

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2010

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2010 RM'000	Quarter ended 31.03.2009 RM'000	Year to date 31.03.2010 RM'000	Year to date 31.03.2009 RM'000
Revenue	18,440	10,866	35,494	21,290
Cost of Sales	(6,733)	(6,115)	(15,600)	(12,416)
Gross Profit	11,707	4,751	19,894	8,874
Other Income	10	511	44	603
Other expenses	(975)	(3)	(1,060)	(4)
Distribution Costs	(1,223)	(1,195)	(4,380)	(3,503)
Administrative Expenses	(1,103)	495	(2,425)	(1,980)
Profit from Operations	8,416	4,559	12,073	3,990
Finance Costs	(613)	(746)	(1,823)	(1,278)
Profit Before Taxation	7,803	3,813	10,250	2,712
Income Tax Expense	(640)	(590)	(640)	(590)
Profit for the Year	7,163	3,223	9,610	2,122
Attributable to:				
Equity holders of the parent	7,163	3,223	9,610	2,122
Minority interests	-	-	-	-
	7,163	3,223	9,610	2,122
Profit / (Loss) per Share attributable to equity holders of the parent (sen)				
- Basic	2.17	0.98	2.91	0.64
- 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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FOR THE FOURTH QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

	As at 31.03.2010 RM'000	As at 31.03.2009 RM'000
Non-Current Assets		
Property, plant and equipment	40,156	40,043
Prepaid lease payments	2,508	2,569
Biological assets	4,577	4,083
Deferred tax assets	61	-
Intangible assets	214	369
	47,516	47,064
Current Assets		
Inventories	324	1,102
Biological assets	18,905	16,496
Trade receivables	21,983	14,720
Other receivables	1,091	1,947
Tax refundable	117	109
Cash and bank balances	1,338	1,678
	43,758	36,052
Total Assets	91,274	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	17,502	7,892
Foreign currency translation reserve	(34)	78
Total equity	63,599	54,101
Non-Current Liabilities		
Borrowings	85	173
Deferred tax liabilities	2,041	1,340
	2,126	1,513
Current Liabilities		
Trade and other payables	3,350	4,371
Borrowings	22,199	23,131
	25,549	27,502
Total liabilities	27,675	29,015
TOTAL EQUITY AND LIABILITIES	91,274	83,116
Net asset per share attributable to ordinary equity holder (sen)	19.27	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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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2010

	Share Capital RM'000	Share Premium RM'000	Foreign Currency	Distributable	Total RM'000
			Translation 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	<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 profit for the year	-	-	-	9,610	9,610
Foreign currency translation	-	-	(112)	-	(112)
As at 31 March 2010	<u>33,000</u>	<u>13,131</u>	<u>(34)</u>	<u>17,502</u>	<u>63,599</u>

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2010

	Quarter ended 31.03.2010 RM'000	Quarter ended 31.03.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	10,250	2,712
Adjustment for:		
Non cash items	<u>7,477</u>	<u>4,183</u>
Operating profit before working capital changes	17,727	6,895
Net changes in current assets	(8,988)	(12,462)
Net changes in current liabilities	(1,015)	2,566
Net cash from / (used in) operating activities	<u>7,724</u>	<u>(3,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	-	4
Purchase of plant and equipment	(4,443)	(18,017)
Additions of biological assets	(664)	(578)
Development expenditure	-	(3)
Net cash used in investing activities	<u>(5,107)</u>	<u>(18,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase payables	(246)	(252)
Overdraft interest	(311)	(238)
Loan interest	(1,491)	(1,013)
Interest income	*	11
Payment for taxation	(9)	(18)
Proceed from loan	572	21,428
Repayment of loan	(2,222)	(2,000)
Net cash (used in) from financing activities	<u>(3,707)</u>	<u>17,918</u>
Net decrease in cash and cash equivalents	(1,090)	(3,677)
Effect on foreign exchange translation differences	(1)	(109)
Cash and cash equivalents at beginning of year	(1,813)	1,973
Cash and cash equivalents at end of year	<u>(2,904)</u>	<u>(1,813)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,338	1,678
Bank overdraft	<u>(4,242)</u>	<u>(3,491)</u>
	<u>(2,904)</u>	<u>(1,813)</u>

Note:
*Denotes RM10.64 (31.03.2010)

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 MARCH 2010**

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") ACE Market Listing Requirement.

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 Interpretations 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretations 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 138	Intangible Assets (2010)	1 July 2010
Amendments to FRS 2	Share-based payment (2010)	1 July 2010
Amendments to FRS 5	Non-current Assets Held for sale and Discontinued Operations (2010)	1 July 2010
Amendments to IC Interpretation 9: 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 March 2010.

13. Review of Performance

The Group recorded a revenue and profit before taxation of RM18.440 million and RM7.803 million respectively for the quarter ended 31 March 2010, representing a significant increase of 69.70% and 104.64% respectively as compared to the corresponding period in 2009.

For the financial year ended 31 March 2010, the Group recorded a record revenue and profit before taxation of RM35.494 million and RM10.250 million respectively for the financial year ended 31 March 2010 ("FYE 2010"). The revenue of RM35.494 million represents an increase of 66.7% as compared of RM21.290 million recorded for the financial year ended 31 March 2009 ("FYE 2009"). The significant increase is mainly due to the increase in sale volume in adult cultured fishes and fish fry which are 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, and expansion and improvement of related facilities and capacity.

The profit before taxation of RM10.250 million for FYE 2010 represents a significant increase of 277.95% as compared to profit before taxation of RM2.712 million recorded for FYE 2009. This was mainly due to higher revenue as mentioned in paragraph above.

14. Comments on Material Change in Profit Before Taxation

The Group recorded a revenue of RM18.440 million for the quarter ended 31 March 2010 ("Q4"), representing an increase of 43.38% as compared to the revenue of RM12.861 million as recorded for the third quarter ended 31 December 2009 ("Q3"). The increase is mainly due to the increase in sale volume of fish fry 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, and expansion and improvement of related facilities and capacity.

The Group recorded a profit before taxation of RM7.803 million for Q4 represents an increase of 55.78% as compared to a profit before taxation of RM5.009 million recorded for Q3. 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 be able to achieve a satisfactory result for the financial year ending 31 March 2011.

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

	3 months ended 31.03.2010 RM'000	12 months ended 31.03.2010 RM'000
Tax expense for the period Malaysian Income Tax	-	-
Deferred Tax	640	640
	<u>640</u>	<u>640</u>
Total income tax expense	640	640

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 31.03.2010 RM'000	As at 31.03.2009 RM'000
Short term borrowing:		
Hire purchase payables	179	212
Bank Loan	17,778	19,428
Bank overdraft	4,242	3,491
	<u>22,199</u>	<u>23,131</u>
Long term borrowing:		
Hire purchase payables	85	173
	<u>85</u>	<u>173</u>

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 31.03.2010	Preceding Year Corresponding Quarter 31.03.2009	Current Year-To-Date 31.03.2010	Preceding Year-To-Date 31.03.2009
Net Profit for the period (RM'000)	7,163	3,223	9,610	2,122
Weighted average number of ordinary shares in issue ('000)	330,000	330,000	330,000	330,000
Basic profit earnings per share (sen)	2.17	0.98	2.91	0.64
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 27 May 2010.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
27 May, 2010