



XL HOLDINGS BERHAD

(199801012014(468142-U))

(Formally known as Xian Leng Holdings Berhad)

**Unaudited Third Quarter
Ended
31 October 2021**

**Interim Financial Statements
Announcement**

Financial Result Announcement

Reference No.	:	
Company Name	:	XL HOLDINGS BERHAD
Stock Name	:	XL
Date Announced	:	22/12/2021
Financial Year Ended	:	31/1/2022
Quarter	:	3

Quarterly report on consolidated results for the 3rd quarter period ended 31 October 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/10/2021 (Unaudited) RM '000	PRECEDING YEAR QUARTER ENDED 31/10/2020 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/10/2021 (Unaudited) RM '000	PRECEDING YEAR TO DATE ENDED 31/10/2020 (Unaudited) RM '000
Revenue	22,204	7,748	56,547	22,105
Cost of sales	<u>(20,315)</u>	<u>(6,408)</u>	<u>(51,606)</u>	<u>(18,456)</u>
Gross Profit	1,889	1,340	4,941	3,649
Other incomes	<u>200</u>	<u>133</u>	<u>344</u>	<u>339</u>
	2,089	1,473	5,285	3,988
Depreciation and amortisation	(318)	(210)	(883)	(629)
Administrative and other operating expenses	<u>(1,693)</u>	<u>(923)</u>	<u>(4,479)</u>	<u>(2,709)</u>
Profit from operational	78	340	(77)	650
Finance cost	(4)	(5)	(11)	(16)
Share of profits and losses of associated companies	-	-	-	-
Profit/(Loss) before taxation	<u>74</u>	<u>335</u>	<u>(88)</u>	<u>634</u>
Taxation	<u>3</u>	<u>(67)</u>	<u>(96)</u>	<u>(199)</u>
Net profit/(Loss) for the period	77	268	(184)	435
Other Comprehensive income/(loss)	-	-	-	-
Total Comprehensive income/(loss)	<u>77</u>	<u>268</u>	<u>(184)</u>	<u>435</u>
Net profit/(Loss) attributable to				
-Owners of the parent	77	268	(184)	435
-Non-controlling interests	-	-	-	-
	<u>77</u>	<u>268</u>	<u>(184)</u>	<u>435</u>
Total Comprehensive profit/(Loss) attributable to				
-Owners of the parent	77	268	(184)	435
-Non-controlling interests	-	-	-	-
	<u>77</u>	<u>268</u>	<u>(184)</u>	<u>435</u>
Earnings/(Loss) per ordinary share				
Basic (sen)				
- from continuing operations	0.08	0.34	(0.19)	0.54
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.08</u>	<u>0.34</u>	<u>(0.19)</u>	<u>0.54</u>
Fully diluted (sen)				
- from continuing operations	0.08	0.34	(0.19)	0.54
- from discontinued operation	0.00	0.00	0.00	0.00
	<u>0.08</u>	<u>0.34</u>	<u>(0.19)</u>	<u>0.54</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.

Financial Result Announcement

Reference No. :
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Stock Name : XL
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Financial Year Ending : 31/1/2022
Quarter : 3

Quarterly report on consolidated results for the 3rd quarter period ended 31 October 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/10/2021 (Unaudited) RM '000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/1/2021 (Audited) RM '000
1 NON-CURRENT ASSETS		
Property, plant and equipment	35,429	35,267
Biological assets	1,575	1,513
Right-of-use assets	101	235
	<u>37,105</u>	<u>37,015</u>
2 CURRENT ASSETS		
Biological assets	2,040	1,857
Inventories	2,180	2,421
Investment	1,214	-
Trade receivables	23,901	4,457
Other receivables	11,908	230
Prepayment	164	43
Current tax assets	32	25
Fixed deposits	1,000	1,001
Cash and bank balances	9,953	1,862
	<u>52,392</u>	<u>11,896</u>
TOTAL ASSETS	<u>89,497</u>	<u>48,911</u>
3 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Share capital	101,992	76,601
Reserves	(279)	(279)
Accumulated losses	(29,250)	(29,066)
SHAREHOLDERS' FUNDS	<u>72,463</u>	<u>47,256</u>
4 NON-CURRENT LIABILITY		
Hire purchase	184	-
Lease liabilities	59	59
Deferred tax liabilities	12	12
	<u>255</u>	<u>71</u>
5 CURRENT LIABILITIES		
Trade payables	15,205	374
Other payables	1,222	726
Amount due to director	35	79
Hire purchase	47	-
Lease liabilities	55	217
Current tax liabilities	215	188
	<u>16,779</u>	<u>1,584</u>
6 TOTAL LIABILITIES	17,034	1,655
7 TOTAL EQUITY AND LIABILITIES	<u>89,497</u>	<u>48,911</u>
8 NET ASSETS PER SHARE (RM)	<u>0.75</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
Issuance of redeemable convertible notes ("RCN")	12,662	-	-	-	-	-	12,662
Treasury shares	-	-	-	-	-	-	-
Issue of share capital - ESOS	-	-	-	-	-	-	-
Currency translation differences not recognised in income statement	-	-	-	-	-	-	-
Total Comprehensive Profit/(Loss) for the period ended:	-	-	-	-	-	(184)	(184)
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 October 2021	<u><u>101,992</u></u>	<u><u>-</u></u>	<u><u>(279)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(29,250)</u></u>	<u><u>72,463</u></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><u>76,601</u></u>	<u><u>-</u></u>	<u><u>(279)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(29,534)</u></u>	<u><u>46,788</u></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>435</i>	<i>435</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 2020	<u><u>76,601</u></u>	<u><u>-</u></u>	<u><u>(279)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(29,099)</u></u>	<u><u>47,223</u></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 31/10/2021 (Unaudited) RM'000	PRECEDING PERIOD ENDED 31/10/2020 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	(88)	634
Adjustment for:		
Depreciation of property, plant and equipment	713	495
Depreciation of right-of-use assets	120	134
Provision for slow moving stock	-	16
Gain on disposal	(14)	-
Unrealised gain on forex	(2)	(2)
Change in fair value of non-current biological assets	-	(71)
Inventories written off	-	35
Unrealised loss on NRV (Inventory)	4	-
Unrealised gain on investment	(111)	-
Interest income	(61)	(30)
Interest expense	11	16
Operating (loss)/profit before working capital changes	<u>572</u>	<u>1,227</u>
Changes in working capital		
Net change in receivables	(31,242)	(2,670)
Net change in inventories and biological assets	(8)	(113)
Net change in payables	15,327	103
Cash used in operating activities	<u>(15,351)</u>	<u>(1,453)</u>
Tax refund/(paid)	(76)	(52)
Interest received	61	30
Interest paid	(11)	(16)
Net cash used in operating activities	<u>(15,377)</u>	<u>(1,491)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(861)	(31)
Investment	(1,103)	-
Proceed from disposal of fixed asset	14	-
Cash received from private placement and other equity instrument	25,391	-
Net cash used in investing activities	<u>23,441</u>	<u>(31)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to director	(44)	69
Repayment of lease liabilities	70	(152)
Net cash used in financing activities	<u>26</u>	<u>(83)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	8,090	(1,605)
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>10,953</u></u>	<u><u>2,593</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	9,953	1,592
Fixed deposits	1,000	1,001
	<u><u>10,953</u></u>	<u><u>2,593</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 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 2021 in translation (units of Malaysian Ringgit per foreign currency) are as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.119
Japanese Yen	0.036
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 financial period ended 31 October 2021, 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.
- (c) Issued redeemable convertible notes ("RCN"):-
 - (i) On 04 October 2021, issued 16,592,001 ordinary shares pursuant to the conversion of RM 10 million worth of RCN at a conversion price of RM 0.6027 per share.
 - (ii) On 13 October 2021, issued 6,514,051 ordinary shares pursuant to the conversion of RM 3.5 million worth of RCN at a conversion price of RM 0.5373 per share.

Subsequent to the financial period ended 31 October 2021, the Company issued RM 7.5 million worth of RCN at a conversion price of RM 0.5320 per share and subsequently converted to 14,097,743 ordinary shares.

Following the above issuance of new shares, the Company has 133,051,995 ordinary shares in issue as at the date of this report. 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 October 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)	128	17,161	1,101	4,274	692	-	23,356
Inter-Segment sales	(126)	-	(509)	(517)	-	-	(1,152)
External	2	17,161	592	3,757	692	-	22,204
RESULT							
Segment result	(317)	708	25	47	(8)	(377)	78
Finance costs	(2)	-	(1)	(1)	-	-	(4)
Profit/(Loss) before tax	(319)	708	24	46	(8)	(377)	74
Tax expenses	-	-	-	3	-	-	3
Profit/(Loss) after tax	(319)	708	24	49	(8)	(377)	77

Previous year's corresponding quarter ended 31 October 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	-	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



8. Segment Reporting (cont'd)

Current financial period ended 31 October 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)	540	40,699	3,433	12,552	2,670	-	59,894
Inter-Segment sales	(378)	-	(1,536)	(1,433)	-	-	(3,347)
External	162	40,699	1,897	11,119	2,670	-	56,547
RESULT							
Segment result	(1,150)	1,021	54	568	(19)	(551)	(77)
Finance costs	(4)	-	(1)	(6)	-	-	(11)
Profit/(Loss) before tax	(1,154)	1,021	53	562	(19)	(551)	(88)
Tax expenses	-	-	-	(96)	-	-	(96)
Profit/(Loss) after tax	(1,154)	1,021	53	466	(19)	(551)	(184)

Previous year corresponding financial period ended 31 October 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)	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



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 2 December 2021, the proposal for 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 have been approved in Extraordinary General Meeting.
- (b) Subsequent to the financial period ended 31 October 2021, the Company issued RM 7.5 million worth of RCN at a conversion price of RM 0.5320 per share and subsequently convert to 14,097,743 ordinary shares.

Other than the above, there were no other material events subsequent to the end of the current financial period ended 31 October 2021 that have not been reflected in this quarter report.

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 RM22.204 million for the quarter ended 31 October 2021 represented an increase of 186.58% compared with RM7.748 million in the previous year's corresponding quarter. The Group registered a profit before tax of RM0.074 million as compared with profit before tax of RM0.335 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 RM0.128 million for the quarter ended 31 October 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 October 2021.

This segment registered loss before tax of RM0.319 million as compared with profit before tax of RM0.017 million in the previous corresponding quarter mainly due to the corporate exercises' expenses.

Foods Segment

The foods segment recorded revenue of RM17.161 million and RM0.708 million profit before tax for quarter ended 31 October 2021.

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

Fish Farming Segment

The fish farming segment recorded revenue of RM1.101 million for the quarter ended 31 October 2021 as compared with RM0.635 million in the previous year's corresponding quarter. Revenue increased approximately 73.39% mainly due to the increase in sales volume of tropical fishes during the current quarter.

The fish farming segment registered a profit before tax of RM0.024 million as compared with loss before tax of RM0.047 million in the previous year's corresponding quarter. This was mainly due to the increase in sales volume of tropical fishes during the current quarter.

Merchandise Segment

The merchandise segment recorded revenue of RM4.274 million for the quarter ended 31 October 2021 represented decrease of 5.30% as compared with RM4.513 million in the previous year's corresponding quarter. This is primarily constrained by the temporary two (2) weeks suspension of operations in August 2021 for disinfection works.

The merchandise segment registered a profit before tax of RM0.046 million as compared with profit before tax of RM0.272 million in the previous year's corresponding quarter. This was mainly due to lower sales and the increase in operating cost and employee benefits expenses during the current quarter.

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM0.692 million for the quarter ended 31 October 2021 as compared with RM3.492 million in the previous year's corresponding quarter. Revenue decreased approximately 80.18% 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 loss before tax of RM0.008 million as compared with profit before tax of RM0.094 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 RM56.547 million for the nine months period ended 31 October 2021 as compared with RM22.105 million in the previous year's corresponding period. Revenue increased approximately 155.81%. The Group registered a loss before tax of RM0.088 million as compared with profit before tax of RM0.634 million in the previous year's corresponding period. The performance is further explained below:

Investment Holdings Segment

The investment holding segment recorded revenue of RM0.540 million as compared to RM0.378 million in the preceding year corresponding period ended 31 October 2020. The income generated by Investment holding segment mainly consists of management fees and investment income during the current financial period ended 31 October 2021.

This segment registered loss before tax of RM1.154 million as compared with profit before tax of RM0.031 million in the previous year corresponding period mainly due to the corporate exercises' expenses

Foods Segment

The foods segment recorded revenue of RM40.699 million and RM1.021 million profit before tax for the nine months ended 31 October 2021.

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

Fish Farming Segment

The fish farming segment recorded revenue of RM3.433 million for the nine months period ended 31 October 2021 as compared to RM2.002 million in the previous year's corresponding period. Revenue increased approximately 71.48% 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 RM0.053 million as compared to loss before tax of RM0.296 million in the previous year's corresponding period. This was mainly due to the increase in sales volume of tropical fishes during the current financial period.

Merchandise Segment

The merchandise segment recorded revenue of RM12.552 million for the nine months period ended 31 October 2021 as compared with RM10.818 million in the previous year's corresponding period. Revenue increased approximately 16.03%. 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 RM0.562 million as compared with profit before tax of RM0.600 million in the previous year's corresponding period last year. The lower profit before tax registered in the current financial period under review was mainly due to increase in operating cost and employee benefits expenses during the current financial period.

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM2.670 million for the nine months period ended 31 October 2021 as compared with RM11.346 million in the previous year's corresponding period. Revenue decreased approximately 76.47% 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 RM0.019 million as compared with profit before tax of RM0.301 million in the previous year's corresponding period last year. This was mainly due to a decrease in revenue of edible bird nest during the current financial period.



15. Variation of Results against the Immediate Preceding Quarter

	Current Financial Quarter	Immediate Preceding Quarter	Changes %
	31/10/2021 RM'000	31/7/2021 RM'000	
Revenue	22,204	28,725	-22.70
Profits/(Loss) before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	396	634	-37.54
Profits/(Loss) Before Tax	74	365	-79.73
Profits/(Loss) After Tax	77	313	-75.40

The Group recorded revenue of RM22.204 million for the three months' quarter ended 31 October 2021 represented a decrease of approximately 22.70% as compared to RM28,725 million in the immediate preceding quarter ended 31 July 2021. This was mainly due to lower order for food segment and decrease in sales to Hong Kong market for Edible Bird Nest Segment.

The Group registered a profit before tax of RM0.074 million during the current quarter ended 31 October 2021 as compared to profit before tax of RM0.365 million for the immediate preceding quarter ended 31 July 2021. This was mainly due to lower revenue during the current quarter.

16. Commentary on Prospects

In line with the relaxation of the movement restrictions and national vaccination programme having surpassed 90% of the country's adult population, the group believe that Malaysia's economy remains on a recovery path.

Moving forward, the Group will further improve the performance of fish farming activities and trading activities by undertaking the efforts which include, but not limited to continuously undertaking expansion activities for breeding of new types of fishes in its existing farm as well as exploring new farming and breeding method to overcome the productivity challenges.

Besides, the acquisition of the pineapple planting business which have been approved in Extraordinary General Meeting on 2 December 2021 is expected to be part of the Group's continuous strategy to improve the Group's financial performance and enhance our shareholders' value.

Our group will continue to 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 31/10/2021 RM'000	Current Year To-Date 31/10/2021 RM'000
Current taxation	(3)	96
Deferred taxation	-	-
	(3)	96

The effective tax rate of the Group for the year to date was lower than the standard rate of 24% mainly due to utilization of balance capital allowances and business loss.



19. Status of corporate proposal announced

(a) Status of utilization of proceeds raised as at ended 31 October 2021

(i) Proceeds raised from Private Placement

Purposes	Proposed Utilisation	Actual Utilisation as at 31/10/21	Remaining Balance Carried Forward	Intended timeframe for utilisation
	RM'000	RM'000	RM'000	
Future acquisitions/ investments of new businesses	7,500	3,572	3,928	18/2/2022
Staff salaries	2,000	753	1,247	18/2/2022
Administrative and other operating expenses	2,500	1,364	1,136	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	5,849	6,880	

(ii) Proceeds raised from RCN

On the issuance of redeemable convertible notes ("RCN") 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. which will mature on the date falling 36 months from the closing date of the first sub-tranche of the Tranche 1 of RCN.

As at current quarter ended 31 October 2021, RCN with an aggregate principal amount of RM 13.5 million were issued and converted into 23,106,052 ordinary shares of the Company at average conversion price of RM 0.5843 per share. The status of utilization of proceeds raised from RCN is as follows:

Purposes	Proposed Utilisation	Actual Utilisation as at 31/10/21	Remaining Balance Carried Forward	Intended timeframe for utilisation
	(RM'000)	(RM'000)	(RM'000)	
Venture in to food processing	13,000	-	13,000	27/09/2023
Venture into feed mill (for aquaculture sector)	30,000	-	30,000	27/09/2024
Venture into hatchery related business	30,000	6,375	23,625	27/09/2024
Venture into cow farming business	30,000	-	30,000	27/09/2024
Venture into fruits and vegetables planting business	60,000	-	60,000	27/09/2024
Working capital for existing business and new business ventures	23,900	217	23,683	27/09/2024
Estimate expenses in relation to the Proposals	13,100	1,625	11,475	27/09/2024
Total :	200,000	8,217	191,783	



19. Status of corporate proposal announced (Cont'd)

- (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) The proposal on 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 was duly passed at the EGM held on 2 December 2021. The fulfilment of the conditions precedent under the Share Acquisition Agreement has been extended to 15 February 2022.

20. Borrowings

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

	Current Year as at 31/10/2021 (Unaudited) RM ‘000
Secure	
Short term:	
Hire Purchase	47
Long term:	
Hire Purchase	184
Total	231

21. Notes to the Condensed Consolidated Statement of Comprehensive Income

Operating profit is stated after charging/ (crediting):

	3 months ended		Year to date	
	31/10/2021	31/10/2020	31/10/2021	31/10/2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(6)	(7)	(61)	(30)
Other income	(152)	(126)	(198)	(309)
Lease expenses	4	5	11	16
Depreciation	318	210	883	629
Gain/(Loss) on disposal of quoted investment	-	-	1	-
Provision for slow moving Inventories	-	16	52	16
Inventories written off	-	35	-	35
(Gain)/loss on disposal of property, plant and equipment	-	-	(14)	-
Changes in fair value of biological assets	(3)	(40)	(57)	(71)
Foreign exchange (gains)/losses	(42)	(5)	(71)	(36)

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

There are no capital commitments during this quarter.

25. Earnings/(Loss) per share

a) Basic Earnings/ (Loss) per share

	3 months ended		Year to date	
	<u>31/10/2021</u>	<u>31/10/2020</u>	<u>31/10/2021</u>	<u>31/10/2020</u>
Net earnings/ (Loss) (RM'000)	77	268	(184)	435
Weighted Average No. of shares ('000)	101,863	79,937	96,574	79,937
Basic earnings/ (loss) per share (sen)	0.08	0.34	(0.19)	0.54

b) Diluted Earnings/ (Loss) per share

The fully diluted earnings/(loss) per share on the basis of the assumed conversion unissued of RCN and Warrants have not been disclosed as the effect is anti-dilutive.

Kuala Lumpur
22 December 2021

By Order of the Board
Wong Yuet Chyn
Company Secretary