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XIAN LENG HOLDINGS BERHAD
468142 -U
(Incorporated in Malaysia)

FINANCIAL STATEMENTS AS AT 31 JANUARY, 2002
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

XIAN LENG HOLDINGS BERHAD
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XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 January, 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 4 to the financial statements.

There were no significant changes in these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year	<u>10,268,114</u>	<u>1,515,932</u>

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the current financial year ended 31 January, 2002 of 3% on 48,280,000 ordinary shares, amounting to RM1,448,400 (3 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 January, 2003.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances that would require any amount to be written off as bad debts or provided for as doubtful debts in the financial statements of the Group and the Company.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

SHARE CAPITAL

On 22 November, 2001, the Company increased its issued and paid-up share capital from RM41,000,000 to RM48,280,000 by way of the issuance of 7,280,000 ordinary shares of RM1 each via an initial public offering at an issue price of RM1.65 each for cash for additional working capital purposes.

SIGNIFICANT EVENT

On 31 October, 2001, the Company issued a Prospectus pertaining to the following:

- (i) Public Issue of 7,280,000 new ordinary shares of RM1 each at an issue price of RM1.65 per share; and
- (ii) Offer for sale of 4,828,000 ordinary shares of RM1 each at an offer price of RM1.65 per share.

The listing of and quotation for the entire issued and fully paid-up shares of the Company comprising 48,280,000 ordinary shares of RM1 each on the Second Board of Kuala Lumpur Stock Exchange was completed on 5 December, 2001.

DIRECTORS

The directors who served since the date of the last report are:

Dato' Mohd. Desa bin Pachi
Mohamed Shafeii bin Abdul Gaffoor
Ng Huan Tong
Lim Wan Hong
Tan Cheng Kiat
Chua Bah Bee @ Chua Chong Seng
Lim Kim Hock
Ismail Taufid bin Md Yusoff (appointed on 1 October, 2001)
Choy Siew Kiong (appointed on 1 October, 2001)
Chen Shih Hsie (appointed on 1 October, 2001)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 16 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares in the Company and its related corporations during the financial year other than as follows:

The Company	Number of Ordinary Shares of RM1 Each			31 January, 2002
	1 February, 2001	Bought	Sold	
Indirect				
Dato' Mohd. Desa bin Pachi	12,300,000	-	3,851,000	8,449,000
Direct				
Ng Huan Tong	12,198,000	-	928,000	11,270,000
Lim Wan Hong	12,197,000	-	928,000	11,269,000
Chua Bah Bee @ Chua Chong Seng	4,305,000	-	328,000	3,977,000
Tan Cheng Kiat	-	10,000	-	10,000
Lim Kim Hock	-	5,000	5,000	-

By virtue of their interests in shares in the Company, Dato' Mohd. Desa bin Pachi, Ng Huan Tong and Lim Wan Hong are also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

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AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board
in accordance with a resolution
of the directors

NG HUAN TONG

LIM WAN HONG

Kuala Lumpur
Dated: 21 May, 2002

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, NG HUAN TONG and LIM WAN HONG, being two of the directors of XIAN LENG HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 9 to 31, give a true and fair view of the state of affairs of the Group and the Company as at 31 January, 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board
in accordance with a resolution
of the directors

NG HUAN TONG

LIM WAN HONG

Kuala Lumpur
Dated: 21 May, 2002

STATUTORY DECLARATION

I, LIM KIM HOCK, the director primarily responsible for the financial management of XIAN LENG HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 31 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed LIM KIM HOCK at Kuala)
Lumpur in Wilayah Persekutuan)
on 21 May, 2002) LIM KIM HOCK

Before me,

Mohd Radzi Bin Yasin
No: W 327
Commissioner for Oaths

AUDITORS' REPORT

To the Shareholders of
XIAN LENG HOLDINGS BERHAD

We have audited the financial statements set out on pages 9 to 31. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 January, 2002 and of their results and their cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

George Koshy
No. 1846/07/03(J)
Partner of the Firm

Dated: 21 May, 2002

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET - 31 JANUARY, 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	86,876,776	69,878,943
Deferred expenditure		-	1,078,032
		<u>86,876,776</u>	<u>70,956,975</u>
CURRENT ASSETS			
Inventories	5	1,107,861	901,127
Trade receivables		2,825,509	503,182
Other receivables	6	1,896,527	28,491
Cash and bank balances	7	3,327,780	928,677
		<u>9,157,677</u>	<u>2,361,477</u>
CURRENT LIABILITIES			
Short term borrowings	8	4,235,095	1,352,944
Trade payables		385,306	97,257
Other payables	9	319,056	602,546
Taxation		285,077	3,241,158
		<u>5,224,534</u>	<u>5,293,905</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>3,933,143</u>	<u>(2,932,428)</u>
		<u>90,809,919</u>	<u>68,024,547</u>
FINANCED BY:			
Share capital	10	48,280,000	41,000,000
Reserves		34,926,551	22,583,765
Shareholders' equity		<u>83,206,551</u>	<u>63,583,765</u>
Non-current liabilities			
Long term borrowings	11	3,740,897	3,305,692
Deferred taxation	12	3,862,471	1,135,090
		<u>7,603,368</u>	<u>4,440,782</u>
		<u>90,809,919</u>	<u>68,024,547</u>

The accompanying notes are an integral part of this balance sheet.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY, 2002

	Note	2002 RM	2001 RM
Revenue	13	32,092,096	25,366,572
Other operating income	14	6,000	6,000
Changes in inventories		206,734	(550,062)
Purchase of inventories		(9,073,994)	(6,790,530)
Depreciation		(4,338,492)	(2,596,949)
Staff costs	15	(2,205,606)	(1,103,783)
Other operating expenses	17	<u>(2,182,146)</u>	<u>(1,416,349)</u>
Profit from operations		14,504,592	12,914,899
Finance costs, net	18	<u>(541,064)</u>	<u>(299,645)</u>
Profit before taxation		13,963,528	12,615,254
Taxation	19	<u>(3,695,414)</u>	<u>(3,773,549)</u>
Net profit for the year		<u>10,268,114</u>	<u>8,841,705</u>
Earnings per share (sen)	20	<u>24</u>	<u>22</u>

The accompanying notes are an integral part of this statement.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY, 2002

	<----- Reserves ----->			Total RM
	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits RM	
At 1 February, 2000	41,000,000	6,100,000	7,642,060	54,742,060
Net profit for the year	-	-	8,841,705	8,841,705
At 31 January, 2001	41,000,000	6,100,000	16,483,765	63,583,765
Issue of share capital	7,280,000	4,732,000	-	12,012,000
Listing expenses	-	(2,657,328)	-	(2,657,328)
Net profit for the year	-	-	10,268,114	10,268,114
At 31 January, 2002	<u>48,280,000</u>	<u>8,174,672</u>	<u>26,751,879</u>	<u>83,206,551</u>

The accompanying notes are an integral part of this statement.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY, 2002

	2002	2001
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,963,528	12,615,254
Adjustments for:		
Depreciation	4,338,492	2,596,949
Interest income	(26,797)	-
Interest expense	527,951	285,765
Operating profit before working capital changes	18,803,174	15,497,968
(Increase)/decrease in receivables	(2,592,182)	1,570,991
(Increase)/decrease in inventories	(206,734)	550,062
Increase in payables	4,559	113,228
Cash generated from operations	16,008,817	17,732,249
Interest paid	(527,951)	(285,765)
Interest received	26,797	-
Tax paid	(5,522,295)	(3,151,185)
Net cash generated from operating activities	9,985,368	14,295,299
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(21,992,715)	(15,048,359)
Proceeds from disposal of property, plant and equipment	1,886,390	-
Net cash used in investing activities	(20,106,325)	(15,048,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for listing expenses	(2,657,328)	-
Decrease/(increase) in deferred expenditure	1,078,032	(1,078,032)
Proceeds from issuance of shares	12,012,000	-
Repayment of hire purchase payables	(194,423)	(59,017)
Increase in bankers' acceptances	517,000	-
Drawdown of term loans	390,000	2,802,692
Repayment of term loans	(856,678)	(377,706)
Net cash generated from financing activities	10,288,603	1,287,937

	2002	2001
	RM	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	167,646	534,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>634,681</u>	<u>99,804</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>802,327</u></u>	<u><u>634,681</u></u>

Cash and cash equivalents comprise:

Cash and bank balances	1,327,780	928,677
Deposits with licensed banks	2,000,000	-
Bank overdrafts	<u>(2,525,453)</u>	<u>(293,996)</u>
	<u><u>802,327</u></u>	<u><u>634,681</u></u>

The accompanying notes are an integral part of this statement.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

BALANCE SHEET - 31 JANUARY, 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSET			
Subsidiaries	4	47,000,000	47,000,000
Deferred expenditure		-	1,078,032
		<u>47,000,000</u>	<u>48,078,032</u>
CURRENT ASSETS			
Other receivables	6	8,607,250	-
Cash and bank balances	7	2,274,100	-
		<u>10,881,350</u>	<u>-</u>
CURRENT LIABILITIES			
Other payables	9	25,806	1,093,092
NET CURRENT ASSETS/(LIABILITIES)		<u>10,855,544</u>	<u>(1,093,092)</u>
		<u>57,855,544</u>	<u>46,984,940</u>
FINANCED BY:			
Share capital	10	48,280,000	41,000,000
Reserves		9,575,544	5,984,940
Shareholders' equity		<u>57,855,544</u>	<u>46,984,940</u>

The accompanying notes are an integral part of this balance sheet.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY, 2002

	Note	2002 RM	2001 RM
Revenue	13	1,888,000	-
Staff costs	15	(143,200)	-
Other operating expenses	17	<u>(253,632)</u>	<u>(11,000)</u>
Profit/(loss) from operations		1,491,168	(11,000)
Finance costs, net	18	<u>24,764</u>	-
Profit/(loss) before taxation		1,515,932	(11,000)
Taxation	19	<u>-</u>	<u>-</u>
Net profit/(loss) for the year		<u>1,515,932</u>	<u>(11,000)</u>

The accompanying notes are an integral part of this statement.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY, 2002

	<----- Reserves ----->			
	Non-distributable			
	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 February, 2000	41,000,000	6,100,000	(104,060)	46,995,940
Net loss for the year	-	-	(11,000)	(11,000)
At 31 January, 2001	41,000,000	6,100,000	(115,060)	46,984,940
Issue of share capital	7,280,000	4,732,000	-	12,012,000
Listing expenses	-	(2,657,328)	-	(2,657,328)
Net profit for the year	-	-	1,515,932	1,515,932
At 31 January, 2002	48,280,000	8,174,672	1,400,872	57,855,544

The accompanying notes are an integral part of this statement.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY, 2002

	2002	2001
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	1,515,932	(11,000)
Adjustments for:		
Interest income	(24,764)	-
Cash generated from/(used in) operations before working capital changes	1,491,168	(11,000)
(Decrease)/increase in payables	(1,067,286)	992,532
(Increase)/decrease in receivables	(8,607,250)	96,500
Cash used in operation	(8,183,368)	1,078,032
Interest received	24,764	-
Net cash used in operating activities	<u>(8,158,604)</u>	<u>1,078,032</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for listing expenses	(2,657,328)	-
Decrease/(increase) in deferred expenditure	1,078,032	(1,078,032)
Proceeds from issuance of shares	12,012,000	-
Net cash generated from/(used in) financing activities	<u>10,432,704</u>	<u>(1,078,032)</u>
NET INCREASE CASH AND CASH EQUIVALENTS	2,274,100	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>2,274,100</u>	<u>-</u>
Cash and cash equivalent comprise:		
Cash and cash balances	274,100	-
Deposits with licensed banks	2,000,000	-
	<u>2,274,100</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

XIAN LENG HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 JANUARY, 2002

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 4. There were no significant changes in these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at No. 35, Jalan Penjaja 3, 83000 Batu Pahat, Johor Darul Takzim.

The number of employees in the Group and in the Company at the end of the financial year were 78 (2001 : 60) and 10 (2001 : Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with applicable approved accounting standards in Malaysia.

The promulgated Malaysian Accounting Standards Board (“MASB”) Standard 19 : Events After the Balance Sheet Date and MASB 20 : Provisions, Contingent Liabilities and Contingent Assets has been adopted prior to its effective date. Early adoption of this standard did not result in any adjustments to the prior year’s financial statements.

(b) Revenue Recognition

(i) Sale of goods

Revenue relating to sale of goods is recognised net of discounts when transfer of risks and rewards have been completed.

(ii) Dividend income

Dividend income is recognised when the shareholder’s right to receive payment is established.

(iii) Management fees

Management fees are recognised on an accrual basis.

(c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Company holds directly or indirectly more than 50% of their respective issued voting share capital as long term investments and the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and reflected in the Group financial statements. The difference between the cost of investment and fair values are capitalised as freehold land and Asian arowana broodstock under property, plant and equipment. These assets are depreciated in accordance with Note (f).

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill which were not previously recognised in the consolidated income statement.

(d) Investment in Subsidiaries

Investment in subsidiaries are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the year in which the decline occurred.

(e) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2002	2001
	RM	RM
Hong Kong Dollar	0.49	0.49
United States Dollar	3.80	3.80
Singapore Dollar	2.06	2.20

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Asian arowana broodstock consist of the original purchase price of Asian arowana stocks and related growing costs which include feed and medication, direct labour cost and a proportion of farm overhead. The Asian arowana broodstock are amortised over 40 years based on their economic egg-laying lives.

New planting expenditure incurred on landscaping consist of cost incurred on land clearing and upkeep of trees to maturity and are capitalised under planting expenditure and amortised over 25 years upon maturity of the trees.

Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Workers' quarters and shop houses and renovation	2% - 10%
Asian arowana broodstock	2.5%
Land development expenditure, fish ponds, aquarium, road and drainage, tools and equipment	10%
Motor vehicles	20%
Office equipment and furniture and fittings	10%

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(g) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out) and net realisable value.

Cost consists of original purchase price and costs of bringing the inventories to their present location.

Livestocks include the cost of feed and medication, direct labour cost and proportion of farm overhead.

(h) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

(i) Hire Purchase

The Group recognises hire purchase assets as assets in the balance sheets at amounts equal at the inception of the hire purchase to the fair value of the hire purchased assets or, if lower, at the present value of the minimum hire purchase payments. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Hire purchase payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the hire purchase term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A hire purchase gives rise to depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for a hire purchase asset is consistent with that for depreciable property, plant and equipment as described in Note (f).

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(k) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(l) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Deferred Expenditure

Deferred expenditure represents expenses incurred in relation to the issuance of shares as disclosed in Note 22 and has been set-off against the share premium account as permitted by Section 60(2)(e) of the Companies Act, 1965.

3. PROPERTY, PLANT AND EQUIPMENT

Group	* Freehold land, planting expenditure, workers' quarters, shop houses and renovation RM	Asian arowana broodstock RM	Land development expenditure, fish ponds, aquarium, roads and drainage, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Total RM
Cost					
At 1 February, 2001	20,376,393	38,999,959	14,590,398	838,566	74,805,316
Additions	1,385,042	8,198,575	12,147,888	1,491,210	23,222,715
Disposals	(1,900,034)	-	-	-	(1,900,034)
At 31 January, 2002	19,861,401	47,198,534	26,738,286	2,329,776	96,127,997
Accumulated Depreciation					
At 1 February, 2001	116,783	1,705,435	2,620,204	483,951	4,926,373
Charge	95,045	1,179,963	2,660,670	402,814	4,338,492
Disposals	(13,644)	-	-	-	(13,644)
At 31 January, 2002	198,184	2,885,398	5,280,874	886,765	9,251,221
Net Book Value					
At 31 January, 2002	19,663,217	44,313,136	21,457,412	1,443,011	86,876,776
At 31 January, 2001	20,259,610	37,294,524	11,970,194	354,615	69,878,943
Depreciation					
Year ended 31 January, 2001	40,367	988,215	1,446,812	121,555	2,596,949

* Freehold land, planting expenditure, workers' quarters and shop houses and renovation.

	Freehold land RM	Planting expenditure RM	Workers' quarters RM	Shop houses and renovation RM	Total RM
At 1 February, 2001	18,638,767	787,283	694,042	256,301	20,376,393
Additions	392,120	32,375	-	960,547	1,385,042
Disposals	(1,824,234)	-	-	(75,800)	(1,900,034)
At 31 January, 2002	<u>17,206,653</u>	<u>819,658</u>	<u>694,042</u>	<u>1,141,048</u>	<u>19,861,401</u>

Accumulated Depreciation

At 1 February, 2001	-	21,360	67,201	28,222	116,783
Charge	-	21,360	13,880	59,805	95,045
Disposals	-	-	-	(13,644)	(13,644)
At 31 January, 2002	<u>-</u>	<u>42,720</u>	<u>81,081</u>	<u>74,383</u>	<u>198,184</u>

Net Book Value

At 31 January, 2002	<u>17,206,653</u>	<u>776,938</u>	<u>612,961</u>	<u>1,066,665</u>	<u>19,663,217</u>
At 31 January, 2001	<u>18,638,767</u>	<u>765,923</u>	<u>626,841</u>	<u>228,079</u>	<u>20,259,610</u>

Depreciation

Year ended 31 January, 2001	<u>-</u>	<u>21,360</u>	<u>13,881</u>	<u>5,126</u>	<u>40,367</u>
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(a) Included in the property, plant and equipment are motor vehicles held under hire purchase as follows:

	2002 RM'000	2001 RM'000
Cost	1,534,642	352,519
Net Book Value	<u>1,204,503</u>	<u>204,612</u>

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM23,222,715 (2001 : RM15,128,359) of which RM1,230,000 (2001 : RM80,000) were acquired by means of hire purchase arrangements. Cash payments of RM21,992,715 (2001 : RM15,048,359) were made to purchase property, plant and equipment in the current financial year.

- (c) The net book values of property, plant and equipment pledged to banks for term loans granted to the Group as referred to in Notes 8 and 12 are as follows:

	2002 RM'000	2001 RM'000
Freehold land	17,206,653	6,753,565
Shop houses	488,281	-
	<u>17,694,934</u>	<u>6,753,565</u>

- (d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM476,382 (2001 : Nil).

4. SUBSIDIARIES

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	<u>47,000,000</u>	<u>47,000,000</u>

Details of the subsidiaries, both of which are incorporated in Malaysia, are as follows:

Name of company	Share capital RM	Effective interest (%)		Principal activities
		2002	2001	
Xian Leng Trading Sdn. Bhd.	100,000	100	100	Commercial captive breeding of Asian arowana, other ornamental fishes and property holding
Xian Leng Aquatic Merchant Sdn. Bhd.	50,002	100	100	Trading of ornamental fishes, aquarium accessories and property holding

5. INVENTORIES

	Group	
	2002 RM	2001 RM
At cost:		
Livestocks	208,483	213,852
Consumables and aquarium accessories	899,378	687,275
	<u>1,107,861</u>	<u>901,127</u>

6. OTHER RECEIVABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Due from subsidiaries	-	-	8,600,000	-
Deposits	28,150	8,145	1,000	-
Prepayments	50,947	-	6,250	-
Tax recoverable	1,598,181	-	-	-
Sundry receivables	219,249	20,346	-	-
	<u>1,896,527</u>	<u>28,491</u>	<u>8,607,250</u>	<u>-</u>

7. CASH AND BANK BALANCES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Cash in hand and at banks	1,327,780	928,677	274,100	-
Deposits with licensed banks	2,000,000	-	2,000,000	-
	<u>3,327,780</u>	<u>928,677</u>	<u>2,274,100</u>	<u>-</u>

8. SHORT TERM BORROWINGS

	Group	
	2002	2001
	RM	RM
Secured:		
Bank overdrafts	2,525,453	293,996
Bankers' acceptances	517,000	-
Hire purchase payables (Note 11)	266,031	44,576
Term loans (Note 11)	926,611	1,014,372
	<u>4,235,095</u>	<u>1,352,944</u>

The borrowings are secured by way of fixed charges over certain freehold lands held by the Group as disclosed in Note 3 and freehold land held by a director, Ng Huan Tong, and bear interest varying between 8.4% to 9.3% (2001 : 8.6% to 9.3%) per annum.

9. OTHER PAYABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Due to a subsidiary	-	-	-	1,078,032
Sundry payables	47,903	484,339	-	-
Accruals	271,153	118,207	25,806	15,060
	<u>319,056</u>	<u>602,546</u>	<u>25,806</u>	<u>1,093,092</u>

The amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

10. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2002	2001	2002	2001
			RM	RM
Authorised:				
At the beginning/end of year	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
At the beginning of year	41,000,000	41,000,000	41,000,000	41,000,000
Issued during the year at a premium of RM0.65 per share	7,280,000	-	7,280,000	-
At the end of year	<u>48,280,000</u>	<u>41,000,000</u>	<u>48,280,000</u>	<u>41,000,000</u>

11. LONG TERM BORROWINGS

	Group	
	2002	2001
	RM	RM
Term loans, secured	3,808,402	4,275,080
Due within 12 months (Note 8)	<u>(926,611)</u>	<u>(1,014,372)</u>
Due after 12 months	<u>2,881,791</u>	<u>3,260,708</u>
Hire purchase payables	1,125,137	89,560
Due within 12 months (Note 8)	<u>(266,031)</u>	<u>(44,576)</u>
Due after 12 months	<u>859,106</u>	<u>44,984</u>
	<u>3,740,897</u>	<u>3,305,692</u>

	Group	
	2002	2001
	RM	RM
Future minimum payments of hire purchase payables:		
Payable within 1 year	330,324	54,737
Payable within 1 and 5 years	1,064,530	58,164
	<u>1,394,854</u>	<u>112,901</u>
Less: Finance charges	(269,717)	(23,341)
	<u>1,125,137</u>	<u>89,560</u>
 Maturity of term loans:		
Within 1 year	926,611	1,014,372
Between 1 and 2 years	900,768	891,837
Between 2 and 5 years	1,422,560	1,591,543
After 5 years	558,463	777,328
	<u>3,808,402</u>	<u>4,275,080</u>

The hire purchase arrangements bear interest at rates varying from 4.75% to 7.9% (2001 : 6.25% to 7.9%) per annum. The term loans bear interest at rates varying from 8.2% to 9.3% (2001 : 8.6% to 9.3%) per annum. The term loans are secured by way of:

- (i) fixed charges over certain freehold lands of the Group as disclosed in Note 3 and freehold land held by a director, Ng Huan Tong; and
- (ii) joint and several guarantee by all directors of a subsidiary, Xian Leng Trading Sdn. Bhd..

12. DEFERRED TAXATION

	Group	
	2002	2001
	RM	RM
At the beginning of year	1,135,090	672,350
Transfer from income statement (Note 19)	2,727,381	462,740
At the end of year	<u>3,862,471</u>	<u>1,135,090</u>

The deferred taxation is in respect of the following timing differences:

	Group	
	2002	2001
	RM	RM
Depreciation and corresponding capital allowances	21,703,885	9,058,682
Timing differences where deferred taxation has been provided for	(13,794,539)	(4,053,893)
Balance of timing differences which are not expected to be reversed in the foreseeable future	<u>7,909,346</u>	<u>5,004,789</u>

13. REVENUE

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Sale of goods	32,092,096	25,366,572	-	-
Dividend income, tax exempt	-	-	1,600,000	-
Management fees	-	-	288,000	-
	<u>32,092,096</u>	<u>25,366,572</u>	<u>1,888,000</u>	<u>-</u>

14. OTHER OPERATING INCOME

	Group	
	2002	2001
	RM	RM
Rental income	<u>6,000</u>	<u>6,000</u>

15. STAFF COSTS

Included in staff costs of the Group and Company are salaries and other emoluments paid to directors of the Company amounting to RM632,000 (2001 : RM242,200) and RM133,000 (2001 : Nil) respectively.

16. DIRECTORS' REMUNERATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	628,000	197,400	133,000	-
Fees	178,000	108,000	70,000	-
Bonus	4,000	44,800	-	-
Benefits-in-kind	72,500	-	-	-
	<u>882,500</u>	<u>350,200</u>	<u>203,000</u>	<u>-</u>
Non-Executive:				
Fees	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>-</u>

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Other directors				
Executive:				
Salaries and other emoluments	250,000	204,000	-	-
Fees	60,000	16,000	-	-
Commission	450,000	-	-	-
Bonus	-	20,000	-	-
	<u>760,000</u>	<u>240,000</u>	<u>-</u>	<u>-</u>
Total	<u>1,782,500</u>	<u>590,200</u>	<u>343,000</u>	<u>-</u>
Total excluding benefits-in-kind	<u>1,710,000</u>	<u>590,200</u>	<u>343,000</u>	<u>-</u>

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2002	2001
Executive directors:		
Below RM50,000	4	-
RM50,001 - RM100,000	1	-
Non-Executive directors:		
Below RM50,000	4	-
RM50,001 - RM100,000	1	-

17. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit	37,000	32,000	13,000	11,000
- other services	345,000	217,950	330,000	160,000
Directors' fees	378,000	124,000	210,000	-
Hire of machinery	500	400	-	-
	<u>760,000</u>	<u>590,200</u>	<u>553,000</u>	<u>371,000</u>

18. FINANCE COSTS, net

Included in finance costs, net are:

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Interest expense on borrowings	527,951	285,765	-	-
Interest income from deposits	<u>(26,797)</u>	<u>-</u>	<u>(24,764)</u>	<u>-</u>

19. TAXATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Income taxation - current year	968,033	3,310,809	-	-
Transfer to deferred taxation (Note 12)	<u>2,727,381</u>	<u>462,740</u>	<u>-</u>	<u>-</u>
	<u>3,695,414</u>	<u>3,773,549</u>	<u>-</u>	<u>-</u>

There is no tax charge as the Company is in a tax loss position. As at 31 January 2002, the Company has tax losses of approximately RM84,000 (2001 : RM21,000) which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

The effective tax rate of the Group for the financial year was lower than the standard rate of tax applicable to the Group's profits principally due to the timing differences on certain capital expenditure.

20. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders of RM10,268,114 (2001 : RM8,841,705) by the weighted average number of ordinary shares in issue during the financial year of 42,156,821 (2001 : 41,000,000).

21. SIGNIFICANT RELATED PARTY DISCLOSURES

	Company	
	2002	2001
	RM	RM
(i) Management fees from subsidiaries	<u>288,000</u>	<u>-</u>
(ii) On 23 October, 2001, the Group entered into a sale and purchase agreement with Ng Huan Tong, a director of the Company, to dispose off 18 pieces of freehold land and a shop house at their total net book value of RM1,548,390 as consideration. The transaction was completed during the financial year.		
(iii) The term loans, bank overdrafts and bankers acceptances amounting to RM1,518,524 (2001 : RM1,382,979), RM2,525,453 (2001 : RM293,996) and RM517,000 (2001 : Nil) respectively of the Group are secured by way of fixed charges over certain freehold lands held by the Group and a director of the Group, Ng Huan Tong.		

The directors are of the opinion that these transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

22. SIGNIFICANT EVENT

On 31 October, 2001, the Company issued a Prospectus pertaining to the following:

- (i) Public Issue of 7,280,000 new ordinary shares of RM1 each at an issue price of RM1.65 per share; and
- (ii) Offer for sale of 4,828,000 ordinary shares of RM1 each at an offer price of RM1.65 per share.

The listing of and quotation for the entire issued and fully paid-up shares of the Company comprising 48,280,000 ordinary shares of RM1 each on the Second Board of Kuala Lumpur Stock Exchange was completed on 5 December, 2001.

23. SEGMENTAL REPORTING

No segmental reporting is provided as the Group's activities are predominantly in the breeding and trading of ornamental fishes and are conducted in Malaysia.