

Financial Result Announcement

Reference No.	:	
Company Name	:	XL HOLDINGS BERHAD
Stock Name	:	XL
Date Announced	:	27/9/2022
Financial Year Ending	:	31/1/2023
Quarter	:	2

Quarterly report on consolidated results for the 2nd quarter period ending 31 January 2023
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/7/2022 (Unaudited) RM '000	PRECEDING YEAR QUARTER ENDED 31/7/2021 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/7/2022 (Unaudited) RM '000	PRECEDING YEAR TO DATE ENDED 31/7/2021 (Unaudited) RM '000
Revenue	19,175	28,725	43,644	34,343
Cost of sales	<u>(16,763)</u>	<u>(26,258)</u>	<u>(38,604)</u>	<u>(31,291)</u>
Gross Profit	2,412	2,467	5,040	3,052
Other incomes/(loss)	<u>488</u>	<u>81</u>	<u>527</u>	<u>144</u>
	2,900	2,548	5,567	3,196
Depreciation and amorti	(1,152)	(268)	(1,825)	(565)
Administrative and other c	<u>(1,155)</u>	<u>(1,913)</u>	<u>(2,596)</u>	<u>(2,788)</u>
Profit from operational	593	367	1,146	(157)
Finance cost	(65)	(2)	(135)	(5)
Share of profits and losses of associated companies	-	-	-	-
Profit before taxation	<u>528</u>	<u>365</u>	<u>1,011</u>	<u>(162)</u>
Taxation	<u>(85)</u>	<u>(52)</u>	<u>(295)</u>	<u>(99)</u>
Net profit for the period	443	313	716	(261)
Other Comprehensive in	-	-	-	-
Total Comprehensive in	<u>443</u>	<u>313</u>	<u>716</u>	<u>(261)</u>
Net profit attributable to				
-Owners of the parent	471	313	748	(261)
-Non-controlling interest	<u>(28)</u>	-	<u>(32)</u>	-
	443	313	716	(261)
Total Comprehensive profit attributable to				
-Owners of the parent	471	313	748	(261)
-Non-controlling interest	<u>(28)</u>	-	<u>(32)</u>	-
	443	313	716	(261)
Earnings per ordinary share				
Basic (sen)				
- from continuing operat	0.22	0.33	0.38	(0.27)
- from discontinued ope	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	0.22	0.33	0.38	(0.27)
Fully diluted (sen)				
- from continuing operat	0.22	0.33	0.38	(0.27)
- from discontinued ope	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	0.22	0.33	0.38	(0.27)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Financial Report for the year ended 31 January 2022 and the accompanying explanatory notes attached interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/7/2022 (Unaudited) RM '000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/1/2022 (Audited) RM '000
1 NON-CURRENT ASSETS		
Property, plant and equipment	61,780	45,261
Biological assets	9,775	1,944
Right-of-use assets	6,953	7,765
Goodwill	17,643	-
	<u>96,151</u>	<u>54,970</u>
2 CURRENT ASSETS		
Biological assets	1,959	2,043
Inventories	2,358	2,318
Investment	1,028	1,148
Trade receivables	18,756	20,281
Other receivables	14,312	6,455
Prepayment	27	26
Current tax assets	121	28
Fixed deposits	1,000	1,000
Cash and bank balances	10,543	16,687
Amount due from director	56	-
	<u>50,160</u>	<u>49,986</u>
TOTAL ASSETS	<u>146,311</u>	<u>104,956</u>
3 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Share capital	153,092	113,253
Treasury shares	(279)	(279)
Reserves	(28,201)	(28,949)
Total equity attributable to owners of the Company	<u>124,612</u>	<u>84,025</u>
Non-controlling interests	(54)	-
	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>124,558</u>	<u>84,025</u>
4 NON-CURRENT LIABILITY		
Hire purchase	148	168
Lease liabilities	5,629	6,306
Deferred tax liabilities	12	12
	<u>5,789</u>	<u>6,486</u>
5 CURRENT LIABILITIES		
Trade payables	3,263	11,910
Other payables	10,227	414
Amount due to director	35	-
Hire purchase	48	47
Lease liabilities	1,452	1,536
Current tax liabilities	939	538
	<u>15,964</u>	<u>14,445</u>
6 TOTAL LIABILITIES	<u>21,753</u>	<u>20,931</u>
7 TOTAL EQUITY AND LIABILITIES	<u>146,311</u>	<u>104,956</u>
8 NET ASSETS PER SHARE (RM)	<u>0.63</u>	<u>0.80</u>

The Condensed Consolidated Statement of Financial position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2022 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	Non-controlling interest RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1 February 2022	113,253	-	(279)	-	-	(28,949)	84,025
MFRS 16 adjustment *	-	-	-	-	-	-	-
	<u>113,253</u>	<u>-</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,949)</u>	<u>84,025</u>
Issue of share capital-placement	-	-	-	-	-	-	-
Issuance of redeemable convertible notes ("RCN")	39,839	-	-	-	-	-	39,839
Treasury shares	-	-	-	-	-	-	-
Changes in ownership interest in a subsidiary	-	-	-	-	(22)	-	(22)
Currency translation differences not recognised in income statement	-	-	-	-	-	-	-
Total Comprehensive Profit/(Loss) for the period ended:	-	-	-	-	(32)	748	716
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 July 2022	<u><u>153,092</u></u>	<u><u>-</u></u>	<u><u>(279)</u></u>	<u><u>-</u></u>	<u><u>(54)</u></u>	<u><u>(28,201)</u></u>	<u><u>124,558</u></u>
<i>Balance at 1 February 2021</i>	<i>76,601</i>	<i>-</i>	<i>(279)</i>	<i>-</i>	<i>-</i>	<i>(29,066)</i>	<i>47,256</i>
<i>Prior year adjustment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<u><i>76,601</i></u>	<u><i>-</i></u>	<u><i>(279)</i></u>	<u><i>-</i></u>	<u><i>-</i></u>	<u><i>(29,066)</i></u>	<u><i>47,256</i></u>
Issue of share capital-placement	12,729	-	-	-	-	-	12,729
Issuance of redeemable convertible notes ("RCN")	-	-	-	-	-	-	-
<i>Issue of share capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Treasury shares	-	-	-	-	-	-	-
<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>(261)</i>	<i>(261)</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 2021	<u><u>89,330</u></u>	<u><u>-</u></u>	<u><u>(279)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(29,327)</u></u>	<u><u>59,724</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**Quarterly report on consolidated results for the 2nd quarter period ending 31 January 2023
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/7/2022 (Unaudited) RM'000	PRECEDING PERIOD ENDED 31/7/2021 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	1,011	(162)
Adjustment for:		
Depreciation of property, plant and equipment	1,012	485
Depreciation of right-of-use assets	813	80
Gain on disposal	(466)	(14)
FV gain on biological assets	(915)	-
Unrealised loss/(gain) on forex	-	(2)
Unrealised loss/(gain) on investment	(7)	30
Interest income	(14)	(55)
Interest expense	135	5
Operating (loss)/profit before working capital changes	<u>1,569</u>	<u>367</u>
Changes in working capital		
Net change in receivables	(6,214)	(21,084)
Net change in inventories and biological assets	65	27
Net change in payables	555	17,013
Cash used in operation	<u>(4,025)</u>	<u>(3,677)</u>
Tax refund/(paid)	(473)	(79)
Interest received	14	55
Interest paid	(135)	(5)
Net cash used in operating activities	<u>(4,619)</u>	<u>(3,706)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(1,490)	(529)
Acquisition of a subsidiary	(39,995)	-
Investment	127	(1,103)
Proceed from disposal of fixed asset	750	14
Cash received from private placement and other equity instrument	39,839	12,729
Net cash from/(used in) investing activities	<u>(769)</u>	<u>11,111</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to director	24	(44)
Repayment of lease liabilities	(780)	135
Net cash used in financing activities	<u>(756)</u>	<u>91</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(6,144)</u>	<u>7,496</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>17,687</u>	<u>2,863</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>11,543</u></u>	<u><u>10,359</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	10,543	9,358
Fixed deposits	1,000	1,001
	<u><u>11,543</u></u>	<u><u>10,359</u></u>

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

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:

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 July 2022 in translation (units of Malaysian Ringgit per foreign currency) are as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.420
Japanese Yen	0.033
100 Indonesian Rupiah	0.028



2. Audit Qualifications

The audit report of the Group's most recent annual financial statements for the year ended 31 January 2022 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 July 2022, the Company issued 76,701,135 ordinary shares pursuant to the conversion of RM 43 million worth of RCN at average conversion price of RM 0.5606 per share.

Following the above issuance of new shares, the Company has 218,169,063 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 July 2022

	Investment Holding	Foods	Fish Farming	Merchandise	Edible Bird Nest	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
Sales (Gross)	131	14,267	1,524	4,269	137	98	20,426
Inter-Segment sales	(126)	-	(664)	(461)	-	-	(1,251)
External	5	14,267	860	3,808	137	98	19,175
RESULT							
Segment result	(218)	240	308	292	(2)	(27)	593
Finance costs	(3)	-	-	(2)	-	(60)	(65)
Profit/(Loss) before tax	(221)	240	308	290	(2)	(87)	528
Tax expenses	-	(58)	-	(27)	-	-	(85)
Profit/(Loss) after tax	(221)	182	308	263	(2)	(87)	443

Previous year's corresponding quarter ended 31 July 2021

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



8. Segment Reporting (cont'd)

Current financial period ended 31 July 2022

	Investment Holding	Foods	Fish Farming	Merchandise	Edible Bird Nest	Other	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
Sales (Gross)	276	34,160	3,094	8,195	235	125	46,085
Inter-Segment sales	(252)	-	(1,276)	(913)	-	-	(2,441)
External	24	34,160	1,818	7,282	235	125	43,644
RESULT							
Segment result	(446)	1,079	319	414	(3)	(217)	1,146
Finance costs	(7)	-	(1)	(4)	-	(123)	(135)
Profit/(Loss) before tax	(453)	1,079	318	410	(3)	(340)	1,011
Tax expenses	-	(250)	-	(45)	-	-	(295)
Profit/(Loss) after tax	(453)	829	318	365	(3)	(340)	716

Previous year corresponding financial period ended 31 July 2021

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



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

The Company has on 22nd of August 2022 incorporated a new wholly-owned subsidiary, namely SFE Sdn Bhd. The intended principal activities of the new company is to explore new business opportunities in the food processing, aquaculture and agriculture activities.

Save as disclosed above, there were no other material events subsequent to the end of the current financial period ended 31 July 2022 that have not been reflected in this quarter report.

11. Changes in Composition of the Group

During the financial period ended 31 July 2022, the Company:

- (a) had completed the acquisition of 100% of equity interest in Ergobumi Sdn Bhd (“Ergobumi”), comprising 500,000 ordinary shares in Ergobumi, from Lee Kok Soon and Edmund Chan Seng Kee for total purchase consideration of RM 40 million.

The value of the identifiable net assets acquired and the goodwill disclosed as below:

<u>Identified assets and liabilities:</u>	RM
<u>Non-current assets</u>	
Property, Plant and equipment	23,260,926
<u>Current assets</u>	
Trade and other receivables	86,354
Cash and bank balances	3,299
Deposit & prepayment	58,760
	<u>23,409,339</u>
<u>Current liabilities</u>	
Trade and other payables	(541,835)
Taxation	(487,000)
	<u>(1,028,835)</u>
Purchase consideration	40,000,000
Less:-	
Fair value of identifiable net assets acquired	22,380,504
Goodwill on acquisition	<u>17,619,496</u>



11. Changes in Composition of the Group (Cont'd)

- (b) On 29 March 2022, the Company acquired of 51% equity interest in Xtra Delivery Sdn Bhd ("XDSB"), comprising 5,151 ordinary shares in XDSB, from Chua Hat Zen, Lee Chiaw Huat and The Hong Seng for a total cash consideration of RM 10.

XDSB is primarily involved in the business of frozen and chilled products delivery services.

The fair value of the identifiable net assets acquired and the goodwill disclosed as below:

<u>Identified assets and liabilities:</u>	RM	RM
<u>Non-current assets</u>		
Property, Plant and equipment	873	
<u>Current assets</u>		
Trade and other receivables	-	
Cash and bank balances	1,431	
Deposit & prepayment	3,170	
Due from director	44,979	
	<u>50,453</u>	
<u>Current liabilities</u>		
Trade and other payables	(96,657)	
	<u>(96,657)</u>	
Purchase consideration		10
Less:-		
Fair value of identifiable net assets acquired	(46,204)	
Non-controlling interest	<u>22,640</u>	
Net fair value of identifiable net assets acquired	<u>(23,564)</u>	(23,564)
Goodwill on acquisition		<u>23,574</u>

The Company shall subscribe of up to 1,274,949 ordinary shares in XDSB for total subscription price up to RM2,500,000.

Save as disclosed above, there were no changes in the composition of the Group during the current quarter and the financial period ended 31 July 2022.

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 RM19.175 million for the quarter ended 31 July 2022 represented a decrease of 33.25% compared with RM28.725 million in the previous year's corresponding quarter. The Group registered a profit before tax of RM0.528 million as compared with profit before tax of RM0.365 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 RM0.131 million for the quarter ended 31 July 2022 as compared with RM0.286 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 2022.

This segment registered loss before tax of RM0.221 million as compared with loss before tax of RM0.133 million in the previous year's corresponding quarter mainly due to the professional fee & admin expenses.

Foods Segment

The food segment recorded revenue of RM14.267 million for the quarter ended 31 July 2022 as compared with RM23.538 million in the previous year's corresponding quarter. Revenue decreased approximately 39.39% mainly due to the decrease in sales volume of food products during the current quarter.

This segment registered profit before tax of RM0.240 million as compared with profit before tax of RM0.313 million in the previous year's corresponding quarter mainly due to decrease in revenue.

Fish Farming Segment

The fish farming segment recorded revenue of RM1.524 million for the quarter ended 31 July 2022 as compared with RM1.209 million in the previous year's corresponding quarter. Revenue increased approximately 26.05% 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 RM0.308 million as compared with profit before tax of RM0.016 million in the previous year's corresponding quarter. This was mainly due to the gain on disposal of non-core asset during the current quarter.

Merchandise Segment

The merchandise segment recorded revenue of RM4.269 million for the quarter ended 31 July 2022 represented increase of 5.20% as compared with RM4.058 million in the previous year's corresponding quarter. This was mainly due to increase in sales volume of fish food.

The merchandise segment registered a profit before tax of RM0.290 million as compared with profit before tax of RM0.282 million in the previous year's corresponding quarter. This was mainly due to the increase in sales volume of fish food during the current quarter.



14. Review of Performance (Cont'd)

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM0.137 million for the quarter ended 31 July 2022 as compared with RM0.754 million in the previous year's corresponding quarter. Revenue decreased approximately 81.83% and was mainly due to the decrease in sales to Hong Kong market during the current quarter.

The edible bird nest registered a loss before tax of RM0.002 million as compared with profit before tax of RM0.055 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.

Other Segment

The revenue of RM0.098 million generated from the other segment for the quarter ended 31 July 2022 was mainly from the newly acquired companies, Ergobumi & XDSB.

The other segment registered a loss before tax of RM0.027 million as compared to a loss before tax of RM0.168 million in the previous year's corresponding period mainly due to gain of the fair value of biological assets of pineapple.

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

The Group recorded revenue of RM43.644 million for the 6 months period ended 31 July 2022 as compared with RM34.343 million in the previous year's corresponding period. Revenue increased approximately 27.08%. The Group registered profit before tax of RM1.011 million as compared with loss before tax of RM0.162 million in the previous year's corresponding period. The performance is further explained below:

Investment Holdings Segment

The investment holding segment recorded revenue of RM0.276 million as compared to RM0.412 million in the preceding year corresponding period ended 31 July 2021. The income generated by Investment holding segment mainly consists of management fees and investment income during the current financial period ended 31 July 2022.

This segment registered loss before tax of RM0.453 million as compared with loss before tax of RM0.835 million in the previous year corresponding period mainly due to professional fee and admin expenses.

Foods Segment

The food segment recorded revenue of RM34.160 million for the six months period ended 31 July 2022 as compared to RM23.538 million in the previous year's corresponding period. Revenue increased approximately 45.12% mainly due to the increase in sales volume of food products during the current financial period.

The food segment registered a profit before tax of RM1.079 million as compared to profit before tax of RM0.313 million in the previous year's corresponding period mainly due to increase of the demand for the food products.



14. Review of Performance (Cont'd)

Fish Farming Segment

The fish farming segment recorded revenue of RM3.094 million for the six months period ended 31 July 2022 as compared to RM2.437 million in the previous year's corresponding period. Revenue increased approximately 26.96% 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 RM0.318 million as compared to profit before tax of RM0.041 million in the previous year's corresponding period. The reason for profit before tax in the current financial period under review was due to the gain on disposal of non-core asset during the current financial period.

Merchandise Segment

The merchandise segment recorded revenue of RM8.195 million for the six months period ended 31 July 2022 as compared with RM8.173 million in the previous year's corresponding period. Revenue increased approximately 0.27%. 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 RM0.410 million as compared with profit before tax of RM0.506 million in the previous year's corresponding period last year. The lower profit before tax registered in the current financial period under review was 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 RM0.235 million for the six months period ended 31 July 2022 as compared with RM1.978 million in the previous year's corresponding period. Revenue decreased approximately 88.12% and was mainly due to the decrease in sales to Hong Kong market during the current financial period.

The edible bird nest registered a loss before tax of RM0.003 million as compared with loss before tax of RM0.011 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.

Other Segment

The revenue from other segment of RM0.125 million for the six months period ended 31 July 2022 was mainly generated from newly acquired companies, plantation and logistics company.

The other segment registered a loss before tax of RM0.340 million as compared to a loss before tax of RM0.176 million in the previous year's corresponding period mainly contributed by the newly acquired subsidiary companies, Ergobumi & XDSB.



15. Variation of Results against the immediate Preceding Quarter

	Current Financial Quarter 31/7/2022 RM'000	Immediate Preceding Quarter 30/4/2022 RM'000	Changes %
Revenue	19,175	24,469	-21.64
Profits before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	1,745	1,226	42.33
Profits Before Tax	528	483	9.32
Profits After Tax	443	273	62.27

The Group recorded revenue of RM19,175 million for the quarter ended 31 July 2022 represented decrease of approximately 21.64% as compared to RM24,469 million in the immediate preceding quarter ended 30 April 2022. This was mainly due to decrease in demand of food products during the current quarter.

The Group registered a profit before tax of RM0.528 million during the current quarter ended 31 July 2022 as compared to profit before tax of RM0.483 million for the immediate preceding quarter ended 30 April 2022. This was mainly due to the fair value gain of the biological assets.

16. Commentary on Prospects

The Group hopes that improvement will continue in FY 2023 supported by the recovery in external demands and expansion in private sector expenditure. However, the Group will continue to implement its business strategies cautiously as well as closely monitor and continue to adapt to the challenging and uncertain economic environment.

The diversification of principal activities includes new business ventures such as food processing business, hatchery business, cow farming business and fruit and vegetables planting business and of frozen and chilled products delivery services will provide an opportunity for the Group to grow its revenue and enhance its business portfolio to drive an improved financial performance.

The Board remains cautiously optimistic that the ongoing new businesses will contribute positively to the future profits of the Group in the financial year ending 2023.

17. Profit Forecast

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



18. Taxation

	Current Year Quarter	Current Year To- Date
	31/7/2022	31/7/2022
	RM'000	RM'000
Current taxation	85	295
Deferred taxation	-	-
	<u>85</u>	<u>295</u>

The effective tax rate of the Group for the year to date was higher than the standard rate of 24% mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purpose.

19. Status of corporate proposal announced

On 28 September 2021, issued 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 27 September 2024, ie. 36 months from the closing date of the first sub-tranche of the Tranche 1 of RCN.

As at 31 July 2022, RCN with an aggregate principal amount of RM 77.5 million were issued and amount RM68.5 million converted into 122,320,863 ordinary shares of the Company at average conversion price of RM 0.5600 per share. The status of utilization of proceeds raised from RCN is as follows:

Purposes	Proposed Utilisation	Actual Utilisation as at 31/07/2022	Remaining Balance Carried Forward	Intended timeframe for utilisation
	(RM'000)	(RM'000)	(RM'000)	
Venture in to food processing	13,000	11,400	1,600	27/9/2023
Venture into feed mill (for aquaculture sector)	30,000	-	30,000	27/9/2024
Venture into hatchery related business	30,000	17,535	12,465	27/9/2024
Venture into cow farming business	30,000	-	30,000	27/9/2024
Venture into fruits and vegetables planting business	60,000	42,181	17,819	27/9/2024
Working capital for existing business and new business ventures	23,900	1,158	22,742	27/9/2024
Estimate expenses in relation to the Proposal	13,100	4,815	8,285	27/9/2024
	200,000	77,089	122,911	



20. Borrowings

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

	Current Year as at 31/07/2022 (Unaudited) RM '000
Secure	
Short term:	
Hire Purchase	48
Long term:	
Hire Purchase	148
Total	<u>196</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>31/7/2022</u>	<u>31/7/2021</u>	<u>31/7/2022</u>	<u>31/7/2021</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(8)	(24)	(14)	(55)
Other income	(10)	(60)	(31)	(73)
Interest expenses	65	2	135	5
Depreciation	1,152	268	1,825	565
Unrealised (gain)/loss on quoted investment	(68)	1	(7)	1
Provision for slow moving Inventories	-	-	-	52
(Gain)/loss on disposal of property, plant and equipment	(466)	-	(466)	(14)
Foreign exchange (gain)/loss	(4)	3	(16)	(2)

The following items which were not disclosed were not applicable.

- a. Provision for and write off of receivables;
- b. Realised gain on disposal of quoted investment;
- c. Inventories written off;
- d. Impairment of assets;
- e. Gain or loss on derivatives; and
- f. 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:-

Approved and contracted for:-

	<u>RM'000</u>
- Purchase of tractor	169
	<u>169</u>

25. Earnings per share

a) Basic Earnings per share

	3 months ended		Year to date	
	<u>31/7/2022</u>	<u>31/7/2021</u>	<u>31/7/2022</u>	<u>31/7/2021</u>
Net earnings (RM'000)	443	313	716	(261)
Weighted Average No. of shares ('000)	217,789	95,468	199,252	95,468
Basic earnings per share (sen)	0.22	0.33	0.38	(0.27)

b) Diluted Earnings per share

The fully diluted earnings 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
27 September 2022

By Order of the Board
Wong Yuet Chyn
Company Secretary