

11. FINANCIAL INFORMATION

11.1 Historical Financial Information of XLB Group

11.1.1 Proforma Consolidated Income Statement

The following table sets out a summary of the proforma audited consolidated results of the Group for the past five (5) financial years ended 31 January 2001 and the six (6) months period ended 31 July 2001 prepared on the assumption that the current structure of the Group had been in existence throughout the period under review and adjusted for tax provisions. The proforma consolidated results are presented for illustration purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

	<----- Financial year ended 31 January ----->					6 months
	1997	1998	1999	2000	2001	ended
	RM'000	RM'000	RM'000	RM'000	RM'000	31.07.01 RM'000
Turnover	6,146	7,562	15,974	19,616	25,367	15,023
Profit before interest, depreciation, amortisation and taxation	3,285	4,189	9,879	12,062	15,498	9,441
Interest on borrowings	(46)	(90)	(118)	(87)	(286)	(216)
Depreciation and amortisation	(857)	(866)	(902)	(1,093)	(2,597)	(1,713)
Profit before taxation, exceptional and extraordinary items	2,382	3,233	8,859	10,882	12,615	7,512
Exceptional item	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-
Profit before taxation	2,382	3,233	8,859	10,882	12,615	7,512
Taxation	(872)	(1,332)	22	(3,226)	(3,773)	(2,171)
Profit after taxation	1,510	1,901	8,881	7,656	8,842	5,341
Minority interests	-	-	-	-	-	-
Profit after taxation and minority interests	1,510	1,901	8,881	7,656	8,842	5,341
No. of ordinary shares assumed in issue ('000)	41,000	41,000	41,000	41,000	41,000	41,000
Gross EPS (sen)	5.8	7.9	21.6	26.5	30.8	36.6*
Net EPS (sen)	3.7	4.6	21.7	18.7	21.6	26.1*

Notes:-

* Annualised

11. FINANCIAL INFORMATION (Cont'd)

Commentaries:-

1. *There were no exceptional items in the financial years under review.*
2. *Taxation has been adjusted to reflect under/(over) provision in the respective financial years of XL and XLA. The resulting effect of under/(over) provision of taxation on the proforma consolidated results are as follows:-*

	<----- Financial year ended 31 January ----->					6 months
	1997	1998	1999	2000	2001	31.07.01
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Taxation stated in audited accounts</i>	889	1,145	143	3,233	3,773	2,171
<i>Under/(Over) provision of taxation</i>	31	73	(135)	21	-	-
<i>(Over)/Under provision of deferred taxation</i>	(48)	114	(30)	(28)	-	-
<i>Adjusted taxation as stated in this report</i>	872	1,332	(22)	3,226	3,773	2,171

3. *The results of XLA with different financial year ends have been apportioned to be coterminous with the financial year end of XLB.*
4. *The proforma consolidated results have been prepared based on the audited accounts after making adjustments for the elimination of inter-company transactions and additional amortisation of Broodstock for the respective years.*

11.1.2 Segmental Analysis

The table below sets out the segmental analysis by subsidiaries for the past 5 financial years ended 31 January 2001 and the six (6) month period ended 31 July 2001 which is prepared based on the proforma consolidated results of the XLB Group on the assumption that the current structure of the XLB Group has been in existence throughout the periods under review. The proforma consolidated results are based on the audited accounts of XLB, XL and XLB and have been prepared on a time apportioned basis, where appropriate.

11. FINANCIAL INFORMATION (Cont'd)

Turnover By Subsidiaries

	Proforma					6 months ended 31.07.2001 RM'000
	<-----Financial years ended 31 January----->					
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	
XLB	-	-	-	-	-	144
XL	5,884	7,212	13,749	16,600	21,205	12,274
XLA	1,345	1,487	2,367	3,571	5,198	3,319
Less: Consolidation adjustments	(1,083)	(1,137)	(142)	(555)	(1,036)	(714)
Total	6,146	7,562	15,974	19,616	25,367	15,023

Profit After Tax By Subsidiaries

	Proforma					6 months ended 31.07.01 RM'000
	<-----Financial years ended 31 January----->					
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	
XLB	-	-	-	(104)	(11)	52
XL	2,130	2,531	9,288	7,867	8,880	5,249
XLA	38	28	251	551	631	370
Less: Consolidation adjustments	(658)	(658)	(658)	(658)	(658)	(330)
Total	1,510	1,901	8,881	7,656	8,842	5,341

11.1.3 Directors' Declaration On The Financial Performance

Save as disclosed in this Prospectus, as at 22 October 2001, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of XLB and its subsidiary companies are not affected by any of the following:-

- (a) Known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's or the Group's liquidity increasing or decreasing in any material way;
- (b) Unusual or infrequent events or transaction or any significant economic changes that materially affect the amount of reported income from the operations of the Company or the Group;
- (c) Known trends, events, circumstances, uncertainties or commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position or that the Company and/or the Group reasonably expects will have a material favourable or unfavourable impact on the revenue or operating income of the Company or the Group; and
- (d) Material commitments for capital expenditure.

11. FINANCIAL INFORMATION (Cont'd)

11.2 Working Capital, Borrowings, Contingent Liabilities and Material Litigation

11.2.1 Working Capital

The Directors of XLB are of the opinion that, barring any unforeseen circumstances and after taking into consideration the proforma consolidated forecast cashflow, the banking facilities available and the net proceeds of the Public Issue, the XLB Group will have adequate working capital for its present and foreseeable requirements.

11.2.2 Borrowings

The Group does not have any foreign borrowings. Its total domestic long-term and short-term borrowings as at 30 September 2001 (being the latest practicable date prior to the registration of this Prospectus) amounted to RM3.10 million and RM6.10 million respectively. All the loans of the Group are interest bearing. As such, any increase in interest rates will increase the burden of the Group with respect to interest payments of the loans depending on the total outstanding loans as at the point in time. There can be no assurance that the performance of the Group would remain favourable in the event of adverse changes in the interest rate.

11.2.3 Contingent Liabilities and Capital Commitments

As at 22 October 2001 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

11.2.4 Material Litigation

The XLB Group is presently not engaged, either as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the XLB Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

[The remainder of this page is intentionally left blank]

11. FINANCIAL INFORMATION (Cont'd)

11.3 Consolidated Profit Forecast together with Bases and Assumptions

The Directors of XLB forecast that, barring unforeseen circumstances, the consolidated profit forecast of XLB for the financial year ending 31 January 2002 will be as follows:-

Financial year ending 31 January	Forecast 2002 RM'000
Turnover	<u>30,198</u>
Profit before taxation	14,178
Taxation	<u>(4,065)</u>
Profit after taxation	<u>10,113</u>
No. of ordinary shares assumed in issue ('000)	48,280
Gross EPS (sen)	33.59*
Net EPS (sen)	23.96*
Net PE Multiple based on the Issue Price of RM1.65 per XLB Share (times)	6.89

Notes:-

* Based on weighted average share capital of 42,213,333 ordinary shares of RM1.00 each.

11.4 Directors' Analysis And Commentary On The Consolidated Profit Forecast

For the financial year ending 31 January 2002, the Group turnover is forecasted at RM30.19 million representing a growth of approximately 19% from the turnover of RM25.36 million for the financial year ended 31 January 2001 mainly attributable to the forecast growth in the demand of Asian Arowana. The proceeds from the IPO will be used to purchase more Broodstock and for further farm enhancement work which are expected to increase the production capacity. In line with the forecast increase in sales, the forecast consolidated profit after tax is expected to increase to RM10.11 million from a previous of RM8.84 million attributable mainly to the expected increase in interest income as a result of the proceeds from the IPO.

The Board of Directors of XLB have reviewed the bases and assumptions used in arriving at the profit forecast and are of the opinion that the profit forecast of the Group is achievable in light of the assumptions made including but not limited to the future prospects of the industry, future plans and strategies to be adopted by the XLB Group as well as the Group's level of gearing, liquidity and working capital.

11. FINANCIAL INFORMATION (Cont'd)

11.5 Reporting Accountants' Letters on the Consolidated Profit Forecast

23 October, 2001



ANDERSEN

The Board of Directors
XIAN LENG HOLDINGS BERHAD
35 Jalan Penjaja 3
83000 Batu Pahat
Johor Darul Takzim

Arthur Andersen & Co
Public Accountants

Level 23A Menara Milenium
Jalan Damantela
Pusat Bandar Damansara
50490 Kuala Lumpur
P O Box 11040
50734 Kuala Lumpur

Tel 603 2577000
Fax 603 2555332 (Main)
603 2559076 (Div)
603 2559078

Dear Sirs

CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 JANUARY, 2002

We have reviewed the accounting policies and calculations for the consolidated profit forecast of XIAN LENG HOLDINGS BERHAD and its subsidiaries ("the Group"), for which the directors are solely responsible, for the financial year ending 31 January, 2002, as set out in the accompanying statement, in connection with the the following:

- (a) Public issue of 7,280,000 new ordinary shares of RM1.00 each at an issue price of RM1.65 per ordinary share ("Issued Shares") as follows:
- (i) Malaysian Public

1,000,000 of the Issue Shares are to be made available for application by Malaysian Persons, to be allocated via ballot, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.
 - (ii) Private Placement

5,780,000 of the Issue Shares will be placed with Malaysian institutional investors and foreign investors by the Placement Agent; and
 - (iii) Eligible Persons of XLB Group


500,000 of the Issue Shares are to be reserved for eligible directors and employees of XLB Group and the Malaysian customers and suppliers of the XLB Group.
- (b) Offer for sale of 4,828,000 ordinary shares of RM1.00 each at an offer price of RM1.65 per share; and
- (c) Listing of and quotation for the entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

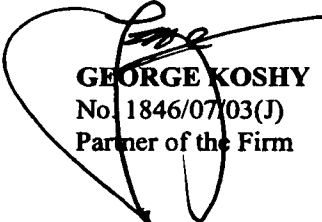
for the purpose of inclusion in the Prospectus to be dated 31 October, 2001.

11. FINANCIAL INFORMATION (Cont'd)

In our opinion, the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors as set out in the accompanying statement, and is prepared on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully


ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants


GEORGE KOSHY
No. 1846/07/03(J)
Partner of the Firm

II. FINANCIAL INFORMATION (Cont'd)

**XIAN LENG HOLDINGS BERHAD
 CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS**

The directors of XIAN LENG HOLDINGS BERHAD and its subsidiaries ("the Group") forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation for the year ending 31 January, 2002 will be as follows:

	Pre- proposals <u>2002</u> RM'000	Post- proposals <u>2002</u> RM'000
Consolidated profit after taxation	<u>9,757</u>	<u>10,113</u>

The forecast has been prepared by the directors based on a set of assumptions made by the directors which includes significant assumptions about future events and outlook that may not necessarily occur. In particular, the forecasts are dependent on the achievability of the specific assumptions as set out below. Future results will be materially affected should the actual events differ from these specific assumptions as well as changes in the economic and other circumstances, and for these reasons, the actual results may vary considerably from the forecast.

The principal assumptions upon which the forecast has been made are as follows:

1. There will be no significant changes to the prevailing economic conditions in Malaysia and elsewhere which will adversely affect the activities or performance of the Group.
2. There will be no significant changes in the present legislation and Government regulations in Malaysia and elsewhere affecting the activities of the Group or the market in which it operates.
3. There will be no major breakdown or disruption of operational and security facilities and supply of water and feeds, disease outbreak, loss of Asian arowana broodstock, catastrophic events or any abnormal factors, which will adversely affect the operations of the Group. There will be no significant shortfall in the sum insured for the operational risks other than those taken into consideration in the forecast. The Asian arowana broodstock is not insured.
4. There will be no material increase in wages, cost of raw materials and other incidental costs.
5. There will be no significant fluctuations in foreign currency exchange rates. Specifically, the Malaysian currency will continue to be fixed to the US currency at the rate of RM3.80 : USD1.00.
6. Existing financial facilities will remain available with no significant change in their interest rates.
7. There will be no significant changes in the existing key personnel and management of the Group that will adversely affect the operational and marketing capability of the Group.

11. FINANCIAL INFORMATION (Cont'd)

8. There will be no significant changes in the accounting policies from those presently adopted by the Group. Specifically, the Asian arowana broodstock consist of the original purchase price of Asian arowana stocks and related growing costs. Asian arowana broodstock are amortised over 40 years based on their economic egg-laying lives and the lifespan of the Asian arowana which is believed to be in the region of 60 years.
9. There will be no material changes in the structure and present activities of the Group other than those taken into consideration in the forecast.
10. There will be no significant changes in corporate tax rates, regulations or other levies from current levels. The corporate tax rate is 28%.
11. Demand for goods sold and selling prices will be not be affected to a material extent by changes in market conditions, customer's beliefs and preferences and competition. The sales volume and mix will be achieved as planned.
12. The proceeds from the proposed public issues of approximately RM9,612,000 (net of remaining listing expense of RM1,105,000) is expected to be received by 30 November, 2001. The listing expenses will be set off against the share premium account.

11. FINANCIAL INFORMATION (Cont'd)

11.6 Dividend Forecast and Policy

It is the policy of the Directors of XLB in recommending dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Group.

Based on the forecast consolidated profit after taxation and minority interests (but before exceptional item) of RM10.11 million for the financial year ending 31 January 2002, the Directors of XLB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a final tax exempt dividend of 3.00 sen per share for the financial year ending 31 January 2002, based on the weighted average issued and paid-up share capital of 42,280,000 ordinary shares of RM1.00 each.

The intended appropriation of the forecast consolidated profit after taxation and minority interest for the financial year ending 31 January 2002 will be as follows:-

Financial year ending 31 January	Forecast 2002 RM'000
Consolidated profit after taxation	10,113
Less: Minority interests	-
Consolidated profit after taxation and minority interests	10,113
Less: Exceptional item	-
Consolidated profit after taxation, minority interests and exceptional item	10,113
Less: Proposed dividend of 3% (tax exempt)	(1,448)
Retained profits	8,665
Final tax exempt dividend per ordinary share (sen)	3.00
Final dividend yield based on the issue price of RM1.65 per share (%)	1.82
Net dividend cover (times)	6.98

All foreign investors would be advised to refer to the relevant Double Tax Agreement with Malaysia (if any) to determine any potential withholding tax implications or possible tax credits (if any). Generally, withholding tax is assessed in the country in which the recipient resides and is exempt or partially exempt in the source country. Malaysia does not, at present, levy a separate tax on dividends although an "underlying tax" is suffered by a company on its profits out of which the dividend is paid from.

11. FINANCIAL INFORMATION (Cont'd)

11.7 Proforma Consolidated Balance Sheets
**XIAN LENG HOLDINGS BERHAD
 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY, 2001**

The Proforma Consolidated Balance Sheets of XIAN LENG HOLDINGS BERHAD and its subsidiaries ("XLB Group") as set out below are provided for illustrative purposes only.

	Audited as at 31 July, 2001 RM'000	Proforma I RM'000
CURRENT ASSETS		
Cash and bank balances	462	4,369
Trade debtors	874	874
Stocks	891	891
Other debtors	67	67
	<u>2,294</u>	<u>6,201</u>
CURRENT LIABILITIES		
Short term borrowings	4,367	4,367
Trade creditors	393	393
Other creditors	994	994
Provision for taxation	3,222	3,222
	<u>8,976</u>	<u>8,976</u>
NET CURRENT LIABILITIES	(6,682)	(2,775)
FIXED ASSETS	79,505	86,505
DEFERRED EXPENDITURE	1,295	-
HIRE PURCHASE CREDITORS	(992)	(992)
TERM LOANS	(2,983)	(2,983)
DEFERRED TAXATION	(1,218)	(1,218)
	<u>68,925</u>	<u>78,537</u>
SHAREHOLDERS' FUNDS		
Share capital	41,000	48,280
Reserves	27,925	30,257
	<u>68,925</u>	<u>78,537</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>1.65</u>	<u>1.63</u>

11. FINANCIAL INFORMATION (Cont'd)**XIAN LENG HOLDINGS BERHAD****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY, 2001**

The Proforma Consolidated Balance Sheets of XIAN LENG HOLDINGS BERHAD and its subsidiaries ("XLB Group") have been prepared for illustrative purposes only based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements and are based on the audited consolidated balance sheet of XLB Group as at 31 July, 2001 and on the assumption that the following transactions have been effected on that date:

1. PROFORMA I

Proforma I incorporates the public issue of 7,280,000 new ordinary shares of RM1.00 each at an issue price of RM1.65 per share. The proceeds from the public issue will be utilised as follows:

	RM'000
Acquisition of Asian Arowana broodstock	3,000
Farm enhancement	4,000
Listing expenses	2,400
Working capital	2,612
	<u>12,012</u>

The estimated listing expenses will be set off against the share premium account.

2. SHARE CAPITAL, SHARE PREMIUM AND INCOME STATEMENT

The movements in the share capital, share premium and income statement of XLB Group are as follows:

	<u>Share capital</u> RM'000	← Reserves →		<u>Total</u> RM'000
		<u>Share premium</u> RM'000	<u>Retained profits</u> RM'000	
As at 31 July, 2001	41,000	6,100	21,825	68,925
As per Proforma I:				
Public issue	7,280	4,732	-	12,012
Listing expenses	-	(2,400)	-	(2,400)
	<u>48,280</u>	<u>8,432</u>	<u>21,825</u>	<u>78,537</u>

11. FINANCIAL INFORMATION (Cont'd)

11.8 Reporting Accountants' Letters on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

23 October, 2001



The Board of Directors
XIAN LENG HOLDINGS BERHAD
35 Jalan Penjaja 3
83000 Batu Pahat
Johor Darul Takzim

Arthur Andersen & Co
Public Accountants

Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
P O Box 11040
50734 Kuala Lumpur

Tel 603 2577000
Fax 603 2555332 (Main)
603 2559076 (Div)
603 2559078

Dear Sirs

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY, 2001

We have examined the presentation of the Proforma Consolidated Balance Sheets of XIAN LENG HOLDINGS BERHAD ("XLB") and its subsidiaries ("XLB Group") as at 31 July, 2001, together with the accompanying notes thereon, for which the directors are solely responsible, as set out in the accompanying statement, in connection with the following:

- (a) Public issue of 7,280,000 new ordinary shares of RM1.00 each at an issue price of RM1.65 per ordinary share ("Issued Shares") as follows:
 - (i) **Malaysian Public**

1,000,000 of the Issue Shares are to be made available for application by Malaysian Persons, to be allocated via ballot, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.
 - (ii) **Private Placement**

5,780,000 of the Issue Shares will be placed with Malaysian institutional investors and foreign investors by the Placement Agent; and
 - (iii) **Eligible Persons of XLB Group**

500,000 of the Issue Shares are to be reserved for eligible directors and employees of XLB Group and the Malaysian customers and suppliers of the XLB Group.
- (b) Offer for sale of 4,828,000 ordinary shares of RM1.00 each at an offer price of RM1.65 per share; and
- (c) Listing of and quotation for the entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

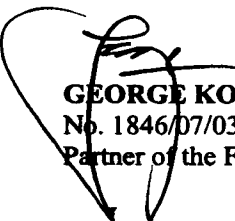
for the purpose of inclusion in the Prospectus to be dated 31 October, 2001.

11. FINANCIAL INFORMATION (Cont'd)

In our opinion, the Proforma Consolidated Balance Sheets have been prepared incorporating the effects of the proposals as set out in the said Prospectus.

Yours faithfully


ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants


GEORGE KOSHY
No. 1846/07/03(J)
Partner of the Firm