,584</u>
6 TOTAL LIABILITIES	<u>18,783</u>	<u>1,655</u>
7 TOTAL EQUITY AND LIABILITIES	<u><u>78,507</u></u>	<u><u>48,911</u></u>
8 NET ASSETS PER SHARE (RM)	<u>0.63</u>	<u>0.59</u>

The Condensed Consolidated Statement of Financial position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2021 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 2021	76,601	-	(279)	-	-	(29,066)	47,256
MFRS 16 adjustment *	-	-	-	-	-	-	-
	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,066)</u>	<u>47,256</u>
Issue of share capital-placement	12,729	-	-	-	-	-	12,729
Treasury shares	-	-	-	-	-	-	-
Issue of share capital - ESOS	-	-	-	-	-	-	-
Currency translation differences not recognised in income statement	-	-	-	-	-	-	-
Total Comprehensive Profit/(Loss) for the period ended:	-	-	-	-	-	(261)	(261)
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 July 2021	<u>89,330</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,327)</u>	<u>59,724</u>
<i>Balance at 1 February 2020</i>	<i>76,601</i>	<i>-</i>	<i>(279)</i>	<i>-</i>	<i>-</i>	<i>(29,534)</i>	<i>46,788</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>(29,534)</u>	<u>46,788</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>167</i>	<i>167</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 2020	<u>76,601</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,367)</u>	<u>46,955</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/7/2021 (Unaudited) RM'000	PRECEDING PERIOD ENDED 31/7/2020 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	(162)	299
Adjustment for:		
Depreciation of property, plant and equipment	485	330
Depreciation of right-of-use assets	80	89
Gain on disposal	(14)	-
Unrealised gain on forex	(2)	5
Unrealised loss on investment	30	-
Interest income	(55)	(23)
Interest expense	5	11
Operating (loss)/profit before working capital changes	<u>367</u>	<u>711</u>
Changes in working capital		
Net change in receivables	(21,084)	(1,421)
Net change in inventories and biological assets	27	(196)
Net change in payables	<u>17,013</u>	<u>294</u>
Cash used in operating activities	<u>(3,677)</u>	<u>(612)</u>
Tax refund/(paid)	(79)	(38)
Interest received	55	23
Interest paid	(5)	(11)
Net cash used in operating activities	<u>(3,706)</u>	<u>(638)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(529)	(5)
Investment	(1,103)	-
Proceed from disposal of fixed asset	14	-
Cash received from private placement and other equity instrument	<u>12,729</u>	<u>-</u>
Net cash used in investing activities	<u>11,111</u>	<u>(5)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to director	(44)	81
Repayment of lease liabilities	<u>135</u>	<u>(101)</u>
Net cash used in financing activities	<u>91</u>	<u>(20)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>7,496</u>	<u>(663)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>2,863</u>	<u>4,198</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>10,359</u></u>	<u><u>3,535</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	9,358	2,534
Fixed deposits	<u>1,001</u>	<u>1,001</u>
	<u><u>10,359</u></u>	<u><u>3,535</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2021 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 2021. 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 2022. 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 2021.

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 Beyond 30 June 2021	1 April 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 108	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 112	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Deferred Tax related to Assets and Liabilities arising from a Single Transaction 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 2021 in translation (units of Malaysian Ringgit per foreign currency) are as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.214
Japanese Yen	0.038
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 2021 was not qualified.

3. Seasonality or Cyclicity of Operations

The Group's operations and revenue were not affected by any seasonal or cyclical factors except for the period during which the fish productivity level was affected by adverse weather.

4. Unusual Items Due to Their Nature, Sizes or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow for the current financial year to-date.

5. Changes in Estimates

There were no material changes in estimates reported in the prior financial quarter of the current financial year or prior financial year, which have material impact on the current financial year to-date.

6. Changes in Debt and Equity Securities

During the current period of date, the Company: -

- (a) On 19 February 2021, completed the private placement exercise, issued and listed 15,911,300 new ordinary shares on the Main Market of Bursa Securities.
- (b) On 20 May 2021, issued and listed 47,734,099 Warrants on the Main Market of Bursa Securities. The free warrants were issued based on the basis of 1 Warrant for every existing ordinary share of the Company.

Save as disclosed above, there was no issuance, cancellation, share buy-back, resale and repayment of debt and equity securities.

7. Dividend Paid

No dividends were paid by the Company during the current quarter and financial year to-date.

8. Segment Reporting

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

Current financial quarter ended 31 July 2021

	Investment Holding RM'000	Foods RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Others RM'000	Total RM'000
REVENUE							
Sales (Gross)	286	23,538	1,209	4,058	754	-	29,845
Inter-Segment sales	(126)	-	(526)	(468)	-	-	(1,120)
External	160	23,538	683	3,590	754	-	28,725
RESULT							
Segment result	(133)	313	17	283	55	(168)	367
Finance costs	-	-	(1)	(1)	-	-	(2)
Profit/(Loss) before tax	(133)	313	16	282	55	(168)	365
Tax expenses	-	-	-	(52)	-	-	(52)
Profit/(Loss) after tax	(133)	313	16	230	55	(168)	313

Previous year's corresponding quarter ended 31 July 2020

	Investment Holding RM'000	Foods RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Others RM'000	Total RM'000
REVENUE							
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
RESULT							
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

8. Segment Reporting (cont'd)

Current financial period ended 31 July 2021

	Investment Holding RM'000	Foods RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Other RM'000	Total RM'000
REVENUE							
Sales (Gross)	412	23,538	2,437	8,173	1,978	-	36,538
Inter-Segment sales	(252)	-	(1,027)	(916)	-	-	(2,195)
External	160	23,538	1,410	7,257	1,978	-	34,343
RESULT							
Segment result	(835)	313	42	510	(11)	(176)	(157)
Finance costs	-	-	(1)	(4)	-	-	(5)
Profit/(Loss) before tax	(835)	313	41	506	(11)	(176)	(162)
Tax expenses	-	-	-	(99)	-	-	(99)
Profit/(Loss) after tax	(835)	313	41	407	(11)	(176)	(261)

Previous year corresponding financial period ended 31 July 2020

	Investment Holding RM'000	Foods RM'000	Fish Farming RM'000	Merchandise RM'000	Edible Bird Nest RM'000	Other RM'000	Total RM'000
REVENUE							
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
RESULT							
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

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. Material Events Subsequent to the Balance Sheet Date

(a) On 1 September 2021, the following proposals have been approved in Extraordinary General Meeting.

- i. Issuance of redeemable convertible notes (“notes”) convertible into a maximum of 191,000,000 new ordinary shares in XL Holdings Berhad with an aggregate principal amount of up to RM200 Million (“proposed notes issue”).

The Proposed Notes Issue entails the issuance of redeemable convertible notes with an aggregate principal amount of up to RM200 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of the Tranche 1 Notes. The number of XL Shares to be issued upon conversion of the Notes shall depend on the Conversion Price which will be determined later, provided the Conversion Price is not less than RM0.50, being the minimum conversion price.

- ii. Diversification of the principal activities of XL Holdings Berhad and its subsidiaries to include the new business ventures i.e., the Food Processing Business, Feed Mill Business, Hatchery Business, Cow Farming Business and Fruits and Vegetables Planting Business.

(b) On 3 September 2021, the Company had announced to undertake a proposed acquisition of 100% equity interest in Ergobumi Sdn Bhd (“Ergobumi”), comprising 500,000 ordinary shares in Ergobumi, from Lee Kok Soon and Edmund Chan Seng Kee for a total cash consideration of RM40 million.

11. Changes in Composition of the Group

The Company has on 7 April 2021 and 4 May 2021 incorporated 3 new wholly-owned subsidiaries, namely XL Farming Sdn Bhd (“XLF”), XL Plantation Sdn Bhd (“XLP”) and XL Foods Sdn Bhd (“XLFD”).

XLF primarily involve in rearing and management of livestock farms, extraction of dairy milk from livestock and trading related products. XLP primarily involve in farming, manufacturing and trading of fruits, vegetables and related products.

XLFD primarily involved in producing and trading edible products (such as processed foods, healthy foods, protein foods, packed foods and others).

12. Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities or contingent assets of the Group since the end of the prior financial year.

13. Significant Related Party Transactions

There were no significant related party transactions noted during the current financial year to-date.

14. Review of Performance

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

The Group recorded a total revenue of RM28.725 million for the three months' quarter ended 31 July 2021 represented an increase of 261.18% compared with RM7.953 million in the previous year's corresponding quarter. The Group registered a profit before tax of RM0.365 million as compared with profit before tax of RM0.547 million in the previous year's corresponding quarter. The performance movement is further explained below:

Investment Holdings Segment

The investment holding segment recorded revenue of RM0.286 million for the three months' quarter ended 31 July 2021 as compared with RM0.126 million in the previous year's corresponding quarter. The income generated by Investment holding segment mainly consists of management fees and investment income during this quarter ended 31 July 2021.

This segment registered loss before tax of RM0.133 million as compared with loss before tax of RM0.014 million in the previous corresponding quarter mainly due to the corporate exercises' expenses.

Foods Segment

The foods segment recorded revenue of RM23.538 million and RM0.313 million profit before tax for three months quarter ended 31 July 2021.

This is a new segment started business during this quarter, therefore no comparison of results with previous year.

Fish Farming Segment

The fish farming segment recorded revenue of RM1.209 million for the three months' quarter ended 31 July 2021 as compared with RM0.961 million in the previous year's corresponding quarter. Revenue increased approximately 25.81% mainly due to the increase in sales volume of tropical fishes during the current quarter.

Despite the increased in revenue, the fish farming segment registered lower profit before tax of RM0.016 million as compared with profit before tax of RM0.099 million in the previous year's corresponding quarter. This was mainly due to decrease in other income and increase in other expense.

Merchandise Segment

The merchandise segment recorded revenue of RM4.058 million for the three months' quarter ended 31 July 2021 represented an increase of 4.29% as compared with RM3.891 million in the previous year's corresponding quarter. This was mainly contributed by the increase in sales volume of merchandise stocks during the current quarter.

The merchandise segment registered a profit before tax of RM0.282 million as compared with profit before tax of RM0.313 million in the previous year's corresponding quarter. This was mainly due to increase in operating cost and employee benefits expenses.

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM0.754 million for the three months quarter ended 31 July 2021 as compared with RM3.823 million in the previous year's corresponding quarter. Revenue decreased approximately 80.28% and was mainly due to the decrease in sales to Hong Kong market during the current quarter. This was attributable to the stricter trade restrictions imposed after outbreak of Covid-19 pandemic.

The edible bird nest registered a profit before tax of RM0.055 million as compared with profit before tax of RM0.150 million in the previous year's corresponding quarter. This was mainly due to a decrease in revenue of edible bird nest during the current quarter.

14. Review of Performance (cont'd)

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

The Group recorded revenue of RM34.343 million for the 6 months period ended 31 July 2021 as compared with RM14.357 million in the previous year's corresponding period. Revenue increased approximately 139.21%. The Group registered a loss before tax of RM0.162 million as compared with profit before tax of RM0.299 million in the previous year's corresponding period. The performance is further explained below:

Investment Holdings Segment

The investment holding segment recorded revenue of RM0.412 million as compared to RM0.252 million in the preceding year corresponding period ended 31 July 2020. The income generated by Investment holding segment mainly consists of management fees and investment income during the current financial period ended 31 July 2021.

This segment registered loss before tax of RM0.835 million as compared with profit before tax of RM0.014 million in the previous year corresponding period mainly due to the corporate exercises' expenses

Foods Segment

The foods segment recorded revenue of RM23.538 million and RM0.313 million profit before tax for the 6 months ended 31 July 2021.

This is a new segment started business during this quarter, therefore no comparison of results with previous year.

Fish Farming Segment

The fish farming segment recorded revenue of RM2.437 million for the six months period ended 31 July 2021 as compared to RM1.367 million in the previous year's corresponding period. Revenue increased approximately 78.27% mainly due to the increase in sales volume of tropical fishes during the current financial period.

The fish farming segment registered a profit before tax of RM0.041 million as compared to loss before tax of RM0.249 million in the previous year's corresponding period. This mainly was due to the increase in sales volume of tropical fishes during the current financial period.

Merchandise Segment

The merchandise segment recorded revenue of RM8.173 million for the six months period ended 31 July 2021 as compared with RM6.305 million in the previous year's corresponding period. Revenue increased approximately 29.63%. This was mainly contributed by the increase in sales volume of merchandise stocks during the current financial period.

The merchandise segment registered a profit before tax of RM0.506 million as compared to profit before tax of RM0.328 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 increase in sales volume of merchandise stocks during the current financial period.

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM1.978 million as compared to RM7.854 million in the previous year's corresponding period. Revenue decreased approximately 74.82% and was mainly due to the decrease in sales to Hong Kong market during the current financial period. This was attributable to the stricter trade restrictions imposed after outbreak of Covid-19 pandemic.

The edible bird nest registered a loss before tax of RM0.011 million as compared with profit before tax of RM0.208 million in the previous year's corresponding period last year. This was mainly due to decrease in revenue of edible bird nest during the current financial period.

15. Variation of Results against the Immediate Preceding Quarter

	Current Financial Quarter 31/7/2021 RM'000	Immediate Preceding Quarter 30/4/2021 RM'000	Changes %
Revenue	28,725	5,618	411.30
Profits/(Loss) before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	634	(226)	380.84
Profits/(Loss) Before Tax	365	(526)	169.42
Profits/(Loss) After Tax	313	(573)	154.62

The Group recorded revenue of RM28.725 million for the three months' quarter ended 31 July 2021 represented an increase of approximately 411.30% as compared to RM5.618 million in the immediate preceding quarter ended 30 April 2021. This was mainly due to additional sales of food products during the current quarter

The Group registered a profit before tax of RM0.365 million during the current quarter ended 31 July 2021 as compared to loss before tax of RM0.526 million for the immediate preceding quarter ended 30 April 2021. This was mainly due to increase in revenue.

16. Commentary on Prospects

The COVID-19 pandemic had significantly affected both the Malaysian and global economies. The Group turnover derived mostly from the export markets and was affected by the uncertainty caused by the pandemic. After the numerous lockdown implemented by the government to break the chain of infection, and the increasing number of vaccinated population, we believe that the Malaysian economy is on track to recovery.

As stated in Note 10 (a)(ii), the Group has diversified the principal activities in order to broaden its income streams and improve the group's performance.

For the current financial year, our group will implement its business strategies cautiously as well as monitor closely in order to adapt to the current challenging and uncertain economic environment.

17. Profit Forecast

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

18. Taxation

	Current Year Quarter 31/7/2021 RM'000	Current Year To-Date 31/7/2021 RM'000
Current taxation	52	99
Deferred taxation	-	-
	<u>52</u>	<u>99</u>

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 being fully utilized and other income was taxed as different sources of income.

19. Status of corporate proposal announced

(a) Status of utilization of proceeds raised from Private Placement as at ended 31 July 2021

Purposes	Proposed Utilisation	Actual Utilisation as at 31/07/21	Remaining Balance Carried Forward	Intended timeframe for utilisation
	RM'000	RM'000	RM'000	
Future acquisitions/ investments of new businesses	7,500	2,072	5,428	18/2/2022
Staff salaries	2,000	464	1,536	18/2/2022
Administrative and other operating expenses	2,500	857	1,643	18/2/2022
Sales and marketing activities and Other working capital requirements	569	-	569	18/2/2022
Defrayment of the expense's incidental to the Private Placement	160	160	-	N/A
Total:	12,729	3,553	9,176	

(b) Proposed establishment and implementation of a long-term incentive plan ("LTIP") of up to 15% of the Company's total issued share capital (excluding treasury shares) at any point in time over the duration of the LTIP for eligible directors and employees of the Group. The LTIP has been announced the effective date for implementation on 22 April 2021.

(c) Proposed issuance of redeemable convertible notes ("notes") convertible into a maximum of 191,000,000 new ordinary shares in XL Holdings Berhad with an aggregate principal amount of up to RM200 million ("Proposed Notes Issue").

The Proposed Notes Issue entails the issuance of redeemable convertible notes with an aggregate principal amount of up to RM200 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of the Tranche 1 Notes. The number of XL Shares to be issued upon conversion of the Notes shall depend on the Conversion Price which will be determined later, provided the Conversion Price is not less than RM0.50, being the minimum conversion price.

The proposal was duly passed at the EGM held on 1 September 2021.

(d) Proposed diversification of the principal activities of XL Holdings Berhad and its subsidiaries to include the new business ventures i.e , the Food Processing Business, Feed Mill Business, Hatchery Business, Cow Farming Business and Fruits and Vegetables Planting Business.

The proposal was duly passed at the EGM held on 1 September 2021

(e) On 3 September 2021, the Company announced to undertake a proposed acquisition of 100% equity interest in Ergobumi Sdn Bhd ("Ergobumi"), comprising 500,000 ordinary shares in Ergobumi, from Lee Kok Soon and Edmund Chan Seng Kee for a total cash consideration of RM40.00 million.

20. Borrowings

The Group's borrowings, all of which are secured and denominated in Ringgit Malaysia, were as follows:

	Current Year as at 31/7/2021 (Unaudited) RM '000
Secure	
Short term:	
Hire Purchase	46
Long term:	
Hire Purchase	196
Total	<u>242</u>

21. Notes to the Condensed Consolidated Statement of Comprehensive Income

Operating profit is stated after charging/ (crediting):

	3 months ended		Year to date	
	<u>31/7/2021</u>	<u>31/7/2020</u>	<u>31/7/2021</u>	<u>31/7/2020</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(24)	(9)	(55)	(23)
Other income	(60)	(101)	(73)	(152)
Lease expenses	2	5	5	11
Depreciation	268	209	565	419
Gain/(Loss) on disposal of quoted investment	1	-	1	-
Provision for slow moving Inventories	-	-	52	-
(Gain)/loss on disposal of property, plant and equipment	-	-	(14)	-
Changes in fair value of biological assets	4	6	(54)	(31)
Foreign exchange (gains)/losses	3	(12)	(2)	(31)

The following items which were not disclosed were not applicable.

- a. Provision for and write off of receivables;
- b. Gain or loss on derivatives; and
- c. Exceptional items (with details)

22. Material litigation

There are no pending material litigations as at the date of this report.

23. Dividend Payable

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

24. Capital Commitments

At the date of this report, the Group has the following commitment: -

	RM'000
Approved and contracted for:	
- Purchase of farm equipment	323.7

25. Earnings/(Loss) per share

a) Basic Earnings/ (Loss) per share

	3 months ended		Year to date	
	<u>31/7/2021</u>	<u>31/7/2020</u>	<u>31/7/2021</u>	<u>31/7/2020</u>
Net earnings/ (Loss) (RM'000)	313	437	(261)	167
Weighted Average No. of shares ('000)	95,468	79,937	93,886	79,937
Basic earnings/ (loss) per share (sen)	0.33	0.55	(0.28)	0.21

b) Diluted Earnings/ (Loss) per share

	3 months ended		Year to date	
	<u>31/7/2021</u>	<u>31/7/2020</u>	<u>31/7/2021</u>	<u>31/7/2020</u>
Weighted Average No. of shares ('000)	95,468	79,937	95,468	79,937
Diluted earnings/ (loss) per share (sen)	0.33	0.55	(0.27)	0.21