

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with FRS 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 2014. The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 January 2014.

At the date of authorization of these financial statements the following new FRSs Interpretations, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Amendments to FRS 2	Share based Payment	1 July 2014
Amendments to FRS 3	Business Combinations	1 July 2014
Amendments to FRS 8	Operating Segments	1 July 2014
Amendments to FRS 13	Fair Value Measurement	1 July 2014
Amendments to FRS 116	Property, Plant and Equipment	1 July 2014
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to FRS 124	Related Party Disclosures	1 July 2014
Amendments to FRS 138	Intangible Assets	1 July 2014
Amendments to FRS 140	Investment Property	1 July 2014
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
Amendment to FRS 7	Financial Instruments Disclosures	1 January 2016
FRS 10	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 11	Accounting for Acquisition of Interests in Joint Operations	1 January 2016
FRS 12	Disclosure of Interest in Other Entities	1 January 2016
FRS 14	Regulatory Deferral Accounts	1 January 2016
FRS 101	Disclosure initiative	1 January 2016
FRS 116	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Equity method in Separate Financial Statements	1 January 2016
FRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture-amendment to BC	1 January 2016
FRS 134	Interim Financial Report-amendment to BC	1 January 2016
FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation-amendment to BC	1 January 2016
FRS 9	Financial Instruments	1 January 2018

The above FRSs and Interpretations are not expected to have significant impact on the financial statements of the Group upon their initial application.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer. (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. However, the MASB deferred the effective date of MFRS Framework for transitioning entities from 1 January 2013 to 1 January 2015. The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has completed its assessment on MFRS adoption. The MFRS adoption is expected not to have significant impact on the financial statements of the Group upon its initial application.

The main closing exchange rates used as at 31 January 2015 in translation (units of Malaysian Ringgit per foreign currency) were as follows:

Foreign Currency	Exchange Rate
United States Dollar	3.616
Japanese Yen	0.031
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 2014 was not qualified.

3. Seasonal or Cyclical Factors

The Group's operations and revenue were not affected by any seasonal or cyclical factors.

4. Unusual Items

There were no unusual items for the fourth quarter ended 31 January 2015.

5. Changes in Estimates

There were no material changes in estimates for the fourth quarter ended 31 January 2015.

6. Debt and Equity Securities

There is no share buy back in this current quarter. Up to this quarter ended 31 January 2015, the accumulative shares purchased to date since the commencement of the share buy back exercise amounted to 370,000 units, totaling RM275,197.76. All shares bought back are retained as treasury shares. There has been no resale of treasury shares and no cancellation of shares bought back during the financial period under review.

7. Dividend Paid

None.

8. Segment Reporting

Information on the Group's operations by segment is not provided as the Group's activities are predominantly in the breeding and trading of ornamental fishes and are conducted in Malaysia.

9. Carrying Amount of Property, Plant and Equipment

The valuations as stated in the previous annual financial statements have been brought forward without amendment.

10. Events Subsequent to the Balance Sheet Date

None.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the period under review.

12. Contingent Liabilities and Contingent Assets

The Contingent liabilities for the Company were as follows:

	31/01/2015	31/01/2014
	RM'000	RM'000
Corporate guarantees relating to borrowings of subsidiaries in respect of balances outstanding	<u>1,480</u>	<u>5,405</u>

13. Significant Related Party Transactions

None.

14. Review of Performance

Current Financial Quarter as compared with Previous Year corresponding Quarter

The Group achieved a revenue of RM3.250 million for the 3 months quarter ended 31 January 2015 as compared with RM2.783 million in the corresponding quarter last year. The increase was mainly due to the increase in production and sales volume.

The Group registered a profit before tax of RM0.533 million as compared with profit before tax of RM0.565 million in the corresponding quarter last year. The lower profit before tax in current financial quarter is mainly due to decrease of selling price of Arowana fishes compared to the previous corresponding quarter.

Current Financial Period as compared with Previous Year corresponding Period

The Group achieved a revenue of RM12.707 million for the 12 months quarter ended 31 January 2015 as compared with RM10.854 million in the corresponding quarter last year. The increase was mainly due to the increase in production and sales volume.

The Group registered a profit before tax of RM0.646 million as compared with loss before tax of RM1.982 million in the corresponding quarter last year. The increase of profit before tax in current financial period is mainly due to increase in production and selling price of Stingray fishes compared to the previous corresponding quarter.

15. Variation of Results against Preceding Quarter

The Group achieved a revenue of RM3.250 million for the 3 months quarter ended 31 January 2015 as compared to RM3.134 million in the preceding quarter.

The Group registered a profit before tax for the current quarter ended 31 January 2015 of RM0.533 million as compared with a profit before tax of RM0.045 million for the previous quarter ended 31 October 2014. The higher profit before tax of RM0.488 million was mainly due to the other income received in the current quarter under review.

16. Current Prospects

As the main thrust towards achieving improved financial position, the Board will continue to adopt cautious business strategies such as non-core assets cutting, revenue enhancement and steer the Group towards a debt-free position in order to improve its overall balance sheet.

Going forward, the industry is expected to remain challenging but necessary measures continued to be taken to explore future business opportunities and effective cost control measures continue to be implemented to meet this challenging period. One of the Group's attempts is broadening its production base in embarking on breeding additional species of fishes such as stingray which has contributed to revenue and has further potential in future.

17. Profit Forecast

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

18. Tax Expense

	Individual Quarter 31/01/2015 RM'000	Year to Date 31/01/2015 RM'000
Current taxation	104	142
Deferred taxation	(1)	1
	<u>103</u>	<u>143</u>

The effective tax rate of the Group was lower than the standard rate of 25% principally due to utilization of brought forwarded capital allowance.

19. Status of corporate proposal announced

None.

20. Borrowings

The Group's borrowings are as follows:

	31/01/2015 RM'000	31/01/2014 RM'000
Short Term Borrowings – secured	1,480	4,926
Long Term Borrowings – secured	-	-
	<u>1,480</u>	<u>4,926</u>

There were no foreign borrowings as at the date of this report.

21. Realised and Unrealised Retained Profits/(Losses)

Total retained profits/(losses) of Xian Leng Holdings Berhad and its subsidiaries:

	31/01/2015 RM'000	31/01/2014 RM'000
Realised losses	(23,425)	(21,041)
Unrealised losses	(7)	(11)
	<u>(23,432)</u>	<u>(21,052)</u>
Less: Consolidation adjustments	(2,078)	(5,152)
Total Group retained losses	<u>(25,510)</u>	<u>(26,204)</u>

22. Notes to the Condensed Consolidated Statement of Comprehensive Income

Operating loss is stated after charging/(crediting):

	3 months ended		12 months ended	
	<u>31.01.15</u>	<u>31.01.14</u>	<u>31.01.15</u>	<u>31.01.14</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	-	-	-	-
Other income	(565)	-	(674)	(4)
Interest expenses	32	118	242	662
Depreciation	531	565	2,132	2,206
Provision for doubtful debts	(2)	-	(2)	-
Bad debts written off	5	-	5	-
Inventories written down to Net Realisable Value	-	-	-	-
Inventories written off	5	-	5	-
(Gain)/loss on disposal of quoted/unquoted investments	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	-	-	(4)	(606)
Property, plant and equipment written off	220	46	425	657
Provision for impairment of property, plant and equipment	-	-	20	-
Foreign exchange (gains)/losses	(1)	(6)	(14)	(38)
Derivatives (gains)/losses	-	-	-	-
Exception items	-	-	-	-

23. Material litigation

None.

24. Dividend Payable

No dividend has been declared for the fourth quarter ended 31 January 2015 (2014: Nil).

25. Earnings/(Loss) per share

a) Basic (Loss)/Earnings per Share

	3 months ended		12 months ended	
	<u>31.01.15</u>	<u>31.01.14</u>	<u>31.01.15</u>	<u>31.01.14</u>
Net earnings/(loss) for the period (RM'000)	430	599	503	(1,897)
Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Basic earnings/(loss) per share (sen)	0.59	0.82	0.69	(2.61)

b) Diluted Earning/(loss) per Share

Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Diluted earnings/(loss) per share (sen)	0.59	0.82	0.69	(2.61)