

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2011

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2011 RM'000	Quarter ended 31.03.2010 RM'000	Year to date 31.03.2011 RM'000	Year to date 31.03.2010 RM'000
Revenue	13,765	18,440	28,251	35,494
Cost of Sales	(4,211)	(6,697)	(17,924)	(15,564)
Gross Profit	9,554	11,743	10,327	19,930
Other Income	75	10	144	44
Other expenses	616	(976)	(254)	(1,061)
Distribution Costs	(1,346)	(1,241)	(3,598)	(4,398)
Administrative Expenses	(1,627)	(1,084)	(3,400)	(2,406)
Profit from Operations	7,272	8,452	3,219	12,109
Finance Costs	(804)	(613)	(1,956)	(1,823)
Profit Before Tax	6,468	7,839	1,263	10,286
Income Tax Expense	(1,068)	(641)	(1,068)	(641)
Profit for the period	5,400	7,198	195	9,645
Other comprehensive loss:				
Foreign currency translation	95	20	(21)	(112)
Total comprehensive profit for the period	5,495	7,218	174	9,533
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	5,400	7,198	195	9,645
Minority interests	-	-	-	-
	5,400	7,198	195	9,645
Earnings per Share attributable to equity holders of the parent (sen)				
- Basic	1.64	2.18	0.06	2.92
- Diluted	-	-	-	-

Note:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2010 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 FOURTH QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	As at 31.03.2011 RM'000	As at 31.03.2010 (Restated) RM'000
Non-Current Assets		
Property, plant and equipment	38,677	41,478
Prepaid lease payments	2,149	1,186
Biological assets	5,036	4,577
Intangible assets	65	214
	45,927	47,455
Current Assets		
Inventories	1,145	324
Biological assets	26,677	18,941
Trade receivables	22,630	20,613
Other receivables	1,968	1,090
Tax refundable	121	117
Cash and bank balances	465	1,338
	53,006	42,423
Total Assets	98,933	89,878
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	17,732	17,537
Foreign currency translation reserve	(55)	(34)
Total equity	63,808	63,634
Non-Current Liabilities		
Borrowings	6,022	85
Deferred tax liabilities	3,048	1,980
	9,070	2,065
Current Liabilities		
Trade and other payables	9,497	1,980
Borrowings	16,558	22,199
	26,055	24,179
Total liabilities	35,125	26,244
TOTAL EQUITY AND LIABILITIES	98,933	89,878
Net asset per share attributable to ordinary equity holder (sen)	19.34	19.28

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and accompanying explanatory notes to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2011

	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 2009	33,000	13,131	78	7,892	54,101
Total comprehensive income for the year	-	-	(112)	9,645	9,533
As at 31 March 2010	<u>33,000</u>	<u>13,131</u>	<u>(34)</u>	<u>17,537</u>	<u>63,634</u>
As at 1 April 2010	33,000	13,131	(34)	17,537	63,634
Total comprehensive loss for the period	-	-	(21)	195	174
As at 31 March 2011	<u>33,000</u>	<u>13,131</u>	<u>(55)</u>	<u>17,732</u>	<u>63,808</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 2010 and accompanying explanatory notes to the interim financial statements.

BORNEO AQUA HARVEST BERHAD (649504-D)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2011

	Quarter ended 31.03.2011 RM'000	Quarter ended 31.03.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,263	10,286
Adjustment for:		
Non cash items	7,016	7,480
Operating profit before working capital changes	<u>8,279</u>	<u>17,766</u>
Net changes in current assets	(11,391)	(7,653)
Net changes in current liabilities	7,520	(2,389)
Net cash from operating activities	<u>4,408</u>	<u>7,724</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	5	-
Proceeds from disposal of broodstock	10	-
Purchase of plant and equipment	(2,970)	(4,443)
Additions of biological assets	(778)	(664)
Net cash used in investing activities	<u>(3,733)</u>	<u>(5,107)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase payables	(190)	(246)
Overdraft interest	(417)	(311)
Loan interest	(1,529)	(1,491)
Interest income	3	*
Payment for taxation	(4)	(9)
Proceed from loan	9,000	572
Repayment of loan	(17,777)	(2,222)
Net cash used in financing activities	<u>(10,914)</u>	<u>(3,707)</u>
Net decrease in cash and cash equivalents	(10,239)	(1,090)
Effect on foreign exchange translation differences	113	(1)
Cash and cash equivalents at beginning of period	(2,904)	(1,813)
Cash and cash equivalents at end of period	<u>(13,030)</u>	<u>(2,904)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	465	1,338
Bank overdraft	(13,495)	(4,242)
	<u>(13,030)</u>	<u>(2,904)</u>

Note:

*Denotes RM10.64 (31.03.2010)

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and accompanying explanatory notes to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2011**

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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2010, except for the adoptions of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

Effective for financial periods beginning on or after 1 July 2009

- FRS 8 : Operating Segments

Effective for financial periods beginning on or after 1 January 2010

- FRS 4 : Insurance Contracts
- FRS 7 : Financial Instruments: Disclosures
- FRS 101 : Presentation of Financial Statements (revised)
- FRS 123 : Borrowing Costs
- FRS 139 : Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 : Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132 : Financial Instruments: Presentation
- Amendments to FRS 139 : Financial Instruments: Recognition and Measurement, FRS 7 : Financial Instruments: Disclosures: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9 : Reassessment of Embedded Derivatives
- IC Interpretation 10 : Interim Financial Reporting and Impairment
- IC Interpretation 11 : FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13 : Customer Loyalty Programmes
- IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR I - 3 : Presentation of Financial Statements of Islamic Financial Institutions

Unless otherwise described below, the adoptions of the above FRSs, Amendments to FRSs and Interpretations do not have any significant impact to the interim financial statements of the Group:

(i) FRS 101 : Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statements of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present the condensed consolidated statement of comprehensive income in one single statement.

(ii) Amendment to FRS 117 : Leases

Amendment to FRS 117 : Lease clarifies on the classification of leases of land and buildings. The Group has reassessed and determined that certain leasehold lands of the Group which are in substance finance leases, has reclassified the leasehold lands to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance to the transitional provisions of the amendment. The following comparative figures have been restated following the adoption of the amendment:

At 31 March 2010	As previously reported RM'000	Effects of changes accounting policies RM'000	As restated RM'000
Non-current assets			
Property, plant and equipment	40,156	301	40,457
Prepaid lease payments	2,508	(301)	2,207

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2010 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 2010 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 2010.

13. Review of Performance

The Group recorded a revenue and profit before taxation of RM 13.765 million and RM 6.468 million respectively for the quarter ended 31 March 2011, representing a decrease of 25.35% and 17.49% respectively as compared to the corresponding period in 2010.

The Group recorded a revenue and profit before taxation of RM28.251 million and RM1.263 million respectively for financial year ended 31 March 2011 ("FYE 2011"). The revenue of RM28.251 million representing a decrease of 20.41% as compared to RM35.494 million recorded for the financial year 2010 ("FYE 2010"). The decrease is mainly due to the Group's strategy to grow its adult fishes to the optimum size/weight before selling them in order to get better prices.

The profit before taxation of RM1.263 million for FYE 2011 representing a significant decrease of 87.72% as compared to profit before taxation of RM10.286 million recorded for FYE 2010. This was mainly due to high mortality rate of one of the species under

research (Asean Sea bass) and the write down value of fish fry to their net realisable value for the FYE 2011.

14. Comments on Material Change in Profit Before Taxation

The Group recorded a revenue of RM13.765 million for the quarter ended 31 March 2011 ("Q4"), representing an increase of 19.22% as compared the revenue of RM11.546 million as recorded for the third quarter ended 31 December 2010 ("Q3"). The increase is mainly due to increase in sale volume of fish which is in line with the increase in the Group's production as a result of improvement in the Group's hatching, rearing and breeding technologies

The Group recorded a profit before taxation of RM6.468 million for Q4 represents an increase of 30.96% as compared to a profit before taxation of RM4.939 million for Q3. This was mainly due to higher revenue as mentioned in the paragraph above.

15. Company's Prospects

With the improvement in hatching, rearing and breeding technologies and the current stock in hand, the Board of Directors anticipates that the Group will be able to achieve a satisfactory result for the next financial year ending 31 March 2012.

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 31.03.2011 RM'000	12 months ended 31.03.2011 RM'000
Tax expense for the period Malaysian Income Tax	-	-
Deferred Tax	1,068	1,068
	<u>1,068</u>	<u>1,068</u>
Total income tax expense	1,068	1,068

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 borrowings, which are secured, as at the end of the current quarter are as follows:

	As at 31.03.2011 RM'000	As at 31.03.2010 RM'000
Short term borrowings:		
Hire purchase payables	63	179
Bank Loan	3,000	17,778
Bank overdraft	13,495	4,242
	<u>16,558</u>	<u>22,199</u>
Long term borrowing:		
Hire purchase payables	22	85
Bank loan	6,000	

The borrowings are 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. Realised and Unrealised Profits

Bursa Malaysia Securities Berhad ("Bursa") has on 25 March 2010 issued a directive which requires all listed companies to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses, for the purpose of greater transparency. The breakdown of retained profits of the Group as at 31 December 2010, pursuant to the format prescribed by Bursa, is as follow:

	As At End Of Current Quarter 31.03.2011 RM '000	As At End Of Preceding Quarter 31.12.2010 RM '000
Total retained profits of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	14,997	9,793
- Unrealised	3,121	2,736
	<u>18,118</u>	<u>12,529</u>
Less : Consolidated adjustments	(386)	(197)
Total Group retained profits	<u>17,732</u>	<u>12,332</u>

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 loss for the financial period / year under review by the weighted average number of ordinary shares in issue during the period / year.

	Current Quarter 31.03.2011	Preceding Year Corresponding Quarter 31.03.2010	Current Year-To-Date 31.03.2011	Preceding Year-To-Date 31.03.2010
Profit/(Loss) for the period (RM'000)	5,400	7,198	195	9,645
Weighted average number of ordinary shares in issue ('000)	330,000	330,000	330,000	330,000
Basic earnings/(Loss) per share (sen)	1.64	2.18	0.06	2.92
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 26 May 2011.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
26 May, 2011