

Financial Result Announcement

Reference No. :
 Company Name : XIAN LENG HOLDINGS BERHAD
 Stock Name : XIANLNG
 Date Announced : 28/09/2015
 Financial Year Ended : 31/01/2016
 Quarter : 2

Quarterly report on consolidated results for the 2nd quarter period ended 31/07/2015
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/07/2015 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/07/2014 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/07/2015 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING YEAR ENDED 31/07/2014 (Unaudited) RM '000
1 (a) Revenue	3,559	3,161	6,280	6,323
(b) Investment income	-	-	-	-
(c) Other income	71	27	92	95
(d) Operating expenses before finance cost, depreciation and amortisation, exceptional items and extraordinary items	(2,736)	(2,332)	(4,888)	(5,100)
2 (a) Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	894	856	1,484	1,318
(b) Finance cost	(11)	(67)	(34)	(162)
(c) Depreciation and amortisation	(506)	(532)	(1,016)	(1,068)
(d) Impairment loss on property, plant and equipment	-	(20)	-	(20)
(e) Profit/(Loss) before income tax minority interests and extraordinary items	377	237	434	68
(f) Share of profits and losses of associated companies	-	-	-	-
(g) Profit/(Loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated companies	377	237	434	68
(h) Income tax	(25)	(12)	(51)	(34)
(i) Net profit/(loss) for the period	352	225	383	34
(j) Other Comprehensive loss	-	-	-	-
(k) Total Comprehensive profit/(loss) for the period	352	225	383	34

(l) Net profit/(loss) attributable to				
-Owners of the parent	352	225	383	34
-Non-controlling interests	-	-	-	-
	<u>352</u>	<u>225</u>	<u>383</u>	<u>34</u>
(m) Total Comprehensive profit/(loss) attributable to				
-Owners of the parent	352	225	383	34
-Non-controlling interests	-	-	-	-
	<u>352</u>	<u>225</u>	<u>383</u>	<u>34</u>
3 Earnings/(Loss) per share based on 2(m) above after deducting any provision for preference dividends, if any:				
(a) Basic (sen)	0.48	0.31	0.53	0.05
Weighted average number of ordinary shares ('000)	72,705	72,705	72,705	72,705
(b) Fully diluted (based on ordinary shares - sen)	0.48	0.31	0.53	0.05
Weighted average number of ordinary shares ('000)	72,705	72,705	72,705	72,705
4 (a) Dividend per share (sen)	NA	NA	NA	NA
(b) Dividend Description	NA	NA	NA	NA

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2015 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 31/07/2015 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2015 (Audited)
	RM '000	RM '000
1 FIXED ASSETS	41,933	43,090
2 CURRENT ASSETS		
Cash and bank balances	169	97
Trade debtors	1,109	1,091
Inventories	5,936	5,296
Prepayment	7	78
Other debtors and deposits	279	357
Tax recoverable	132	113
	<u>7,632</u>	<u>7,032</u>
3 CURRENT LIABILITIES		
Short term borrowings	279	1,480
Trade creditors	520	448
Other creditors and accruals	771	970
Provision for taxation	130	79
Amount due to director	419	81
	<u>2,119</u>	<u>3,058</u>
4 NET CURRENT ASSET	5,513	3,974
	<u>47,446</u>	<u>47,064</u>

Financed by:

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		
SHARE CAPITAL	72,705	72,705
RESERVES		
Share premium	136	136
Treasury shares	(275)	(275)
Revaluation reserve	-	-
General reserve	-	-
Reserve on consolidation	-	-
Accumulated losses	<u>(25,126)</u>	<u>(25,509)</u>
5 SHAREHOLDERS' FUNDS	47,440	47,057
6 NON-CONTROLLING INTERESTS	-	-
7 DEFERRED EXPENDITURE	-	-
8 LONG TERM BOROWINGS	-	-
9 DEFERRED TAXATION	6	7
	<u>47,446</u>	<u>47,064</u>
10 NET ASSETS PER SHARE (RM)	<u>0.65</u>	<u>0.65</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2015 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1 February 2015	72,705	136	(275)	-	-	(25,509)	47,057
Prior year adjustment	-	-	-	-	-	-	-
	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(25,509)</u>	<u>47,057</u>
Issue of share capital	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-
Bonus issue adjustment	-	-	-	-	-	-	-
Issue of share capital - ESOS	-	-	-	-	-	-	-
Currency translation differences not recognised in income statement	-	-	-	-	-	-	-
Total Comprehensive Profit for the period ended:	-	-	-	-	-	383	383
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 July 2015	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(25,126)</u>	<u>47,440</u>
<i>Balance at 1 February 2014</i>	<i>72,705</i>	<i>136</i>	<i>(275)</i>	<i>-</i>	<i>-</i>	<i>(26,013)</i>	<i>46,553</i>
<i>Prior year adjustment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(26,013)</u>	<u>46,553</u>
<i>Issue of share capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Treasury shares</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Bonus issue adjustment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Issue of share capital - ESOS</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Currency translation differences not recognised in income statement</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Total Comprehensive Profit for the period ended:</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>34</i>	<i>34</i>
<i>Dividend for the period ended:</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Balance at 31 July 2014</i>	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(25,979)</u>	<u>46,587</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 2015 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/07/2015 (Unaudited)	PRECEDING PERIOD ENDED 31/07/2014 (Unaudited)
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	434	68
Adjustment for:		
Depreciation	1,016	1,068
Impairment loss on property, plant and equipment	-	20
(Reversal)/Provision for doubtful debts	-	-
Bad debt	-	-
Gain on disposal of property, plant and equipment	-	(4)
Inventories written off	-	-
Inventories write down to net realisable value	-	-
PPE written off	141	134
Interest expense	34	162
Operating profit before working capital changes	<u>1,625</u>	<u>1,448</u>
Changes in working capital		
Net change in receivables	155	83
Net change in inventories	(640)	165
Net change in payables	213	875
Cash generated from operating activities	<u>1,353</u>	<u>2,571</u>
Tax refund/(paid)	(45)	(80)
Interest paid	(34)	(162)
Net cash generated from operating activities	<u>1,274</u>	<u>2,329</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	-	(21)
Proceed from disposal of fixed asset	-	4
Net cash used in investing activities	<u>-</u>	<u>(17)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment for share issue expenses	-	-
Share premium account	-	-
Dividend paid	-	-
Purchase of treasury shares	-	-
Drawdown of hire purchase	-	-
Repayment of hire purchase payables	-	(12)
Drawdown of term loan	-	-
Repayment of term loans	-	(685)
Net cash used in financing activities	<u>-</u>	<u>(697)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,274</u>	<u>1,615</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>(1,384)</u>	<u>(3,364)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>(110)</u>	<u>(1,749)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	169	330
Bank overdrafts	(279)	(2,079)
	<u>(110)</u>	<u>(1,749)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2015 and the accompanying explanatory notes attached to the interim financial statements

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 2015. 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 2015.

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:

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	Consolidated Financial Statements	1 January 2016
FRS 11	Joints Arrangement	1 January 2016
FRS 12	Disclosure of Interest in Other Entities	1 January 2016
FRS 14	Regulatory Deferral Accounts	1 January 2016
FRS 101	Presentation of Financial Statements	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 were initially allowed to defer adoption of the new MFRS Framework for an additional two years. i.e, be mandatory for annual periods beginning on or after 1 January 2014. However, on 7 August 2013, MASB further extends transitional period for another year, i.e, the adoption of the MFRS Framework by all entities for annual periods beginning on or after 1 January 2015. Further to 7 August 2013, on 2 September 2014, MASB again further extends the transition period, i.e, the adoption of the MFRS Framework by all entities for annual periods beginning on or after 1 January 2017.

The Group fall within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2018. 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 not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ending 31 January 2018 could be different if prepared under the MFRS Framework.

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

Foreign Currency	Exchange Rate
United States Dollar	3.798
Japanese Yen	0.031
100 Indonesian Rupiah	0.026

2. Audit Qualifications

The audit report of the Group's most recent annual financial statements for the year ended 31 January 2015 was not qualified.

3. Seasonal or Cyclical Factors

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

4. Unusual Items

There were no unusual items for the second quarter ended 31 July 2015.

5. Changes in Estimates

There were no material changes in estimates for the second quarter ended 31 July 2015.

6. Debt and Equity Securities

There is no any share buy back in this current quarter. Up to this quarter ended 31 July 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, where present, 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 are as follows:

	31/07/2015 RM'000	31/07/2014 RM'000
Corporate guarantees relating to borrowings of subsidiaries in respect of balances outstanding	<u>279</u>	<u>2,755</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 RM3.559 million for the 3 months quarter ended 31 July 2015 as compared with RM3.161 million in the corresponding quarter last year. The increase was mainly due to increase of both production and sales volume of stingray fishes.

The Group registered a profit before tax of RM0.377 million as compared with profit before tax of RM0.237 million in the corresponding quarter last year. The increase of profit before tax in current financial quarter is mainly due to the increase of productivity and sales volume for stingray fishes as compared to the previous corresponding quarter.

Current Financial Period as compared with Previous Year corresponding Period

The Group achieved a revenue of RM6.280 million for the 6 months period ended 31 July 2015 as compared with RM6.323 million in the corresponding period last year. The decrease was mainly due to decrease of both production and sales volume of Arowana fishes.

The Group registered a profit before tax of RM0.434 million as compared with profit before tax of RM0.068 million in the corresponding period last year. The increase of profit before tax in current financial period is mainly due to the increase of stingray fishes productivity in addition of finance and operating cost decrease compared to the previous corresponding period.

15. Variation of Results against Preceding Quarter

The Group achieved a revenue of RM3.559 million for the 3 months quarter ended 31 July 2015 as compared with RM2.721 million in the preceding quarter.

The Group registered a profit before tax for the current quarter ended 31 July 2015 of RM0.377 million as compared with a profit before tax of RM0.057 million for the previous quarter ended 30 April 2015. The higher profit before tax of RM0.320 million in current quarter mainly due to the higher sales in current quarter.

16. Current Prospects

Going forward, the industry is expected to remain challenging but necessary measures to explore future business opportunities and effective cost control measures continue to be implemented to meet this challenging period. The Group had invested in the infrastructure of stingray ponds at the end of last year. Amount of revenue contributed by freshwater stingray is expected to be increase in current year under review.

However, the Group is facing challenging time for arowana fish due to ban of import from China. The Board is looking alternative market in other countries to offset the drop in revenue from China.

17. Profit Forecast

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

18. Tax Expense

	Individual Quarter 31/07/2015 RM'000	Year to Date 31/07/2015 RM'000
Current taxation	27	52
Deferred taxation	(2)	(1)
	<u>25</u>	<u>51</u>

The effective tax rate of the Group was lower than the standard rate of 25% principally due to utilized of capital allowances to set off against taxable income of the Group.

19. Status of corporate proposal announced

There were corporate proposals announced on 19 August 2015, but not completed as at the date of this quarterly report.

The announcement was as follow:

- (i) Proposed reduction of the issued and paid-up share capital of Xian Leng Holdings Berhad ("XLHB") pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.80 of the par value of every existing ordinary share of RM1.00 each in XLHB; and
- (ii) Proposed amendments to the Memorandum and Articles of Association of XLHB to facilitate the Proposed Par Value Reduction.

Kindly refer to the announcement dated 19 August 2015 for further information in relation to the Proposals.

20. Borrowings

The Group's borrowings are as follows:

	31/07/2015	31/07/2014
	RM'000	RM'000
Short Term Borrowings – secured	279	2,755
Long Term Borrowings – secured	-	-
	<u>279</u>	<u>2,755</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:

	31/07/2015	31/07/2014
	RM'000	RM'000
Realised losses	(23,043)	(22,020)
Unrealised losses	(6)	(7)
	<u>(23,049)</u>	<u>(22,027)</u>
Less: Consolidation adjustments	(2,077)	(3,952)
Total Group retained losses	<u>(25,126)</u>	<u>(25,979)</u>

22. Notes to the Condensed Consolidated Statement of Comprehensive Income

Operating loss is stated after charging/(crediting):

	3 months ended		Year to date	
	<u>31.07.15</u> RM'000	<u>31.07.14</u> RM'000	<u>31.07.15</u> RM'000	<u>31.07.14</u> RM'000
Interest income	-	-	-	-
Other income	11	25	22	95
Interest expenses	11	188	34	162
Depreciation	506	473	1,016	1,068
Provision for doubtful debts	-	-	-	-
Bad debts written off	-	-	-	-
Inventories written down to Net Realisable Value	-	-	-	-
Inventories written off	-	-	-	-
(Gain)/loss on disposal of quoted/unquoted investments	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	-	(4)	-	(4)
Property, plant and equipment written off	87	104	141	134
Provision for impairment of property, plant and equipment	-	20	-	20
Foreign exchange (gains)/losses	(60)	1	(70)	-
Derivatives (gains)/losses	-	-	-	-
Exception items	-	-	-	-

23. Material litigation

None.

24. Dividend Payable

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

25. Earnings per share

a) Basic Earnings per Share	3 months ended		Year to date	
	<u>31.07.15</u>	<u>31.07.14</u>	<u>31.07.15</u>	<u>31.07.14</u>
Net earnings for the period (RM'000)	352	225	383	34
Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Basic earnings per share (sen)	0.48	0.31	0.53	0.05
b) Diluted earnings per Share				
Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Diluted earning per share (sen)	0.48	0.31	0.53	0.05