

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2008

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2008 RM'000	Quarter ended 31.03.2007 RM'000	Year to date 31.03.2008 RM'000	Year to date 31.03.2007 RM'000
Revenue	9,048	6,868	9,874	9,060
Cost of Sales	(4,188)	(2,984)	(5,949)	(4,108)
Gross Profit	4,860	3,884	3,925	4,952
Other Income	60	15	170	221
Other expenses	(86)	-	(789)	(175)
Distribution Costs	(593)	(53)	(622)	(469)
Administrative Expenses	(500)	(610)	(1,807)	(1,415)
Profit from Operations	3,741	3,236	877	3,114
Finance Costs	(56)	(4)	(134)	(15)
Profit Before Taxation	3,685	3,232	743	3,099
Income Tax Expense	(630)	(4)	(630)	(337)
Profit for the Period	3,055	3,228	113	2,762
Attributable to:				
Equity holders of the parent	3,055	3,228	113	2,762
Minority interests	-	-	-	-
	3,055	3,228	113	2,762
Profit per Share attributable to equity holders of the parent (sen)				
- Basic	0.93	1.08	0.04	0.92
- Diluted	-	-	-	-

Note:

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and accompanying explanatory notes to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	As at 31.03.2008 RM'000	As at 31.03.2007 RM'000 (Restated)
Non-Current Assets		
Property, plant and equipment	25,376	19,963
Prepaid lease payments	1,848	1,883
Biological assets	3,650	2,907
Deferred tax assets	-	119
Intangible assets	520	672
	31,394	25,544
Current Assets		
Inventories	793	382
Biological assets	12,616	4,426
Trade receivables	6,564	4,035
Other receivables	1,355	757
Fixed deposits placed with a licensed bank	4,021	2,008
Tax refundable	90	51
Cash and bank balances	1,117	1,479
	26,556	13,138
Total Assets	57,950	38,682
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	33,000	30,000
Share premium	13,131	359
Retained earnings	5,770	6,707
Foreign currency translation reserve	(142)	-
Total equity	51,759	37,066
Non-Current Liabilities		
Hire purchase payables	237	122
Deferred tax liabilities	750	239
	987	361
Current Liabilities		
Trade and other payables	1,847	1,119
Hire purchase payables	192	136
Bank overdraft	3,165	-
	5,204	1,255
Total liabilities	6,191	1,616
TOTAL EQUITY AND LIABILITIES	57,950	38,682
Net asset per share attributable to ordinary equity holder (sen)	15.68	12.36

Note:

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and accompanying explanatory notes to the interim financial statements.

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FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2008

	Share Capital	Share Premium	Foreign Currency Translation Reserves	Distributable Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2006	30,000	359	-	4,995	35,354
Net profit for the year	-	-	-	2,762	2,762
Dividend paid	-	-	-	(1,050)	(1,050)
As at 31 March 2007	<u>30,000</u>	<u>359</u>	<u>-</u>	<u>6,707</u>	<u>37,066</u>
As at 1 April 2007	30,000	359	-	6,707	37,066
Issue of shares	3,000	13,050	-	-	16,050
Transaction cost	-	(278)	-	-	(278)
Net Profit for the year	-	-	-	113	113
Dividend	-	-	-	(1,050)	(1,050)
Foreign currency translation	-	-	(142)	-	(142)
As at 31 March 2008	<u>33,000</u>	<u>13,131</u>	<u>(142)</u>	<u>5,770</u>	<u>51,759</u>

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and accompanying explanatory notes to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2008

	Quarter ended 31.03.2008 RM'000	Quarter ended 31.03.2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	743	3,099
Adjustment for:		
Non cash items	2,441	1,423
Operating profit before working capital changes	3,184	4,522
Net changes in current assets	(11,745)	(2,979)
Net changes in current liabilities	729	444
Net cash (used in) / from operating activities	(7,832)	1,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(7,429)	(12,153)
Additions of biological assets	(740)	(1,235)
Acquisition of subsidiaries, net of cash acquired	-	*
Development expenditure	(5)	(196)
Net cash used in investing activities	(8,174)	(13,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	16,050	-
Share issue expense	(278)	-
Dividend paid	(1,050)	(1,050)
Payment of hire purchase payables	(187)	(136)
Overdraft interest	(116)	-
Interest income	157	221
Payment for taxation	(40)	(81)
Net cash from / (used in) financing activities	14,536	(1,046)
Net decrease in cash and cash equivalents	(1,470)	(12,643)
Effect on foreign exchange translation differences	(44)	-
Cash and cash equivalents at beginning of period	3,487	16,130
Cash and cash equivalents at end of period	1,973	3,487

Notes:

* Denotes RM2.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and accompanying explanatory notes to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2008**

1. Basis of Preparation and Accounting Policies

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134 - Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2007. These explanatory notes attached to the interim financial statements provides an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted in the preparation of the audited financial statements for the year ended 31 March 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 October 2006:

FRS 117 Leases
FRS 124 Related Party Disclosures

The adoption of FRS 124 did not have any significant financial impact on the Group. The adoption of the revised FRS 117 resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. Prior to 1 April 2007, leasehold land was classified under property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. Long leasehold land with an unexpired lease term of more than 50 years was not amortised as the directors are of the opinion that the non-amortisation of long leasehold land has no material effect on the financial statements. Upon the adoption of revised FRS 117 at 1 April 2007, upfront payments made for leasehold land represent prepaid lease payments and are amortised on a straight-line basis over the lease term. As allowed by the transitional provision of FRS 117, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The classification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note 3, certain comparative amounts as at 31 March 2007 have been restated.

3. Comparatives

The following comparative amounts have been restated due to the adoption of new/revised FRSs:

	Previously stated RM'000	FRS 117 RM'000	Restated RM'000
Property, plant and equipment	21,846	(1,883)	19,963
Prepaid lease payments	-	1,883	1,883

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2007 was not qualified.

5. Seasonal and Cyclical Factors

The results of the Group were not materially affected by any significant seasonal and cyclical factors during the quarter under review.

6. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

7. Changes in Estimates

There were no changes in estimates of amounts that have a material effect in the current quarter results.

8. Debts and Equity Securities

Save for the issuance of 30,000,000 new ordinary shares on 6 September 2007 pursuant to a private placement exercise by the Company ("Private Placement"), there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year-to-date.

9. Dividend Paid

No dividends were declared or paid during the quarter under review.

10. Segmental Reporting

Not applicable as the Group is principally operating in one industry.

11. Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the financial year ended 31 March 2007 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

12. **Subsequent Events**

There were no material events subsequent to the end of current quarter that has not been reflected in the interim financial statements.

13. **Changes in Composition of the Group**

As announced on 13 August 2007, the Company had, through its wholly-owned subsidiary, Plentiful Harvest Sdn Bhd, acquired one ordinary share of HKD 1 representing the entire issued and paid up capital of Well Sky Logistics Limited ("WSLL"), a company incorporated in Hong Kong. The intended activity of WSLL is to own the live fish carrier (originally owned by Salient Horizon Sdn Bhd) for transporting live fishes to Hong Kong.

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

14. **Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets as at 31 March 2008.

15. **Review of Performance**

The Group recorded a revenue and profit before taxation of RM9.048 million and RM3.685 million respectively for the current quarter.

The Group recorded a revenue and profit before taxation of RM9.874 million and RM0.743 million respectively for the financial year ended 31 March 2008 ("FYE 2008"). The revenue of RM9.874 million represents an increase of 8.98% as compared to the revenue of RM9.060 million recorded for the financial year ended 31 March 2007 ("FYE 2007"). The increase is in line with the improving results of the Group's rearing operation.

The profit before taxation of RM0.743 million for FYE 2008 represents a decrease of 76.02% as compared to profit before taxation of RM3.099 million recorded for FYE 2007. The decrease is mainly due to increase in the Group's operating expenses, in line with the Group's expansion in its hatchery, nursery and rearing capacity and activities, and increase in the number of fishes rear.

16. **Comments on Material Change in Profit Before Taxation**

The Group recorded a revenue of RM9.048 million for the fourth quarter ended 31 March 2008 ("Q4"), representing a significant increase in revenue as compared to the revenue of RM11,000 recorded for the third quarter ended 31 December 2007 ("Q3"). The increase is in line with the Group's strategy to grow its fishes in order to be able to start selling at their optimum size/weight and price in the fourth quarter of the financial year.

The profit before taxation of RM3.685 million for Q4 represents an increase of 529.49% as compared to the loss before taxation of RM0.858 million recorded for Q3. This was mainly due to higher revenue as mentioned in the paragraph above.

17. **Company's Prospects for the next financial year**

Taking into consideration of the improving results of the Group's hatchery and rearing operations and current stocks-in-hand, barring any unforeseen circumstances, the board of Directors is optimistic about the Group's ability in achieving better results for the financial year ending 31 March 2009.

18. **Variance on Profit Forecast**

No profit forecast was announced or published by the Group, hence, no comparison is made between actual and forecast results.

19. **Income Tax Expense**

	3 Months ended 31-Mar-08 RM'000	12 Months ended 31-Mar-08 RM'000
Tax expense for the period		
Malaysian Income Tax	-	-
Deferred Tax	630	630
Total income tax expense	630	630

No taxation has been provided for the current quarter and financial year-to-date. Two subsidiary companies of Borneo Aqua namely, Plentiful Harvest Sdn Bhd and Marine Terrace Sdn Bhd have been granted tax incentive under Section 127 of the Income Tax Act, 1967 whereby the two companies are exempted from tax on statutory income from fish breeding, fish fry hatchery and fish rearing activities for a period of 10 years commencing 1 April 2004.

However, the Group has provided for a deferred tax liabilities of RM0.630 million in respect of temporary differences at the post tax incentive date between the tax bases of assets and their carrying amounts.

20. **Profit or Loss on Sale of Unquoted Investment and/or Properties**

There were no sales of unquoted investments and/or properties for the current quarter and financial year-to-date.

21. **Quoted Securities**

There were no purchases or disposals of quoted securities by the Group in the current quarter and financial year-to-date and there were no investment in quoted shares as at the end of the quarter.

22. **Corporate Proposals**

a) Utilisation of the proceeds from the Initial Public Offering

As at 31 March 2008, the Group has utilised the total proceeds from the Initial Public Offering amounting to RM25.3 million.

b) Utilisation of Private Placement Proceeds

On 6 September 2007, pursuant to the Private Placement, the Company issued 30,000,000 ordinary shares of RM0.10 each to identified placees. The proceeds from the Private Placement will be utilised for the expansion of the Group's rearing capacity and to provide additional working capital for the Group. As at 31 March 2008, the status of the utilisation of the said gross proceeds are as follows:

	Proceeds Raised RM'000	Amounts Utilised RM'000	Amount Unutilised RM'000	Explanation
Construction of sea cages	2,500.0	420.0	2,080.0	Balance will be utilised by July 2008
Working capital	13,250.0	11,588.2	1,661.8	Balance will be utilised by July 2008
Private Placement expenses	300.0	278.0	22.0	Balance will be utilised as working capital
	<u>16,050.0</u>	<u>12,286.2</u>	<u>3,763.8</u>	

Part of the unutilised proceeds amounting to RM3.764 million are placed with a licensed bank in the form of fixed deposit.

23. **Borrowings**

The Group's borrowing, which is secured, as at the end of the current quarter is as follows:

	As at 31.03.2008 RM'000	As at 31.03.2007 RM'000
Short term borrowing:		
Hire purchase payables	192	136
Bank overdraft	<u>3,165</u>	<u>-</u>
	<u>3,357</u>	<u>136</u>
Long term borrowing:		
Hire purchase payables	<u>237</u>	<u>122</u>

The borrowing is denominated in Ringgit Malaysia.

24. **Off Balance Sheet Financial Instruments**

As at the date of this report, there are no off balance sheet financial instruments.

25. **Material Litigation**

As at the date of this report, there are no pending material litigations.

26. **Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit for the financial period / year under review by the weighted average number of ordinary shares in issue during the period / year.

	Current Quarter 31.03.2008	Preceding Year Corresponding Quarter 31.03.2007	Current Year-To-Date 31.03.2008	Preceding Year-To-Date 31.03.2007
Net profit for the period (RM'000)	3,055	3,228	113	2,762
Weighted average number of ordinary shares in issue ('000)	330,000	300,000	317,049	300,000
Basic earnings per share (sen)	0.93	1.08	0.04	0.92
Diluted earnings per share (sen)*	-	-	-	-

* The Group has no potential ordinary shares in issue as at end of the current quarter and therefore, diluted earnings per share has not been presented.

As at the end of the quarter, there was only one class of shares in issue and they rank pari passu with each other.

28. **Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 May 2008.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
28 May, 2008