

Financial Result Announcement

Reference No. :
Company Name : XIAN LENG HOLDINGS BERHAD
Stock Name : XIANLNG
Date Announced : 30/09/2016
Financial Year Ended : 31/01/2017
Quarter : 2

Quarterly report on consolidated results for the 2nd quarter period ended 31/07/2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/07/2016 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/07/2015 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/07/2016 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING YEAR ENDED 31/07/2015 (Unaudited) RM '000
1 (a) Revenue	<u>2,355</u>	<u>3,559</u>	<u>5,226</u>	<u>6,280</u>
(b) Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Other income	<u>22</u>	<u>71</u>	<u>108</u>	<u>92</u>
(d) Operating expenses before finance cost, depreciation and amortisation, exceptional items and extraordinary items	<u>(2,848)</u>	<u>(2,736)</u>	<u>(6,321)</u>	<u>(4,888)</u>
2 (a) (Loss)/Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<u>(471)</u>	<u>894</u>	<u>(987)</u>	<u>1,484</u>
(b) Finance cost	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(34)</u>
(c) Depreciation and amortisation	<u>(451)</u>	<u>(506)</u>	<u>(900)</u>	<u>(1,016)</u>
(d) Impairment loss on property, plant and equipment	<u>(1,099)</u>	<u>-</u>	<u>(1,585)</u>	<u>-</u>
(e) (Loss)/Profit before income tax minority interests and extraordinary items	<u>(2,021)</u>	<u>377</u>	<u>(3,472)</u>	<u>434</u>
(f) Share of profits and losses of associated companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(g) (Loss)/Profit before income tax, minority interests and extraordinary items after share of profits and losses of associated companies	<u>(2,021)</u>	<u>377</u>	<u>(3,472)</u>	<u>434</u>
(h) Income tax	<u>(17)</u>	<u>(25)</u>	<u>(35)</u>	<u>(51)</u>
(i) Net(loss)/ profit for the period	<u>(2,038)</u>	<u>352</u>	<u>(3,507)</u>	<u>383</u>
(j) Other Comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(k) Total Comprehensive (loss)/profit for the period	<u>(2,038)</u>	<u>352</u>	<u>(3,507)</u>	<u>383</u>

(l) Net (loss)/profit attributable to				
-Owners of the parent	(2,038)	352	(3,507)	383
-Non-controlling interests	-	-	-	-
	<u>(2,038)</u>	<u>352</u>	<u>(3,507)</u>	<u>383</u>
(m) Total Comprehensive (loss)/profit attributable to				
-Owners of the parent	(2,038)	352	(3,507)	383
-Non-controlling interests	-	-	-	-
	<u>(2,038)</u>	<u>352</u>	<u>(3,507)</u>	<u>383</u>
3 Earnings/(Loss) per share based on 2(m) above after deducting any provision for preference dividends, if any:				
(a) Basic (sen)	-2.80	0.48	-4.82	0.53
Weighted average number of ordinary shares ('000)	72,705	72,705	72,705	72,705
(b) Fully diluted (based on ordinary shares - sen)	-2.80	0.48	-4.82	0.53
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 2016 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 31/07/2016 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2016 (Audited)
	RM '000	RM '000
1 FIXED ASSETS	38,242	40,867
2 CURRENT ASSETS		
Cash and bank balances	1,123	1,479
Trade debtors	1,463	1,201
Inventories	3,718	4,778
Prepayment	22	42
Other debtors and deposits	389	226
Tax recoverable	38	93
	6,753	7,819
3 CURRENT LIABILITIES		
Short term borrowings	-	-
Trade creditors	203	191
Other creditors and accruals	417	649
Provision for taxation	33	-
Amount due to director	18	17
	671	857
4 NET CURRENT ASSET	6,082	6,962
	44,324	47,829

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	(28,252)	(24,745)
5 SHAREHOLDERS' FUNDS	44,314	47,821
6 NON-CONTROLLING INTERESTS	-	-
7 DEFERRED EXPENDITURE	-	-
8 LONG TERM BOROWINGS	-	-
9 DEFERRED TAXATION	10	8
	<u>44,324</u>	<u>47,829</u>
10 NET ASSETS PER SHARE (RM)	<u>0.61</u>	<u>0.66</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2016 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 2016	72,705	136	(275)	-	-	(24,745)	47,821
Prior year adjustment	-	-	-	-	-	-	-
	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(24,745)</u>	<u>47,821</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 Loss for the period ended:	-	-	-	-	-	(3,507)	(3,507)
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 July 2016	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(28,252)</u>	<u>44,314</u>
<i>Balance at 1 February 2015</i>	<i>72,705</i>	<i>136</i>	<i>(275)</i>	<i>-</i>	<i>-</i>	<i>(25,509)</i>	<i>47,057</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>(25,509)</u>	<u>47,057</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>383</i>	<i>383</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 2015</i>	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(25,126)</u>	<u>47,440</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 2016 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/07/2016 (Unaudited)	PRECEDING PERIOD ENDED 31/07/2015 (Audited)
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss)/profit before taxation	(3,472)	434
Adjustment for:		
Depreciation	900	1,016
Impairment loss on property, plant and equipment	1,585	-
(Reversal)/Provision for doubtful debts	-	-
Bad debt	-	-
Gain on disposal	(33)	-
Gain on Forex	(50)	-
Loss on Forex	22	-
Inventories written off	-	-
Inventories write down to net realisable value	-	-
PPE written off	296	141
Interest income	(2)	-
Interest expense	-	34
Operating (loss)/profit before working capital changes	<u>(754)</u>	<u>1,625</u>
Changes in working capital		
Net change in receivables	(286)	155
Net change in inventories	1,060	(640)
Net change in payables	<u>(218)</u>	<u>213</u>
Cash generated from operating activities	<u>(198)</u>	<u>1,353</u>
Tax refund/(paid)	(36)	(45)
Interest received	2	-
Interest paid	-	(34)
Net cash generated from operating activities	<u>(232)</u>	<u>1,274</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(158)	-
Proceed from disposal of fixed asset	34	-
Net cash used in investing activities	<u>(124)</u>	<u>-</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	-	-
Drawdown of term loan	-	-
Repayment of term loans	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(356)	1,274
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1,479	(1,384)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,123</u>	<u>(110)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,123	169
Bank overdrafts	-	(279)
	<u>1,123</u>	<u>(110)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2016 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 2016. 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 2016.

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 107	Statement of Cash Flow	1 January 2017
FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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.

However, on 22 July 2015, the IASB announced to further defer the effective date by one year to 1 January 2018. As a result, the effective date for Transitioning Entities to apply the Malaysian Financial Reporting Standards will also be deferred to annual periods on or after 1 January 2018.

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 2019 could be different if prepared under the MFRS Framework.

The main closing exchange rates used as at 31 July 2016 in translation (units of Malaysian Ringgit per foreign currency) were as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.035
Japanese Yen	0.039
100 Indonesian Rupiah	0.029
China Yen Renminbi	0.607

2. Audit Qualifications

The audit report of the Group's most recent annual financial statements for the year ended 31 January 2016 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 2016.

5. Changes in Estimates

There were no material changes in estimates for the second quarter ended 31 July 2016 except those disclosed in Note 16.

6. Debt and Equity Securities

There is no any share buy back in this current quarter. Up to this quarter ended 31 July 2016, 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, fish feeds 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:

	31/07/2016	31/07/2015
	RM'000	RM'000
Corporate guarantees relating to borrowings of subsidiaries in respect of balances outstanding	<u>NIL</u>	<u>279</u>

13. Significant Related Party Transactions

None.

14. Review of Performance

Current Financial Quarter as compared with Previous Year corresponding Quarter

The Group achieved revenue of RM2.355 million for the quarter ended 31 July 2016 as compared with RM3.559 million in the corresponding quarter last year. Turnover was decreased by approximately 34% mainly due to the significant reduction of sales volume and sales prices compared to the previous corresponding quarter.

The Group registered a loss before tax of RM2.021 million for the quarter ended 31 July 2016 as compared with profit before tax of RM0.377 million in the corresponding quarter last year. The loss before tax accounted in current financial quarter is mainly due to the provision of impairment loss on property, plant and equipment which amounting to RM1.099 million.

Current Financial Period as compared with Previous Year corresponding Period

The Group achieved revenue of RM5.226 million for the 6 months period ended 31 July 2016 as compared with RM6.280 million in the corresponding period last year. Turnover was decreased by approximately 17% mainly due to the significant lower of sales volume compared to the previous corresponding period.

The Group registered a loss before tax of RM3.472 million as compared with profit before tax of RM0.434 million in the corresponding period last year. The reasons of higher loss before tax accounted in current period is mainly due to the provision of impairment loss on property, plant and equipment which amounting to RM1.585 million and reduced sales volume.

15. Variation of Results against Preceding Quarter

The Group achieved revenue of RM2.355 million for the 3 months quarter ended 31 July 2016 as compared with RM2.871 million in the preceding quarter. Lower turnover accounted in current quarter is due to the decreased sales volume and selling price of stingray fishes.

The Group registered a loss before tax for the current quarter ended 31 July 2016 of RM2.021 million as compared with a loss before tax of RM1.451 million for the previous quarter ended 30 April 2016. The reason of higher loss before tax accounted in current quarter is because of higher impairment loss is provided compared to preceding quarter.

16. Current Prospects

In accordance to the "FRS 136-Impairment of Assets", the Board have to impaired the value of fish farms as the estimate future recoverable amount of fish farms is lower than its carrying amounts. Estimate future recoverable amount of fish farm is the higher of its fair value less costs to sell and its value in use.

It is noted that more new stingray fish farms sprouting around the Guangzhou, China. This has greatly affected the stingray fishes trade with very competitive pricing. Sudden excessive supply in the market and these overseas competitors do not have export costs to sell in

China local market seriously affect our stingray fishes market shares both in term of volume and pricing.

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 will continue to adopt a cautious business strategy and remain vigilant in monitoring the Group's financial position so as to improve its overall balance sheet.

The Group is continuing emphasis on research and development to further broadening Stingray fishes' production base and variety species which has the potential to contribute towards the overall Group's profitability in the future.

17. Profit Forecast

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

18. Tax Expense

	Individual Quarter 31/07/2016 RM'000	Year to Date 31/07/2016 RM'000
Current taxation	16	33
Deferred taxation	1	2
	<u>17</u>	<u>35</u>

The effective tax rate of the Group was lower than the standard rate of 25% principally due to utilized of capital allowances of subsidiaries.

19. Status of corporate proposal announced

None.

20. Borrowings

The Group's borrowings are as follows:

	31/07/2016 RM'000	31/07/2015 RM'000
Short Term Borrowings – secured	-	279
Long Term Borrowings – secured	-	-
	<u>-</u>	<u>279</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:

	31/07/2016	31/07/2015
	RM'000	RM'000
Realised losses	(26,226)	(23,043)
Unrealised losses	(10)	(6)
	<u>(26,236)</u>	<u>(23,049)</u>
Less: Consolidation adjustments	(2,015)	(2,077)
Total Group retained losses	<u>(28,251)</u>	<u>(25,126)</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>31.07.16</u>	<u>31.07.15</u>	<u>31.07.16</u>	<u>31.07.15</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	1	-	2	-
Other income	12	11	23	22
Interest expenses	-	11	-	34
Depreciation	451	506	900	1,016
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	-	-	(33)	-
Property, plant and equipment written off	116	87	296	141
Provision for impairment of property, plant and equipment	1,099	-	1,585	-
Foreign exchange (gains)/losses	(8)	(60)	(28)	(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 2016 (2015: Nil).

25. Earning/(Loss) per share

a) Basic Earning/(Loss) per Share

	3 months ended		Year to date	
	<u>31.07.16</u>	<u>31.07.15</u>	<u>31.07.16</u>	<u>31.07.15</u>
Net earning/(loss) for the period (RM'000)	(2,038)	352	(3,507)	383
Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Basic earning/(loss) per share (sen)	(2.80)	0.48	(4.82)	0.53

b) Diluted earning/(loss) per Share

Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Diluted earning/(loss) per share (sen)	(2.80)	0.48	(4.82)	0.53