

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.12.2009 RM'000	Quarter ended 31.12.2008 RM'000	Year to date 31.12.2009 RM'000	Year to date 31.12.2008 RM'000
Revenue	12,861	6,044	17,054	10,424
Cost of Sales	(5,885)	(3,266)	(8,967)	(6,301)
Gross Profit	6,976	2,778	8,187	4,123
Other Income	5	81	34	92
Other expenses	(25)	-	(85)	(1)
Distribution Costs	(1,036)	(877)	(3,157)	(2,308)
Administrative Expenses	(459)	(492)	(1,322)	(2,475)
Profit / (Loss) from Operations	5,461	1,490	3,657	(569)
Finance Costs	(452)	(316)	(1,210)	(532)
Profit / (Loss) Before Taxation	5,009	1,174	2,447	(1,101)
Income Tax Expense	-	-	-	-
Profit / (Loss) for the Period	5,009	1,174	2,447	(1,101)
Attributable to:				
Equity holders of the parent	5,009	1,174	2,447	(1,101)
Minority interests	-	-	-	-
	5,009	1,174	2,447	(1,101)
Profit / (Loss) per Share attributable to equity holders of the parent (sen)				
- Basic	1.52	0.36	0.74	(0.33)
- 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.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	As at 31.12.2009 RM'000	As at 31.03.2009 RM'000
Non-Current Assets		
Property, plant and equipment	41,256	40,043
Prepaid lease payments	2,524	2,569
Biological assets	4,481	4,083
Intangible assets	251	369
	48,512	47,064
Current Assets		
Inventories	466	1,102
Biological assets	20,506	16,496
Trade receivables	17,948	14,720
Other receivables	1,255	1,947
Tax refundable	109	109
Cash and bank balances	792	1,678
	41,076	36,052
Total Assets	89,588	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	10,339	7,892
Foreign currency translation reserve	(54)	78
Total equity	56,416	54,101
Non-Current Liabilities		
Borrowings	110	173
Deferred tax liabilities	1,340	1,340
	1,450	1,513
Current Liabilities		
Trade and other payables	7,181	4,371
Borrowings	24,541	23,131
	31,722	27,502
Total Liabilities	33,172	29,015
TOTAL EQUITY AND LIABILITIES	89,588	83,116
Net asset per share attributable to ordinary equity holder (sen)	17.10	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.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2009

	Foreign Currency Translation				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves RM'000	Retained Earnings 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	33,000	13,131	78	7,892	54,101
As at 1 April 2009	33,000	13,131	78	7,892	54,101
Net profit for the period	-	-	-	2,447	2,447
Foreign currency translation	-	-	(132)	-	(132)
As at 31 December 2009	33,000	13,131	(54)	10,339	56,416

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)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
AS 31 DECEMBER 2009

	Quarter ended 31.12.2009 RM'000	Quarter ended 31.12.2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,447	(1,101)
Adjustment for:		
Non cash items	4,424	2,860
Operating profit before working capital changes	6,871	1,759
Net changes in current assets	(5,925)	(12,330)
Net changes in current liabilities	2,815	1,821
Net cash from / (used in) operating activities	3,761	(8,750)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposals of plant and equipments	-	1
Purchase of plant and equipment	(4,085)	(11,750)
Additions of biological assets	(523)	(450)
Development expenditure	-	(3)
Net cash used in Investing activities	(4,608)	(12,202)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of hire purchase payables	(188)	(186)
Overdraft interest	(207)	(174)
Loan interest	(988)	(338)
Interest income	*	11
Payment for taxation	-	(18)
Proceed from loan	572	18,788
Repayment of loan	(1,667)	(2,000)
Net cash (used in) from financing activities	(2,478)	16,083

Net decrease in cash and cash equivalents
Effect on foreign exchange translation differences
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

	(3,325)	(4,869)
	(71)	74
	(1,813)	1,973
	(5,209)	(2,822)
Cash and cash equivalents comprise:		
Cash and bank balances	792	655
Bank overdraft	(6,001)	(3,477)
	(5,209)	(2,822)

Note:

*Denotes RM7 (31.12.2009)

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 31 DECEMBER 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.

At the date of authorisation of these financial statements, the following new FRSs and Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the company and 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
FRS 123	Borrowings	1 January 2010
FRS 101	Presentation of Financial Statements (revised 2009)	1 January 2010
FRS 1	First-time Adoption of Financial Reporting Standards (revised 2010)	1 July 2010
FRS 3	Business Combinations (revised 2010)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (revised 2010)	1 July 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefits Assets, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (revised 2010)	1 January 2010
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 127	Consolidated and separate Financial Statements: Cost of investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRS 2	Intangible Assets (2010)	1 July 2010
Amendments to FRS 5	Share-based payment (2010)	1 July 2010
Amendments to FRS 9	Non-current Assets Held for sale and Discontinued Operations (2010)	1 July 2010
Amendments to FRS 139	Financial Instruments: Reassessment of Embedded Derivatives (2010)	1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (2010)	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 December 2009.
13. **Review of Performance**
The Group recorded a revenue and gross profit before taxation of RM12,861 million and RM6,976 million respectively for the current quarter, representing a significant increase of 112.79% and 151.12% respectively as compared to the corresponding period in 2008. The higher sale achieved is mainly due to the increase in sale volume which is in line with the increase in the Group's production as a result of the continuous improvement in the Group's hatching, rearing and breeding technology. The Group's strategy is to grow its fishes to the optimum size/weight before selling them in order to demand better pricing and also to cater to customers' requirement.
14. **Comments on Material Change in Profit Before Taxation**
The Group recorded a higher profit before taxation of RM5,009 million as compared to RM1,174 million in the corresponding period in 2008 due to the reasons mentioned above.

Revenue for the third quarter ended 31 December 2009 ("Q3") increased to RM12,861 million as compared to RM4,087 million recognised in the second quarter ended 30 September 2009 ("Q2"). The higher sale achieved is mainly due to the increase in sale volume which is in line with the increase in the Group's production as a result of the continuous improvement in the Group's hatching, rearing and breeding technology. The Group's strategy is to grow its fishes to the optimum size/weight before selling them in order to demand better pricing and also to cater to customers' requirement.

The higher revenue recorded by the Group in the current quarter as explained above, had resulted in the Group reporting a net profit of RM5,009 million as compared to a net profit of RM0,221 million in the second quarter of the financial year ending 31 March 2010.

The Group recorded a profit before taxation of RM5,009 million for Q3 as compared to a profit before taxation of RM0,221 million recorded for Q2. 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, albeit improving, 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, Plantiful 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 31.12.2009 RM'000	As at 31.03.2009 RM'000
Short term borrowing:		
Hire purchase payables	207	212
Bank Loan	18,333	19,428
Bank overdraft	6,001	3,491
	<u>24,541</u>	<u>23,131</u>
Long term borrowing:		
Hire purchase payables	110	173
	<u>110</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 31.12.2009	Preceding Year Corresponding Quarter 31.12.2008	Current Year-To-Date 31.12.2009	Preceding Year-To-Date 31.12.2008
Net Profit / (Loss) for the period (RM'000)	5,009	1,174	2,447	(1,101)
Weighted average number of ordinary shares in issue ('000)	330,000	330,000	330,000	330,000
Basic profit / (loss) earnings per share (sen)	1.52	0.36	0.74	(0.33)
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 22 February 2010.

By Order of the Board

Kang Shew Meng
Seow Fai San
Chong Tzu Khen
Company Secretaries

Sandakan
22 February, 2010