

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2008

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| | Quarter ended 31.12.2008 RM'000 | Quarter ended 31.12.2007 RM'000 | Year to date 31.12.2008 RM'000 | Year to date 31.12.2007 RM'000 |
| Revenue | 6,044 | 11 | 10,424 | 826 |
| Cost of Sales | (3,266) | (78) | (6,301) | (1,762) |
| Gross Profit / (Loss) | 2,778 | (67) | 4,123 | (936) |
| Other Income | 81 | 94 | 92 | 110 |
| Other expenses | - | (306) | (1) | (703) |
| Distribution Costs | (877) | - | (2,308) | (29) |
| Administrative Expenses | (492) | (517) | (2,475) | (1,307) |
| Profit / (Loss) from Operations | 1,490 | (796) | (569) | (2,865) |
| Finance Costs | (316) | (62) | (532) | (78) |
| Profit / (Loss) Before Taxation | 1,174 | (858) | (1,101) | (2,943) |
| Income Tax Expense | - | - | - | - |
| Profit / (Loss) for the Period | 1,174 | (858) | (1,101) | (2,943) |
| Attributable to: | | | | |
| Equity holders of the parent | 1,174 | (858) | (1,101) | (2,943) |
| Minority interests | - | - | - | - |
| | 1,174 | (858) | (1,101) | (2,943) |
| Profit (Loss) per Share attributable to equity holders of the parent (sen) | | | | |
| - Basic | 0.36 | (0.26) | (0.33) | (0.94) |
| - 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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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

| | As at 31.12.2008 RM'000 | As at 31.03.2008 RM'000 |
|---|-------------------------------|-------------------------------|
| Non-Current Assets | | |
| Property, plant and equipment | 34,548 | 25,376 |
| Prepaid lease payments | 2,585 | 1,848 |
| Biological assets | 3,992 | 3,650 |
| Intangible assets | 408 | 520 |
| | 41,533 | 31,394 |
| Current Assets | | |
| Inventories | 1,140 | 793 |
| Biological assets | 18,525 | 12,616 |
| Trade receivables | 7,858 | 6,504 |
| Other receivables | 6,120 | 1,369 |
| Fixed deposits placed with a licensed bank | - | 4,021 |
| Tax refundable | 109 | 90 |
| Cash and bank balances | 655 | 1,117 |
| | 34,407 | 26,510 |
| Total Assets | 75,940 | 57,904 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 33,000 | 33,000 |
| Share premium | 13,131 | 13,131 |
| Retained earnings | 4,669 | 5,770 |
| Foreign currency translation reserve | 57 | (142) |
| Total equity | 50,857 | 51,759 |
| Non-Current Liabilities | | |
| Borrowings | 217 | 237 |
| Deferred tax liabilities | 750 | 750 |
| | 967 | 987 |
| Current Liabilities | | |
| Trade and other payables | 3,624 | 1,801 |
| Borrowings | 20,492 | 3,357 |
| | 24,116 | 5,158 |
| Total liabilities | 25,083 | 6,145 |
| TOTAL EQUITY AND LIABILITIES | 75,940 | 57,904 |
| Net asset per share attributable to ordinary equity holder (sen) | 15.41 | 15.68 |

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)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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 | - | - | - | (1,101) | (1,101) |
| Foreign currency translation | - | - | 199 | - | 199 |
| As at 31 December 2008 | <u>33,000</u> | <u>13,131</u> | <u>57</u> | <u>4,669</u> | <u>50,857</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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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

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

| | Quarter ended 31.12.2008 RM'000 | Quarter ended 31.12.2007 RM'000 |
|---|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (1,101) | (2,943) |
| Adjustment for: | | |
| Non cash items | 2,860 | 1,752 |
| Operating profit before working capital changes | 1,759 | (1,191) |
| Net changes in current assets | (12,330) | (6,761) |
| Net changes in current liabilities | 1,821 | 520 |
| Net cash used in operating activities | (8,750) | (7,432) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposals of plant and equipments | 1 | - |
| Purchase of plant and equipment | (11,750) | (3,378) |
| Additions of biological assets | (450) | (608) |
| Development expenditure | (3) | (6) |
| Net cash used in investing activities | (12,202) | (3,992) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | - | 16,050 |
| Share issue expense | - | (278) |
| Dividend paid | - | (1,050) |
| Payment of hire purchase payables | (186) | (124) |
| Overdraft interest | (174) | (66) |
| Loan interest | (338) | - |
| Interest income | 11 | 110 |
| Payment for taxation | (18) | (13) |
| Proceed from loan | 18,788 | - |
| Repayment of loan | (2,000) | - |
| Net cash from financing activities | 16,083 | 14,629 |
| Net (decrease) / increase in cash and cash equivalents | (4,869) | 3,205 |
| Effect on foreign exchange translation differences | 74 | (64) |
| Cash and cash equivalents at beginning of period | 1,973 | 3,487 |
| Cash and cash equivalents at end of period | (2,822) | 6,628 |
| Cash and cash equivalents comprise: | | |
| Fixed Deposits | - | 8,066 |
| Cash and bank balances | 655 | 1,348 |
| Bank overdraft | (3,477) | (2,786) |
| | (2,822) | 6,628 |

Note:

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 31 DECEMBER 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 31 December 2008.

14. Review of Performance

The Group recorded a revenue and gross profit of RM6.044 million and RM2.778 million respectively for the current quarter.

The Group recorded a net profit of RM1.174 million mainly due to higher revenue. The increase is in line with the Group's strategy to start selling its adult fishes when they reach the optimum size/weight.

15. Comments on Material Change in Profit Before Taxation

Revenue for the third quarter ended 31 December 2008 ("Q3") increased to RM6.044 million which represents an increase of 39.39% as compared to RM4.336 million recognised in the second quarter ended 30 September 2008 ("Q2"). The increase is in line with the Group's strategy to sell its adult fishes when they reach the optimum size/weight and also attributed by the increase in demand due to the year end festive seasons.

The profit before taxation of RM1.174 million for Q3 represents an increase of 97.64% as compared to the profit before taxation of RM0.594 million recorded for Q2. This was mainly due to higher revenue as mentioned in the paragraph above.

16. Company's Prospects for the current financial year

The Group will continue to witness uncertainty in global market conditions for the rest of the financial year which will affect the consumer spending. Nevertheless, the Board of Directors anticipates that the Group will achieve a satisfactory result 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

There was no corporate proposal announced but not completed as at 23 February 2009.

22. Borrowings

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

| | As at 31.12.2008 RM'000 | As at 31.03.2008 RM'000 |
|------------------------|-------------------------------|-------------------------------|
| Short term borrowing: | | |
| Hire purchase payables | 227 | 192 |
| Bank Loan | 16,788 | - |
| Bank overdraft | 3,477 | 3,165 |
| | <u>20,492</u> | <u>3,357</u> |
| Long term borrowing: | | |
| Hire purchase payables | 217 | 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 31.12.2008 | Preceding Year Corresponding Quarter 31.12.2007 | Current Year-To-Date 31.12.2008 | Preceding Year-To-Date 31.12.2007 |
|--|----------------------------------|--|---------------------------------------|---|
| Net Profit/(Loss) for the period (RM'000) | 1,174 | (858) | (1,101) | (2,943) |
| Weighted average number of ordinary shares in issue ('000) | 330,000 | 330,000 | 330,000 | 312,764 |
| Basic earnings per share (sen) | 0.36 | (0.26) | (0.33) | (0.94) |
| 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.

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 23 February 2009.

By Order of the Board

Chong Tzu Khen
Kang Shew Meng
Seow Fei San
Company Secretaries

Sandakan
23 February, 2009