

Financial Result Announcement

Reference No.	:	
Company Name	:	XL HOLDINGS BERHAD
Stock Name	:	XL
Date Announced	:	28/12/2022
Financial Year Ended	:	30/04/2023
Quarter	:	3

Quarterly report on consolidated results for the 3rd quarter period ended 31 October 2022
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/10/2022 (Unaudited) RM '000	PRECEDING YEAR QUARTER ENDED 31/10/2021 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/10/2022 (Unaudited) RM '000	PRECEDING YEAR TO DATE ENDED 31/10/2021 (Unaudited) RM '000
Revenue	15,111	22,204	58,755	56,547
Cost of sales	(12,171)	(20,315)	(50,775)	(51,606)
Gross Profit	2,940	1,889	7,980	4,941
Other incomes	36	200	563	344
	2,976	2,089	8,543	5,285
Depreciation and amortisation	(914)	(318)	(2,739)	(883)
Administrative and other operating expenses	(2,113)	(1,693)	(4,709)	(4,479)
Profit from operational	(51)	78	1,095	(77)
Finance cost	(63)	(4)	(198)	(11)
Share of profits and losses of associated companies	-	-	-	-
Profit/(loss) before taxation	(114)	74	897	(88)
Taxation	(17)	3	(312)	(96)
Net profit/(loss) for the period	(131)	77	585	(184)
Other Comprehensive income	-	-	-	-
Total Comprehensive income	(131)	77	585	(184)
Net profit/(loss) attributable to				
-Owners of the parent	(77)	77	671	(184)
-Non-controlling interests	(54)	-	(86)	-
	(131)	77	585	(184)
Total Comprehensive profit/(loss) attributable to				
-Owners of the parent	(77)	77	671	(184)
-Non-controlling interests	(54)	-	(86)	-
	(131)	77	585	(184)
Earnings/(loss) per ordinary share				
Basic (sen)				
- from continuing operations	(0.04)	0.08	0.33	(0.19)
- from discontinued operation	0.00	0.00	0.00	0.00
	(0.04)	0.08	0.33	(0.19)
Fully diluted (sen)				
- from continuing operations	(0.04)	0.08	0.33	(0.19)
- from discontinued operation	0.00	0.00	0.00	0.00
	(0.04)	0.08	0.33	(0.19)

The Condensed Consolidated Statement of Comprehensive Income 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 FINANCIAL POSITION

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/10/2022 (Unaudited) RM '000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2022 (Audited) RM '000
1 NON-CURRENT ASSETS		
Property, plant and equipment	83,502	45,261
Biological assets	10,766	1,944
Right-of-use assets	6,546	7,765
Goodwill	17,643	-
	<u>118,457</u>	<u>54,970</u>
2 CURRENT ASSETS		
Biological assets	2,026	2,043
Inventories	2,949	2,318
Investment	1,013	1,148
Trade receivables	20,466	20,281
Other receivables	7,187	6,455
Prepayment	27	26
Current tax assets	70	28
Fixed deposits	1,000	1,000
Cash and bank balances	5,669	16,687
Amount due from director	52	-
	<u>40,459</u>	<u>49,986</u>
TOTAL ASSETS	<u>158,916</u>	<u>104,956</u>
3 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Share capital	153,588	113,253
Treasury shares	(279)	(279)
Reserves	(28,278)	(28,949)
Total equity attributable to owners of the Company	<u>125,031</u>	<u>84,025</u>
Non-controlling interests	(108)	-
	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>124,923</u>	<u>84,025</u>
4 NON-CURRENT LIABILITY		
Hire purchase	248	168
Lease liabilities	5,286	6,306
Deferred tax liabilities	12	12
	<u>5,546</u>	<u>6,486</u>
5 CURRENT LIABILITIES		
Trade payables	5,230	11,910
Other payables	21,073	414
Amount due to director	35	-
Hire purchase	54	47
Lease liabilities	1,409	1,536
Current tax liabilities	646	538
	<u>28,447</u>	<u>14,445</u>
6 TOTAL LIABILITIES	<u>33,993</u>	<u>20,931</u>
7 TOTAL EQUITY AND LIABILITIES	<u>158,916</u>	<u>104,956</u>
8 NET ASSETS PER SHARE (RM)	<u>0.61</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 *	-	-	-	-	-	-	-
	113,253	-	(279)	-	-	(28,949)	84,025
Issue of share capital-placement	-	-	-	-	-	-	-
Issuance of redeemable convertible notes ("RCN")	40,335	-	-	-	-	-	40,335
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:	-	-	-	-	(86)	671	585
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 October 2022	153,588	-	(279)	-	(108)	(28,278)	124,923
<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>
	76,601	-	(279)	-	-	(29,066)	47,256
Issue of share capital-placement	12,729	-	-	-	-	-	12,729
Issuance of redeemable convertible notes ("RCN")	12,662	-	-	-	-	-	12,662
<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>(184)</i>	<i>(184)</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 2021	101,992	-	(279)	-	-	(29,250)	72,463

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 statement.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/10/2022 (Unaudited) RM'000	PRECEDING PERIOD ENDED 31/10/2021 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	897	(162)
Adjustment for:		
Depreciation of property, plant and equipment	1,520	485
Depreciation of right-of-use assets	1,219	80
Gain on disposal	(466)	(14)
FV gain on biological assets	(1,738)	-
Unrealised gain on forex	(1)	(2)
Unrealised loss/(gain) on investment	(7)	30
Interest income	(23)	(55)
Interest expense	198	5
Operating profit before working capital changes	<u>1,599</u>	<u>367</u>
Changes in working capital		
Net change in receivables	(798)	(21,084)
Net change in inventories and biological assets	(761)	27
Net change in payables	13,369	17,013
Cash generated from/(used in) operation	<u>13,409</u>	<u>(3,677)</u>
Tax paid	(734)	(79)
Interest received	23	55
Interest paid	(198)	(5)
Net cash generated from/(used in) operating activities	<u>12,500</u>	<u>(3,706)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(23,720)	(529)
Acquisition of a subsidiary	(39,995)	-
Investment	142	(1,103)
Proceed from disposal of fixed asset	750	14
Cash received from private placement and other equity instrument	40,335	12,729
Net cash generated from/(used in) investing activities	<u>(22,488)</u>	<u>11,111</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to director	28	(44)
Repayment of lease liabilities	(1,058)	135
Net cash generated from/(used in) financing activities	<u>(1,030)</u>	<u>91</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(11,018)</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>6,669</u></u>	<u><u>10,359</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	5,669	9,358
Fixed deposits	1,000	1,001
	<u>6,669</u>	<u>10,359</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 October 2022 in translation (units of Malaysian Ringgit per foreign currency) are as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.703
Japanese Yen	0.032
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 Cyclicalities 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 2022, the Company issued 77,643,286 ordinary shares pursuant to the conversion of RM 43.5 million worth of RCN at average conversion price of RM 0.5603 per share.

Subsequent to the financial period ended 31 October 2022, the Company converted RM 8.50 million worth of RCN at average conversion price of RM 0.5280 per share and subsequently converted to 16,098,484 ordinary shares.

Following the above issuance of new shares, the Company has 235,209,698 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 2022

	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)	131	10,829	1,302	3,623	139	83	16,107
Inter-Segment sales	(126)	-	(505)	(365)	-	-	(996)
External	5	10,829	797	3,258	139	83	15,111
RESULT							
Segment result	(87)	291	(114)	168	(3)	(306)	(51)
Finance costs	(3)	-	(1)	(2)	-	(57)	(63)
Profit/(Loss) before tax	(90)	291	(115)	166	(3)	(363)	(114)
Tax expenses	-	(20)	-	3	-	-	(17)
Profit/(Loss) after tax	(90)	271	(115)	169	(3)	(363)	(131)

Previous year's corresponding 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



8. Segment Reporting (cont'd)

Current financial period ended 31 October 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)	408	44,988	4,396	11,818	374	208	62,192
Inter-Segment sales	(378)	-	(1,782)	(1,277)	-	-	(3,437)
External	30	44,988	2,614	10,541	374	208	58,755
RESULT							
Segment result	(533)	1,369	204	583	(7)	(521)	1,095
Finance costs	(10)	-	(1)	(6)	-	(181)	(198)
Profit/(Loss) before tax	(543)	1,369	203	577	(7)	(702)	897
Tax expenses	-	(269)	-	(43)	-	-	(312)
Profit/(Loss) after tax	(543)	1,100	203	534	(7)	(702)	585

Previous year corresponding financial period ended 31 October 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)	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)



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

- i. Subsequent to the financial period ended 31 October 2022, the Company converted RM 8.50 million worth of RCN at average conversion price of RM 0.5280 per share and subsequently converted to 16,098,484 ordinary shares.
- ii. On 27 December 2022, the Directors of the Company has approved the change of financial year end from 31 January to 30 April (Change). The Change is due to the recent resignation of Auditors of the Company which has affected the timeline for preparation and audit of the financial statements of the Company and its subsidiaries. The first set of accounts after the Change shall be for a period of 15 months from 1 February 2022 to 30 April 2023.

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

11. Changes in Composition of the Group

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

- (a) On 22 March 2022, 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 a 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
	<u>17,619,496</u>

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- (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>50,452</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	(46,205)	
Non-controlling interest	<u>22,640</u>	
Net fair value of identifiable net assets acquired	<u>(23,565)</u>	(23,565)
Goodwill on acquisition		<u>23,575</u>

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

- (c) On 22 August 2022, the Company 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 changes in the composition of the Group during the current quarter and the financial period ended 31 October 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 RM15.11 million for the quarter ended 31 October 2022 represented a decrease of 31.94% compared with RM22.20 million in the previous year's corresponding quarter. The Group registered a loss before tax of RM0.114 million as compared with profit before tax of RM0.074 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 October 2022 as compared with RM0.128 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 2022.

This segment registered loss before tax of RM0.090 million as compared with loss before tax of RM0.319 million in the previous year's corresponding quarter mainly due to lower professional fee & admin expenses.

Foods Segment

The food segment recorded revenue of RM10,829 million for the quarter ended 31 October 2022 as compared with RM17,161 million in the previous year's corresponding quarter. Revenue decreased approximately 36.90% mainly due to the decrease in demand of food products during the current quarter.

This segment registered profit before tax of RM0.291 million as compared with profit before tax of RM0.708 million in the previous year's corresponding quarter mainly due to decrease in revenue.

Fish Farming Segment

The fish farming segment recorded revenue of RM1.302 million for the quarter ended 31 October 2022 as compared with RM1.101 million in the previous year's corresponding quarter. Revenue increased approximately 18.26% mainly due to the increase in sales volume of tropical fishes during the current quarter.

The fish farming segment registered a loss before tax of RM0.115 million as compared with profit before tax of RM0.024 million in the previous year's corresponding quarter. This was mainly due to the increase in operating cost and employee benefits expenses during the current quarter.

Merchandise Segment

The merchandise segment recorded revenue of RM3.623 million for the quarter ended 31 October 2022 represented decrease of 15.23% as compared with RM4.274 million in the previous year's corresponding quarter. This was mainly due to decrease in sales volume of fish food.

The merchandise segment registered a profit before tax of RM0.166 million as compared with profit before tax of RM0.046 million in the previous year's corresponding quarter. The increase was attributable to better product mix and margin during the current quarter.



14. Review of Performance (Cont'd)

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM0.139 million for the three months quarter ended 31 October 2022 as compared with RM0.692 million in the previous year's corresponding quarter. Revenue decreased approximately 79.91% 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 RM0.003 million as compared with loss before tax of RM0.008 million in the previous year's corresponding quarter. Lower loss was mainly due to better product mix and margin during the current quarter

Other Segment

The revenue of RM0.083 million generated from the other segment for the quarter ended 31 October 2022 was mainly from the newly acquired companies, Ergobumi & XDSB.

The other segment registered a loss before tax of RM0.306 million as compared to a loss before tax of RM0.377 million in the previous year's corresponding period mainly contributed by the newly acquired subsidiaries.

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

The Group recorded revenue of RM58.755 million for the 9 months period ended 31 October 2022 as compared with RM56.547 million in the previous year's corresponding period. Revenue increased approximately 3.90%. The Group registered profit before tax of RM0.897 million as compared with loss before tax of RM0.088 million in the previous year's corresponding period. The performance is further explained below:

Investment Holdings Segment

The investment holding segment recorded revenue of RM0.408 million as compared to RM0.540 million in the preceding year corresponding period ended 31 October 2021. The income generated by Investment holding segment mainly consists of management fees and investment income during the current financial period ended 31 October 2022.

This segment registered loss before tax of RM0.543 million as compared with loss before tax of RM1.154 million in the previous year corresponding period mainly due to lower professional fee and admin expenses.

Foods Segment

The food segment recorded revenue of RM44.988 million for the nine months period ended 31 October 2022 as compared to RM40.699 million in the previous year's corresponding period. Revenue increased approximately 10.54% 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 RM1.369 million as compared to profit before tax of RM1.021 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 RM4.396 million for the nine months period ended 31 October 2022 as compared to RM3.433 million in the previous year's corresponding period. Revenue increased approximately 28.05% 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 RM0.203 million as compared to profit before tax of RM0.053 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 RM11.818 million for the nine months period ended 31 October 2022 as compared with RM12.552 million in the previous year's corresponding period. Revenue decreased approximately 5.85%. This was mainly due to the decrease in sales volume of merchandise stocks during the current financial period.

The merchandise segment registered a profit before tax of RM0.577 million as compared with profit before tax of RM0.562 million in the previous year's corresponding period last year. The increase was attributable to better product mix and margin during the current financial period.

Edible Bird Nest Segment

The edible bird nest operations recorded revenue of RM0.374 million for the nine months period ended 31 October 2022 as compared with RM2.670 million in the previous year's corresponding period. Revenue decreased approximately 85.99% 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 RM0.007 million as compared with loss before tax of RM0.019 million in the previous year's corresponding period last year. The increase was attributable to better product mix and margin during the current financial period.

Other Segment

The revenue from other segment of RM0.208 million for the nine months period ended 31 October 2022 was mainly generated from newly acquired companies, plantation and logistics company.

The other segment registered a loss before tax of RM0.702 million as compared to a loss before tax of RM0.551 million in the previous year's corresponding period mainly due to losses from the newly acquired subsidiary company, XDSB, which yet to achieve optimum sales level.



15. Variation of Results against the immediate Preceding Quarter

	Current Financial Quarter 31/10/2022 RM'000	Immediate Preceding Quarter 31/7/2022 RM'000	Changes %
Revenue	15,111	19,175	-21.19
Profits before Finance Cost, Depreciation and Amortisation, Exceptional Item, Minority Interest and Tax	863	1,745	-50.54
Profits Before Tax	(114)	528	-121.59
Profits After Tax	(131)	443	-129.57

The Group recorded revenue of RM15,111 million for the quarter ended 31 October 2022 represented decrease of approximately 21.19% as compared to RM19,175 million in the immediate preceding quarter ended 31 July 2022. This was mainly due to decrease in demand of food products during the current quarter.

The Group registered a loss before tax of RM0.114 million during the current quarter ended 31 October 2022 as compared to profit before tax of RM0.528 million for the immediate preceding quarter ended 31 July 2022. This was mainly due to decrease in revenue.

16. Commentary on Prospects

The Group hopes the operating environment will improve further 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 to closely monitor and continue to adapt to the challenging and uncertain economic environment.

The diversification of principal activities to include new business ventures such as food processing business, hatchery business, fruit planting business and delivery services of frozen and chilled products 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 FY 2023.

17. Profit Forecast

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

**18. Taxation**

	Current Year Quarter	Current Year To- Date
	31/10/2022	31/10/2022
	RM'000	RM'000
Current taxation	17	312
Deferred taxation	-	-
	<u>17</u>	<u>312</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 October 2022, RCN with an aggregate principal amount of RM 77.5 million were issued and RM 69 million have been converted into 123,263,014 ordinary shares of the Company at average conversion price of RM 0.5598 per share. The status of utilization of proceeds raised from RCN is as follows:

Purposes	Proposed Utilisation	Actual Utilisation as at 31/10/2022	Remaining Balance Carried Forward	Intended timeframe for utilisation
	(RM'000)	(RM'000)	(RM'000)	
Venture in to food processing	13,000	3,297	9,703	27/9/2023
Venture into feed mill (for aquaculture sector)	30,000	-	30,000	27/9/2024
Venture into hatchery related business	30,000	18,345	11,655	27/9/2024
Venture into cow farming business	30,000	-	30,000	27/9/2024
Venture into fruits and vegetables planting business	60,000	47,027	12,973	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	4,956	8,144	27/9/2024
	<u>200,000</u>	<u>74,783</u>	<u>125,217</u>	



20. Borrowings

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

	Current Year as at 31/10/2022 (Unaudited) RM '000
Secure	
Short term:	
Hire Purchase	54
Long term:	
Hire Purchase	248
Total	<u>302</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>31/10/2022</u>	<u>31/10/2021</u>	<u>31/10/2022</u>	<u>31/10/2021</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(9)	(6)	(23)	(61)
Other income	(5)	(152)	(36)	(198)
Interest expenses	63	4	198	11
Depreciation	914	318	2,739	883
Unrealised (gain)/loss on quoted investment	(7)	-	(7)	1
Provision for slow moving Inventories	-	-	-	52
(Gain)/loss on disposal of property, plant and equipment	-	-	(466)	(14)
Foreign exchange (gain)/loss	(15)	(69)	(31)	(71)

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

There are no capital commitment as at the date of this report.

25. Earnings per share

a) Basic Earnings per share

	3 months ended		Year to date	
	<u>31/10/2022</u>	<u>31/10/2021</u>	<u>31/10/2022</u>	<u>31/10/2021</u>
Net earnings/(loss) (RM'000)	(131)	77	585	(184)
Weighted Average No. of shares ('000)	217,646	101,863	205,451	96,574
Basic earnings per share (sen)	(0.04)	0.08	0.33	(0.19)

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
28 Dec 2022

By Order of the Board
Wong Yuet Chyn
Company Secretary