

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 30.09.2011 RM'000	Quarter ended 30.09.2010 RM'000	Year to date 30.09.2011 RM'000	Year to date 30.09.2010 RM'000
Revenue	8,240	2,930	12,931	2,940
Cost of Sales	(6,014)	(6,547)	(10,475)	(9,014)
Gross Profit / (Loss)	2,226	(3,617)	2,456	(6,074)
Other Income	597	5	702	14
Other expenses	(478)	(776)	(478)	(824)
Distribution Costs	(1,083)	(708)	(2,492)	(1,249)
Administrative Expenses	(777)	(936)	(1,277)	(1,359)
Profit / (Loss) from Operations	485	(6,032)	(1,089)	(9,492)
Finance Costs	(442)	(375)	(820)	(652)
Profit / (Loss) Before Tax	43	(6,407)	(1,909)	(10,144)
Income Tax Expense	-	-	-	-
Profit / (Loss) for the period	43	(6,407)	(1,909)	(10,144)
Other comprehensive loss:				
Foreign currency translation	(7)	(99)	(19)	(109)
Total comprehensive loss for the period	36	(6,506)	(1,928)	(10,253)
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	43	(6,407)	(1,909)	(10,144)
Minority interests	-	-	-	-
	43	(6,407)	(1,909)	(10,144)
Earnings per Share attributable to equity holders of the parent (sen)				
- Basic	0.01	(1.94)	(0.58)	(3.07)
- 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 2011 and accompanying explanatory notes to the interim financial statements.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

	As at 30.09.2011 RM'000	As at 31.03.2011 (Restated) RM'000
Non-Current Assets		
Property, plant and equipment	36,183	38,677
Prepaid lease payments	2,120	2,149
Biological assets	5,248	5,036
Intangible assets	43	65
	43,594	45,927
Current Assets		
Inventories	791	1,145
Biological assets	33,038	26,677
Trade receivables	20,484	22,630
Other receivables	2,260	1,968
Tax refundable	23	121
Cash and bank balances	346	465
	56,942	53,006
Total Assets	100,536	98,933
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	15,823	17,732
Foreign currency translation reserve	(74)	(55)
Total equity	61,880	63,808
Non-Current Liabilities		
Borrowings	6,028	6,192
Deferred tax liabilities	3,048	3,048
	9,076	9,240
Current Liabilities		
Trade and other payables	10,836	9,497
Borrowings	18,744	16,388
	29,580	25,885
Total liabilities	38,656	35,125
TOTAL EQUITY AND LIABILITIES	100,536	98,933
Net asset per share attributable to ordinary equity holder (sen)	18.75	19.34

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and accompanying explanatory notes to the interim financial statements.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 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 2010	33,000	13,131	(34)	17,537	63,634
Total comprehensive income for the year	-	-	(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>
As at 1 April 2011	33,000	13,131	(55)	17,732	63,808
Total comprehensive loss for the period	-	-	(19)	(1,909)	(1,928)
As at 30 September 2011	<u>33,000</u>	<u>13,131</u>	<u>(74)</u>	<u>15,823</u>	<u>61,880</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 2011 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 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Quarter ended 30.09.2011 RM'000	Quarter ended 30.09.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,909)	(10,144)
Adjustment for:		
Non cash items	3,260	3,859
Operating profit before working capital changes	<u>1,351</u>	<u>(6,285)</u>
Net changes in current assets	(3,471)	7,015
Net changes in current liabilities	1,338	2,749
Net cash from operating activities	<u>(782)</u>	<u>3,479</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	997	1
Proceeds from disposal of broodstock	-	10
Purchase of plant and equipment	(1,111)	(1,903)
Additions of biological assets	(340)	(334)
Net cash used in investing activities	<u>(454)</u>	<u>(2,226)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase payables	(66)	(115)
Overdraft interest	(596)	(210)
Loan interest	(219)	(435)
Interest income	*	3
Payment for taxation	98	(4)
Proceed from loan	-	-
Repayment of loan	(329)	(1,111)
Net cash used in financing activities	<u>(1,112)</u>	<u>(1,872)</u>
Net decrease in cash and cash equivalents	(2,348)	(619)
Effect on foreign exchange translation differences	(58)	(11)
Cash and cash equivalents at beginning of period	(13,030)	(2,904)
Cash and cash equivalents at end of period	<u>(15,436)</u>	<u>(3,534)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	346	2,202
Bank overdraft	<u>(15,782)</u>	<u>(5,736)</u>
	<u>(15,436)</u>	<u>(3,534)</u>

Note:

*Denotes RM1.10 (30.09.2011)

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and accompanying explanatory notes to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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 2011. 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 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2011, except for the adoptions of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations.

Description	Effective for annual periods beginning on or after
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 : Business Combinations (revised)	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 : Reassessments of Embedded Derivatives	1 July 2010
IC Interpretation 12 : Service Concession Arrangements	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 IC Interpretation 15 : Agreements for the Construction of Real Estate	30 August 2010
Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 : Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 : Group Cash - Settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7 : Improving disclosures about Financial Instruments	1 January 2011
IC Interpretation 4 : Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18 : Transfer of Assets from Customers	1 January 2011
Improvements to FRSs (2010) issued in November 2010	1 January 2011

Unless otherwise described below, the above pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for the as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interest in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2011 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 2011 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

10. Subsequent Events

On 17 October 2011, the company completed its private placement exercise which involves the issuance of 20.0 million ordinary shares of RM0.10 each at a premium of RM0.35.

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 30 June 2011.

13. Review of Performance

The Group achieved a revenue and gross profit of RM8.240 million and RM2.226 million respectively for the current quarter, representing a significant increase of 181.23% and 161% respectively as compared to the corresponding period in 2010.

The Group recorded a net profit of RM0.043 million was mainly due to higher revenue which is in line with the Group's success in its hatching, breeding and rearing activities which resulted in a significant increase in the production of fry and also in line with the Group's strategy to grow its fishes to optimum size/weight before selling them in order to demand better pricing and also to cater customers' requirement.

14. Comments on Material Change in Profit Before Taxation

Revenue for the second quarter ended 30 September 2011 ("Q2") increased to RM8.240 million as compared to RM4.691 million recognized in the first quarter 2011 ("Q1"). The increase is in line with the Group's success in its hatching, breeding and rearing activities which resulted in a significant increase in the production of fry and also in line with the Group's strategy to grow its fishes to optimum size/weight before selling them in order to demand better pricing and also to cater customers' requirement.

The higher revenue recorded by the Group in Q2 as explained above, had resulted in the Group reporting a net profit of RM0.043 million as compared to a net loss of RM1.952 million in Q1 of the financial year ending 31 March 2012.

The Group recorded a profit before taxation of RM0.043 million for Q2 as compared to a net loss of RM1.952 million recorded in Q1, which was mainly due to higher revenue as mentioned in the paragraph above.

15. Company's Prospects

With the improvement in the Group's 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 results for the 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

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 30.09.2011 RM'000	As at 31.03.2011 RM'000
Short term borrowings:		
Hire purchase payables	128	63
Bank Loan	2,834	2,830
Bank overdraft	15,782	13,495
	<u>18,744</u>	<u>16,388</u>
Long term borrowing:		
Hire purchase payables	191	22
Bank loan	5,837	6,170
	<u>6,028</u>	<u>6,192</u>

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

	As At 30.09.2011 RM '000	As At 31.03.2011 RM '000
Total retained profits of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	13,861	14,997
- Unrealised	2,367	3,121
	<u>16,228</u>	<u>18,118</u>
Less : Consolidated adjustments	(405)	(386)
Total Group retained profits	<u>15,823</u>	<u>17,732</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 30.09.2011	Preceding Year Corresponding Quarter 30.09.2010	Current Year-To-Date 30.09.2011	Preceding Year-To-Date 30.09.2010
Profit / (Loss) for the period (RM'000)	43	(6,407)	(1,909)	(10,144)
Weighted average number of ordinary shares in issue ('000)	330,000	330,000	330,000	330,000
Basic earnings/(Loss) per share (sen)	0.01	(1.94)	(0.58)	(3.07)
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 25 November 2011.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
25 November, 2011