

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 30 JUNE 2008**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 30.06.2008 RM'000	Quarter ended 30.06.2007 RM'000	Year to date 30.06.2008 RM'000	Year to date 30.06.2007 RM'000
Revenue	44	803	44	803
Cost of Sales	(790)	(747)	(790)	(747)
Gross (Loss)/Profit	(746)	56	(746)	56
Other Income	11	12	11	12
Other expenses	-	-	-	-
Distribution Costs	(656)	(93)	(656)	(93)
Administrative Expenses	(1,407)	(273)	(1,407)	(273)
Loss from Operations	(2,798)	(298)	(2,798)	(298)
Finance Costs	(71)	(4)	(71)	(4)
Loss Before Taxation	(2,869)	(302)	(2,869)	(302)
Income Tax Expense	-	-	-	-
Loss for the Period	(2,869)	(302)	(2,869)	(302)
Attributable to:				
Equity holders of the parent	(2,869)	(302)	(2,869)	(302)
Minority interests	-	-	-	-
	(2,869)	(302)	(2,869)	(302)
Loss per Share attributable to equity holders of the parent (sen)				
- Basic	(0.87)	(0.10)	(0.87)	(0.10)
- Diluted	-	-	-	-

**Note:**

*The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and accompanying explanatory notes to the interim financial statements.*

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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008**

	As at 30.06.2008 RM'000	As at 31.03.2008 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	26,109	25,376
Prepaid lease payments	2,148	1,848
Biological assets	3,815	3,650
Deferred tax assets	-	-
Intangible assets	486	520
	<u>32,558</u>	<u>31,394</u>
<b>Current Assets</b>		
Inventories	768	793
Biological assets	16,268	12,616
Trade receivables	5,541	6,504
Other receivables	1,751	1,369
Fixed deposits placed with a licensed bank	-	4,021
Tax refundable	105	90
Cash and bank balances	2,306	1,117
	<u>26,739</u>	<u>26,510</u>
<b>Total Assets</b>	<u><u>59,297</u></u>	<u><u>57,904</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	33,000	33,000
Share premium	13,131	13,131
Retained earnings	2,901	5,770
Foreign currency translation reserve	(97)	(142)
<b>Total equity</b>	<u>48,935</u>	<u>51,759</u>
<b>Non-Current Liabilities</b>		
Borrowings	194	237
Deferred tax liabilities	750	750
	<u>944</u>	<u>987</u>
<b>Current Liabilities</b>		
Trade and other payables	3,746	1,801
Borrowings	5,672	3,357
	<u>9,418</u>	<u>5,158</u>
<b>Total liabilities</b>	<u>10,362</u>	<u>6,145</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>59,297</u></u>	<u><u>57,904</u></u>
<b>Net asset per share attributable to ordinary equity holder ( sen )</b>	<u>14.83</u>	<u>15.68</u>

Note:

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and accompanying explanatory notes to the interim financial statements.

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 JUNE 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 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
Dividends	-	-	-	(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>
As at 1 April 2008	33,000	13,131	(142)	5,770	51,759
Net Loss for the period	-	-		(2,869)	(2,869)
Foreign currency translation	-	-	45	-	45
As at 30 June 2008	<u>33,000</u>	<u>13,131</u>	<u>(97)</u>	<u>2,901</u>	<u>48,935</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 2008 and accompanying explanatory notes to the interim financial statements.*

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
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**FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 JUNE 2008**

	Quarter ended 30.06.2008 RM'000	Quarter ended 30.06.2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,869)	(302)
Adjustment for:		
Non cash items	795	533
Operating profit before working capital changes	<u>(2,074)</u>	<u>231</u>
Net changes in current assets	(3,039)	611
Net changes in current liabilities	1,944	209
Net cash (used in) / from operating activities	<u>(3,169)</u>	<u>1,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(1,667)	(938)
Additions of biological assets	(191)	(200)
Development expenditure	(3)	-
Net cash used in investing activities	<u>(1,861)</u>	<u>(1,138)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of hire purchase payables	(63)	(41)
Overdraft interest	(65)	-
Interest income	11	12
Payment for taxation	(15)	(6)
Proceed from loan	2,000	-
Net cash from/(used in) financing activities	<u>1,868</u>	<u>(35)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,162)</b>	<b>(122)</b>
<b>Effect on foreign exchange translation differences</b>	<b>*</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>1,973</u></b>	<b><u>3,487</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>(1,189)</u></b>	<b><u>3,365</u></b>
<b>Cash and cash equivalents comprise:</b>		
Fixed Deposits	-	1,011
Cash and bank balances	2,306	2,354
Bank overdraft	(3,495)	-
	<u>(1,189)</u>	<u>3,365</u>

Notes:

\* Denotes RM116.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and accompanying explanatory notes to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 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 2008. 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 2008.

**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 2008 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 July 2007:

FRS 107 Cash Flow Statements  
FRS 111 Construction Contracts  
FRS 112 Income Tax  
FRS 118 Revenue  
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance  
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRS, Amendments to FRS did not have any significant financial impact on the Group.

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 March 2008 was not qualified.

**4. 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.

**5. 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.

**6. Changes in Estimates**

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

**7. Debts and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year-to-date.

**8. Dividend Paid**

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

**9. Segmental Reporting**

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

**10. Carrying Amount of Revalued Assets**

There were no brought forward valuations of property, plant and equipment from the financial year ended 31 March 2008 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

**11. Subsequent Events**

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

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

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

**13. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets as at 30 June 2008.

14. **Review of Performance**

The Group recorded a revenue and gross loss of RM44,000 and RM0.746 million respectively for the current quarter.

The Group recorded a net loss of RM2.869 million mainly due to lower revenue and higher cost and expenses which were in line with the expansion in its hatchery, nursery and rearing capacity and activities, and higher administrative expenses. The higher administrative expenses is mainly due to one-off fee and charges incurred in obtaining bank facilities for the Group. The lower revenue is in line with the Group's strategy to grow its fishes in order to be able to start selling at the optimum size/weight mainly in the third and fourth quarter of the financial year.

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

Revenue for the first quarter ended 30 June 2008 decreased to RM44,000 as compared to RM9.874 million recognised in the fourth quarter ended 31 March 2008. The decrease is in line with the Group's strategy to grow its fishes in order to be able to start selling at the optimum size/weight mainly in the third and fourth quarter of the financial year.

The lower revenue recorded by the Group in the current quarter as explained above, had resulted in the Group incurring a net loss of RM2.869 million as compared to a net profit of RM115,000 in the fourth quarter of the last financial year ended 31 March 2008.

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

Taking into consideration of the improving results of the Group's hatchery, nursery and rearing capacity and activities and current stocks-in-hand, barring any unforeseen circumstances, the board of Directors anticipate that the Group will achieve a better results for the current financial year.

17. **Variance on Profit Forecast**

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

18. **Income Tax Expense**

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.

19. **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.

20. **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.

21. **Corporate Proposals**

Utilisation of Private Placement Proceeds

The status of utilisation of the proceeds from the Private Placement as at 30 June 2008 are as follows:

	Proceeds Raised RM'000	Amounts Utilised RM'000	Amount Unutilised RM'000	Explanation
Construction of sea cages	2,500.0	2,004.7	495.3	Balance has been utilised in July 2008
Working capital	13,250.0	13,250.0	-	
Private Placement expenses	300.0	300.0	-	
	<u>16,050.0</u>	<u>15,554.7</u>	<u>495.3</u>	

22. **Borrowings**

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

	As at 30.06.2008 RM'000	As at 31.03.2008 RM'000
Short term borrowing:		
Hire purchase payables	177	192
Bank Loan	2,000	-
Bank overdraft	3,495	3,165
	<u>5,672</u>	<u>3,357</u>
Long term borrowing:		
Hire purchase payables	194	237

The borrowing is denominated in Ringgit Malaysia.

23. **Off Balance Sheet Financial Instruments**

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

24. **Material Litigation**

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

25. **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 30.06.2008	Preceding Year Corresponding Quarter 30.06.2007	Current Year-To-Date 30.06.2008	Preceding Year-To-Date 30.06.2007
Net Loss for the period (RM'000)	(2,869)	(302)	(2,869)	(302)
Weighted average number of ordinary shares in issue ('000)	330,000	300,000	330,000	300,000
Basic loss earnings per share (sen)	(0.87)	(0.10)	(0.87)	(0.10)
Diluted loss 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.

26. **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 18 August 2008.

**By Order of the Board**

Kang Shew Meng  
Seow Fei San  
Chong Tzu Khen  
Company Secretaries

Sandakan  
18 August, 2008