

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 30.09.2009 RM'000	Quarter ended 30.09.2008 RM'000	Year to date 30.09.2009 RM'000	Year to date 30.09.2008 RM'000
Revenue	4,087	4,336	4,193	4,380
Cost of Sales	(1,849)	(2,245)	(2,982)	(3,035)
Gross Profit	2,238	2,091	1,211	1,345
Other Income	12	-	29	11
Other expenses	(24)	(1)	(60)	(1)
Distribution Costs	(1,087)	(775)	(2,121)	(1,431)
Administrative Expenses	(484)	(576)	(863)	(1,983)
Profit / (Loss) from Operations	655	739	(1,804)	(2,059)
Finance Costs	(434)	(145)	(758)	(216)
Profit / (Loss) Before Taxation	221	594	(2,562)	(2,275)
Income Tax Expense	-	-	-	-
Profit / (Loss) for the Period	221	594	(2,562)	(2,275)
Attributable to:				
Equity holders of the parent	221	594	(2,562)	(2,275)
Minority interests	-	-	-	-
	221	594	(2,562)	(2,275)
Profit / (Loss) per Share attributable to equity holders of the parent (sen)				
- Basic	0.07	0.18	(0.78)	(0.69)
- 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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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009**

	As at 30.09.2009 RM'000	As at 31.03.2009 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	41,232	40,043
Prepaid lease payments	2,539	2,569
Biological assets	4,356	4,083
Intangible assets	289	369
	48,416	47,064
<b>Current Assets</b>		
Inventories	717	1,102
Biological assets	21,525	16,496
Trade receivables	8,745	14,720
Other receivables	1,622	1,947
Tax refundable	109	109
Cash and bank balances	1,244	1,678
	33,962	36,052
<b>Total Assets</b>	<b>82,378</b>	<b>83,116</b>
<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	5,330	7,892
Foreign currency translation reserve	(17)	78
<b>Total equity</b>	51,444	54,101
<b>Non-Current Liabilities</b>		
Borrowings	81	173
Deferred tax liabilities	1,340	1,340
	1,421	1,513
<b>Current Liabilities</b>		
Trade and other payables	6,937	4,371
Borrowings	22,576	23,131
	29,513	27,502
<b>Total liabilities</b>	30,934	29,015
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>82,378</b>	<b>83,116</b>
<b>Net asset per share attributable to ordinary equity holder ( sen )</b>	<b>15.59</b>	<b>16.39</b>

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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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 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	-	-	-	(2,562)	(2,562)
Foreign currency translation	-	-	(95)	-	(95)
As at 30 September 2009	<u>33,000</u>	<u>13,131</u>	<u>(17)</u>	<u>5,330</u>	<u>51,444</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.*

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
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**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

	Quarter ended 30.09.2009 RM'000	Quarter ended 30.09.2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,562)	(2,275)
Adjustment for:		
Non cash items	2,831	1,752
Operating profit before working capital changes	269	(523)
Net changes in current assets	1,643	(10,982)
Net changes in current liabilities	2,568	996
Net cash from / (used in) operating activities	4,480	(10,509)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposals of plant and equipments	-	1
Purchase of plant and equipment	(3,120)	(4,820)
Additions of biological assets	(346)	(282)
Development expenditure	-	(3)
Net cash used in investing activities	(3,466)	(5,104)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	-
Share issue expense	-	-
Dividend paid	-	-
Payment of hire purchase payables	(125)	(119)
Overdraft interest	(118)	(111)
Loan interest	(629)	(93)
Interest income	*	11
Payment for taxation	-	(18)
Proceed from loan	572	15,788
Repayment of loan	(1,111)	(2,000)
Net cash (used in) from financing activities	(1,411)	13,458
<b>Net decrease in cash and cash equivalents</b>	(397)	(2,155)
<b>Effect on foreign exchange translation differences</b>	(44)	2
<b>Cash and cash equivalents at beginning of period</b>	(1,813)	1,973
<b>Cash and cash equivalents at end of period</b>	(2,254)	(180)
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	1,244	2,007
Bank overdraft	(3,498)	(2,187)
	(2,254)	(180)

*Note:*

\*Denotes RM7 (30.09.2009)

*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.*

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 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 achieved a revenue and gross Profit before taxation of RM4.087 million and RM0.221 million respectively for the current quarter, representing a decrease of 5.74% and 62.79% respectively as compared to the corresponding period in 2008.

The Group recorded a lower profit before taxation of RM0.221 million as compared to RM0.596 million in the corresponding period in 2008 mainly due to higher distribution cost such as repairs and maintenance of live fish vessels.

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

Revenue for the second quarter ended 30 September 2009 ("Q2") increased to RM4.087 million as compared to RM106,000 recognised in the first quarter ended 30 June 2009 ("Q1"). The increase 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.

The higher revenue recorded by the Group in the current quarter as explain above, had resulted in the Group reporting a net profit of RM0.221 million as compared to a net loss of RM2.783 million in the first quarter of the financial year ending 31 March 2010.

The Group recorded a profit before taxation of RM0.221 million for Q2 as compared to a loss before taxation of RM2.783 million recorded for Q1. This was mainly due to higher revenue as mentioned in the paragraph above.

**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 30.09.2009 RM'000	As at 31.03.2009 RM'000
Short term borrowing:		
Hire purchase payables	189	212
Bank Loan	18,889	19,428
Bank overdraft	3,498	3,491
	<u>22,576</u>	<u>23,131</u>
Long term borrowing:		
Hire purchase payables	81	173
	<u>81</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 30.09.2009	Preceding Year Corresponding Quarter 30.09.2008	Current Year-To-Date 30.09.2009	Preceding Year-To-Date 30.09.2008
Net Profit / ( Loss) for the period (RM'000)	221	594	(2,562)	(2,275)
Weighted average number of ordinary shares in issue ('000)	330,000	330,000	330,000	330,000
Basic profit / (loss) earnings per share (sen)	0.07	0.18	(0.78)	(0.69)
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 20 November 2009.

### By Order of the Board

Kang Shew Meng  
Seow Fei San  
Chong Tzu Khen  
Company Secretaries

Sandakan  
20 November, 2009