

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2009

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 30.06.2009 RM'000	Quarter ended 30.06.2008 RM'000	Year to date 30.06.2009 RM'000	Year to date 30.06.2008 RM'000
Revenue	106	44	106	44
Cost of Sales	(1,133)	(790)	(1,133)	(790)
Gross Loss	(1,027)	(746)	(1,027)	(746)
Other Income	17	11	17	11
Other expenses	(36)	-	(36)	-
Distribution Costs	(1,034)	(656)	(1,034)	(656)
Administrative Expenses	(379)	(1,407)	(379)	(1,407)
Loss from Operations	(2,459)	(2,798)	(2,459)	(2,798)
Finance Costs	(324)	(71)	(324)	(71)
Loss Before Taxation	(2,783)	(2,869)	(2,783)	(2,869)
Income Tax Expense	-	-	-	-
Loss for the Period	(2,783)	(2,869)	(2,783)	(2,869)
Attributable to:				
Equity holders of the parent	(2,783)	(2,869)	(2,783)	(2,869)
Minority interests	-	-	-	-
	(2,783)	(2,869)	(2,783)	(2,869)
Profit per Share attributable to equity holders of the parent (sen)				
- Basic	(0.84)	(0.87)	(0.84)	(0.87)
- Diluted	-	-	-	-

Note:

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and accompanying explanatory notes to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	As at 30.06.2009 RM'000	As at 31.03.2009 RM'000
Non-Current Assets		
Property, plant and equipment	40,739	40,043
Prepaid lease payments	2,554	2,569
Biological assets	4,243	369
Intangible assets	332	4,083
	47,868	47,064
Current Assets		
Inventories	942	1,102
Biological assets	19,409	16,496
Trade receivables	10,121	14,720
Other receivables	2,145	1,947
Tax refundable	109	109
Cash and bank balances	446	1,678
	33,172	36,052
Total Assets	81,040	83,116
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	5,109	7,892
Foreign currency translation reserve	60	78
Total equity	51,300	54,101
Non-Current Liabilities		
Borrowings	127	173
Deferred tax liabilities	1,340	1,340
	1,467	1,513
Current Liabilities		
Trade and other payables	5,149	4,371
Borrowings	23,124	23,131
	28,273	27,502
Total liabilities	29,740	29,015
TOTAL EQUITY AND LIABILITIES	81,040	83,116
Net asset per share attributable to ordinary equity holder (sen)	15.55	16.39

Note:

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and accompanying explanatory notes to the interim financial statements.

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FOR THE FIRST QUARTER ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2009

	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 2008	33,000	13,131	(142)	5,770	51,759
Net profit for the year	-	-	-	2,122	2,122
Foreign currency translation	-	-	220	-	220
As at 31 March 2009	<u>33,000</u>	<u>13,131</u>	<u>78</u>	<u>7,892</u>	<u>54,101</u>
As at 1 April 2009	33,000	13,131	78	7,892	54,101
Net loss for the period	-	-	-	(2,783)	(2,783)
Foreign currency translation	-	-	(18)	-	(18)
As at 30 June 2009	<u>33,000</u>	<u>13,131</u>	<u>60</u>	<u>5,109</u>	<u>51,300</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 2009 and accompanying explanatory notes to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2009

	Quarter ended 30.06.2009 RM'000	Quarter ended 30.06.2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,783)	(2,869)
Adjustment for:		
Non cash items	1,320	795
Operating profit before working capital changes	(1,463)	(2,074)
Net changes in current assets	1,637	(3,039)
Net changes in current liabilities	780	1,944
Net cash from / (used in) operating activities	954	(3,169)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,644)	(1,667)
Additions of biological assets	(193)	(191)
Development expenditure	-	(3)
Net cash used in investing activities	(1,837)	(1,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	-
Share issue expense	-	-
Dividend paid	-	-
Payment of hire purchase payables	(62)	(63)
Overdraft interest	(59)	(65)
Loan interest	(259)	-
Interest income	*	11
Payment for taxation	-	(15)
Proceed from loan	572	2,000
Repayment of loan	(555)	-
Net cash (used in) from financing activities	(363)	1,868
Net decrease in cash and cash equivalents	(1,246)	(3,162)
Effect on foreign exchange translation differences	26	*
Cash and cash equivalents at beginning of period	(1,813)	1,973
Cash and cash equivalents at end of period	(3,033)	(1,189)
Cash and cash equivalents comprise:		
Cash and bank balances	446	2,306
Bank overdraft	(3,479)	(3,495)
	<u>(3,033)</u>	<u>(1,189)</u>

Note:

*Denotes RM6 (30.06.2009) RM116 (30.06.2008)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and accompanying explanatory notes to the interim financial statements.

BORNEO AQUA HARVEST BERHAD (649504-D)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2009**

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 2009. 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 2009.

The following FRSs and Interpretations were issued but not yet effective and have not been early adopted by the Group:

FRS 4	Insurance contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretations 9		1 January 2010
IC Interpretations 10	Interim Financial Reporting and Impairment	1 January 2010

The adoption of the above FRSs, and Interpretations upon their effective dates is not expected to have any significant impact on the financial statement of the Group. The Group is exempted from disclosing the possible impact, if any, arising from the initial application of FRSs 139 on the financial statements of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2009 was not qualified.

3. 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.

4. 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.

5. Changes in Estimates

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

6. 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.

7. Dividend Paid

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

8. Segmental Reporting

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

9. Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the financial year ended 31 March 2009 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

10. Subsequent Events

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

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

There were no contingent liabilities and contingent assets as at 31 March 2009.

13. Review of Performance

The Group recorded a revenue and gross loss of RM106,000 and RM1.027 million respectively for the current quarter.

The Group recorded a net loss of RM2.783 million mainly due to lower revenue and cost for the repairs and maintenance of the two live fish vessels and finance cost. The lower revenue is in line with the Group's strategy to sell its adult fishes during the festive seasons and to grow its fishes in order to start selling at the optimum size/weight mainly in the third and fourth quarter of the financial year.

14. Comments on Material Change in Profit Before Taxation

Revenue for the first quarter ended 30 June 2009 decreased to RM106,000 as compared to RM21.290 million recognised in the fourth quarter ended 31 March 2009. The decrease is in line with the Group's strategy to sell its adult fishes during the festive seasons and to grow its fishes in order 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 explain above, had resulted in the Group incurring a net loss of RM2.783 million as compared to a net profit of RM2.122 million in the fourth quarter of the last financial year ended 31 March 2009

15. Company's Prospects

The Group expects that there will be continuing uncertainty in global market conditions which will affect the consumer spending. Nevertheless, the Board of Directors anticipates that the Group will achieve a satisfactory result for the financial year ending 31 March 2010.

16. Variance on Profit Forecast

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

17. 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.

18. 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.

19. 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.

20. Corporate Proposals

There was no corporate proposal announced but not completed as at the date of this report.

21. Borrowings

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

	As at 30.06.2009 RM'000	As at 31.03.2009 RM'000
Short term borrowing:		
Hire purchase payables	201	212
Bank Loan	19,444	19,428
Bank overdraft	3,479	3,491
	<u>23,124</u>	<u>23,131</u>
Long term borrowing:		
Hire purchase payables	127	173
	<u>127</u>	<u>173</u>

The borrowing is denominated in Ringgit Malaysia.

22. Off Balance Sheet Financial Instruments

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

23. Material Litigation

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

24. 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 30.06.2009	Preceding Year Corresponding Quarter 30.06.2008	Current Year-To-Date 30.06.2009	Preceding Year-To-Date 30.06.2008
Net Loss for the period (RM'000)	(2,783)	(2,869)	(2,783)	(2,869)
Weighted average number of ordinary shares in issue ('000)	330,000	330,000	330,000	330,000
Basic loss earnings per share (sen)	(0.84)	(0.87)	(0.84)	(0.87)
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.

25. 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 17 August 2009.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
17 August, 2009