

Financial Result Announcement

Reference No. :
 Company Name : XIAN LENG HOLDINGS BERHAD
 Stock Name : XIANLNG
 Date Announced : 26/09/2017
 Financial Year Ended : 31/01/2018
 Quarter : 2

Quarterly report on consolidated results for the 2nd quarter period ended 31/07/2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/07/2017 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/07/2016 (Unaudited) RM '000	CURRENT YEAR TO DATE ENDED 31/07/2017 (Unaudited) RM '000	PRECEDING YEAR CORRESPONDING YEAR ENDED 31/07/2016 (Unaudited) RM '000
1 (a) Revenue	<u>3,014</u>	<u>2,355</u>	<u>6,317</u>	<u>5,226</u>
(b) Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Other incomes	<u>33</u>	<u>22</u>	<u>62</u>	<u>108</u>
(d) Operating expenses before finance cost, depreciation and amortisation, exceptional items and extraordinary items	<u>(3,281)</u>	<u>(2,848)</u>	<u>(6,402)</u>	<u>(6,321)</u>
2 (a) (Loss)/Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<u>(234)</u>	<u>(471)</u>	<u>(23)</u>	<u>(987)</u>
(b) Finance cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Depreciation and amortisation	<u>(176)</u>	<u>(451)</u>	<u>(352)</u>	<u>(900)</u>
(d) Impairment loss on property, plant and equipment	<u>-</u>	<u>(1,099)</u>	<u>-</u>	<u>(1,585)</u>
(e) (Loss)/Profit before income tax minority interests and extraordinary items	<u>(410)</u>	<u>(2,021)</u>	<u>(375)</u>	<u>(3,472)</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>(410)</u>	<u>(2,021)</u>	<u>(375)</u>	<u>(3,472)</u>
(h) Income tax	<u>(18)</u>	<u>(17)</u>	<u>(20)</u>	<u>(35)</u>
(i) Net(loss)/ profit for the period	<u>(428)</u>	<u>(2,038)</u>	<u>(395)</u>	<u>(3,507)</u>
(j) Other Comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(k) Total Comprehensive (loss)/profit for the period	<u>(428)</u>	<u>(2,038)</u>	<u>(395)</u>	<u>(3,507)</u>

(l) Net (loss)/profit attributable to				
-Owners of the parent	(428)	(2,038)	(395)	(3,507)
-Non-controlling interests	-	-	-	-
	<u>(428)</u>	<u>(2,038)</u>	<u>(395)</u>	<u>(3,507)</u>
(m) Total Comprehensive (loss)/profit attributable to				
-Owners of the parent	(428)	(2,038)	(395)	(3,507)
-Non-controlling interests	-	-	-	-
	<u>(428)</u>	<u>(2,038)</u>	<u>(395)</u>	<u>(3,507)</u>
3 Earnings/(Loss) per share based on 2(m) above after deducting any provision for preference dividends, if any:				
(a) Basic (sen)	-0.59	-2.80	-0.54	-4.82
Weighted average number of ordinary shares ('000)	72,705	72,705	72,705	72,705
(b) Fully diluted (based on ordinary shares - sen)	-0.59	-2.80	-0.54	-4.82
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 2017 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 31/07/2017 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2017 (Audited)
	RM '000	RM '000
1 FIXED ASSETS	37,561	37,879
2 CURRENT ASSETS		
Cash and bank balances	1,283	2,409
Trade debtors	1,653	1,261
Inventories	3,711	3,668
Prepayment	22	43
Other debtors and deposits	162	196
Tax recoverable	63	44
	6,894	7,621
3 CURRENT LIABILITIES		
Short term borrowings	-	-
Trade creditors	350	375
Other creditors and accruals	488	1,129
Provision for taxation	31	-
Amount due to director	28	32
	897	1,536
4 NET CURRENT ASSET	5,997	6,085
	43,558	43,964

Financed by:

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		
SHARE CAPITAL	72,705	72,705
RESERVES		
Share premium	136	136
Treasury shares	(279)	(279)
Revaluation reserve	-	-
General reserve	-	-
Reserve on consolidation	-	-
Accumulated losses	(29,017)	(28,622)
5 SHAREHOLDERS' FUNDS	43,545	43,940
6 NON-CONTROLLING INTERESTS	-	-
7 DEFERRED EXPENDITURE	-	-
8 LONG TERM BOROWINGS	-	-
9 DEFERRED TAXATION	13	24
	<u>43,558</u>	<u>43,964</u>
10 NET ASSETS PER SHARE (RM)	<u>0.60</u>	<u>0.60</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2017 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 2017	72,705	136	(279)	-	-	(28,622)	43,940
Prior year adjustment	-	-	-	-	-	-	-
	<u>72,705</u>	<u>136</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(28,622)</u>	<u>43,940</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:	-	-	-	-	-	(395)	(395)
Dividend for the period ended:	-	-	-	-	-	-	-
Balance at 31 July 2017	<u>72,705</u>	<u>136</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(29,017)</u>	<u>43,545</u>
<i>Balance at 1 February 2016</i>	<i>72,705</i>	<i>136</i>	<i>(275)</i>	<i>-</i>	<i>-</i>	<i>(24,745)</i>	<i>47,821</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>(24,745)</u>	<u>47,821</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>(3,507)</i>	<i>(3,507)</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 2016</i>	<u>72,705</u>	<u>136</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(28,252)</u>	<u>44,314</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 2017 and the accompanying explanatory notes attached to the interim financial statements

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31/07/2017 (Unaudited)	PRECEDING PERIOD ENDED 31/07/2016 (Audited)
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss)/profit before taxation	(375)	(3,472)
Adjustment for:		
Depreciation	352	900
Impairment loss on property, plant and equipment	-	1,585
(Reversal)/Provision for doubtful debts	(1)	-
Bad debt	-	-
provision for slow moving stock	-	-
Gain on disposal	-	(33)
Gain on Forex	(1)	(50)
Loss on Forex	15	22
Inventories written off	-	-
Inventories write down to net realisable value	-	-
PPE written off	10	296
Interest income	(3)	(2)
Interest expense	-	-
Operating (loss)/profit before working capital changes	<u>(3)</u>	<u>(754)</u>
Changes in working capital		
Net change in receivables	(282)	(286)
Net change in inventories	(43)	1,060
Net change in payables	<u>(669)</u>	<u>(218)</u>
Cash generated from operating activities	<u>(997)</u>	<u>(198)</u>
Tax refund/(paid)	(88)	(36)
Interest received	3	2
Interest paid	-	-
Net cash generated from operating activities	<u>(1,082)</u>	<u>(232)</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of fixed assets	(44)	(158)
Construction work in progress	-	-
Proceed from disposal of fixed asset	-	34
Net cash used in investing activities	<u>(44)</u>	<u>(124)</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	(1,126)	(356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,409	1,479
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,283</u>	<u>1,123</u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,283	1,123
Bank overdrafts	-	-
	<u>1,283</u>	<u>1,123</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2017 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 2017. 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 2017.

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	Classification and Measurement of Share-based Payment Transactions	1 January 2018
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 2017 in translation (units of Malaysia Ringgit per foreign currency) were as follows:

Foreign Currency	Exchange Rate
United States Dollar	4.256
Japanese Yen	0.039
100 Indonesian Rupiah	0.030
China Yen Renminbi	0.632

2. Audit Qualifications

The audit report of the Group's most recent annual financial statements for the year ended 31 January 2017 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 2017.

5. Changes in Estimates

There were no material changes in estimates for the second quarter ended 31 July 2017.

6. Debt and Equity Securities

There is no any share buy back in this current quarter. Up to this quarter ended 31 July 2017, the accumulative shares purchased to date since the commencement of the share buy back exercise amounted to 380,000 units, totaling RM279,445.74. 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 quarter under review.

12. Contingent Liabilities and Contingent Assets

The group did not give any corporate guarantee to anybody or company as at the date of report.

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 RM3.014 million for the 3 months quarter ended 31 July 2017 as compared with RM2.355 million in the corresponding quarter last year. Turnover was increase about 21.86% mainly due to increase in the sales volume of imported fish food products and gold fishes compared to the previous corresponding quarter, despite of lower revenue resulted from Stingray fishes because of price decreasing.

The Group registered a loss before tax of RM0.410 million as compared with loss before tax of RM2.021 million in the corresponding quarter last year. The reason of lower loss before tax accounted in current financial quarter mainly due to an amount of provision of impairment loss on property, plant and equipment RM1.099 million was provided in the previous corresponding quarter.

Current Financial Period as compared with Previous Year corresponding Period

The Group achieved revenue of RM6.317 million for the 6 months period ended 31 July 2017 as compared with RM5.226 million in the corresponding period last year. Turnover was increase about 17.27% mainly due to increase in the sales volume of imported fish food products and gold fishes compared to the previous corresponding quarter, despite of lower revenue resulted from Stingray fishes because of price decreasing.

The Group registered a loss before tax of RM0.375 million as compared with loss before tax of RM3.472 million in the corresponding period last year. Other than the reasons explained in above paragraph, the another reason of lower loss before tax accounted in current financial period is due to provision of impairment loss on property, plant and equipment amounting to RM1.585 million were provided in the previous corresponding period.

15. Variation of Results against Preceding Quarter

The Group achieved revenue of RM3.014 million for the 3 months quarter ended 31 July 2017 as compared with RM3.303 million in the preceding quarter. Lower turnover accounted in current quarter is due to lower revenue resulted from Arowana and Stingray fishes.

The Group registered a loss before tax for the current quarter ended 31 July 2017 of RM0.410 million as compared with a profit before tax of RM0.035 million for the previous quarter ended 30 April 2017. The reason of lower profit before tax accounted in current quarter is because of decrease of selling price of Stingray fishes which had significantly lower down the Group profit margin.

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 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 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 31/07/2017 RM'000	Year to Date 31/07/2017 RM'000
Current taxation	18	31
Deferred taxation	-	(11)
	<u>18</u>	<u>20</u>

The effective tax rate of the Group was higher than the standard rate of 25% principally due to tax disallowed expenses and capital allowances had fully utilized of a subsidiary company.

19. Status of corporate proposal announced

The proposal of Private Placement exercise which announced on 14 June 2017 had been fully completed on 30 August 2017 with the listing and quotation of the new shares on Bursa Malaysia Securities Berhad.

20. Borrowings

There were no 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:

	31/07/2017	31/07/2016
	RM'000	RM'000
Realised losses	(29,395)	(30,131)
Unrealised losses	(11)	(10)
	<u>(29,406)</u>	<u>(30,141)</u>
Less: Consolidation adjustments	784	(2,015)
Total Group retained losses	<u>(28,622)</u>	<u>(32,156)</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>31.07.17</u>	<u>31.07.16</u>	<u>31.07.17</u>	<u>31.07.16</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(2)	(1)	(3)	(2)
Other income	(10)	(12)	(21)	(23)
Interest expenses	-	-	-	-
Depreciation	176	451	352	900
(Reversed)/ Provision for doubtful debts	(1)	-	(1)	-
Bad debts written off	-	-	-	-
Provision for slow moving Inventories	-	-	-	-
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	9	116	10	296
Provision for impairment of property, plant and equipment	-	5,004	-	5,490
Foreign exchange (gains)/losses	(1)	(8)	-	(28)
Derivatives (gains)/losses	-	-	-	-
Exception items	-	-	-	-

23. Material litigation

None.

24. Dividend Payable

No dividend has been declared for the second quarter ended 31 July 2017 (2016: Nil).

25. Earnings/(Loss) per share

a) Basic Earnings/(Loss) per Share

	3 months ended		Year to date	
	<u>31.07.17</u>	<u>31.07.16</u>	<u>31.07.17</u>	<u>31.07.16</u>
Net earnings/(loss) for the period (RM'000)	(428)	(2,038)	(395)	(3,507)
Weighted Average No. of shares ('000)	72,705	72,705	72,705	72,705
Basic earnings/(loss) per share (sen)	(0.59)	(2.80)	(0.54)	(4.82)

b) Diluted earnings/(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)	(2.80)	(0.54)	(4.82)