

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2012

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2012 RM'000	Quarter ended 31.03.2011 RM'000	Year to date 31.03.2012 RM'000	Year to date 31.03.2011 RM'000
Revenue	10,825	13,705	31,559	28,191
Cost of Sales	(5,848)	(4,318)	(21,741)	(18,031)
Gross Profit	4,977	9,387	9,818	10,160
Other Income	(564)	(140)	141	209
Other expenses	225	728	(253)	(142)
Distribution Costs	(987)	(1,355)	(4,649)	(3,607)
Administrative Expenses	(305)	(1,628)	(2,139)	(3,401)
Profit / (Loss) from Operations	3,346	6,992	2,918	3,219
Finance Costs	(447)	(804)	(1,698)	(1,956)
Profit / (Loss) Before Tax	2,899	6,188	1,220	1,263
Income Tax Expense	(128)	(1,068)	(128)	(1,068)
Profit / (Loss) for the period	2,771	5,120	1,092	195
Other comprehensive loss:				
Foreign currency translation	(15)	95	(36)	(21)
Total comprehensive profit / (loss) for the period	2,756	5,215	1,056	174
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	2,771	5,120	1,092	195
Minority interests	-	-	-	-
	2,771	5,120	1,092	195
Earnings per Share attributable to equity holders of the parent (sen)				
- Basic	0.80	1.55	0.32	0.06
- 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.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	As at 31.03.2012 RM'000	As at 31.03.2011 (Restated) RM'000
Non-Current Assets		
Property, plant and equipment	50,410	38,677
Land use rights	2,091	2,149
Biological assets	4,865	5,036
Intangible assets	21	65
	57,387	45,927
Current Assets		
Inventories	645	1,145
Biological assets	32,294	26,677
Trade receivables	14,013	22,630
Other receivables	8,965	1,968
Tax refundable	18	121
Cash and bank balances	299	465
	56,234	53,006
Total Assets	113,621	98,933
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	35,000	33,000
Share premium	19,990	13,131
Retained earnings	18,824	17,732
Foreign currency translation reserve	(91)	(55)
Total equity	73,723	63,808
Non-Current Liabilities		
Borrowings	5,640	6,192
Deferred tax liabilities	3,176	3,048
	8,816	9,240
Current Liabilities		
Trade and other payables	12,217	9,497
Borrowings	18,865	16,388
	31,082	25,885
Total liabilities	39,898	35,125
TOTAL EQUITY AND LIABILITIES	113,621	98,933
Net asset per share attributable to ordinary equity holder (sen)	21.06	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.

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FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2012

	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
Issue of shares	2,000	7,000	-	-	9,000
Transaction cost	-	(141)	-	-	(141)
Total comprehensive loss for the period	-	-	(36)	1,092	1,056
As at 31 March 2012	<u>35,000</u>	<u>19,990</u>	<u>(91)</u>	<u>18,824</u>	<u>73,723</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 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2012

	Quarter ended 31.03.2012 RM'000	Quarter ended 31.03.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,220	1,263
Adjustment for:		
Non cash items	7,724	5,705
Operating profit before working capital changes	8,944	6,968
Net changes in current assets	(3,522)	(1,604)
Net changes in current liabilities	2,720	4,088
Net cash from operating activities	<u>8,142</u>	<u>9,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	989	5
Proceeds from disposal of broodstock	-	10
Purchase of plant and equipment	(17,400)	(1,842)
Additions of biological assets	(564)	(558)
Net cash used in investing activities	<u>(16,975)</u>	<u>(2,385)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	9,000	-
Share issue expense	(141)	-
Payment of hire purchase payables	(162)	(163)
Overdraft interest	(1,220)	(312)
Loan interest	(456)	(831)
Interest income	*	3
Payment for taxation	-	(4)
	102	-
Proceed from loan	-	-
Repayment of loan	(2,738)	(1,667)
Net cash used in financing activities	<u>4,385</u>	<u>(2,974)</u>
Net decrease in cash and cash equivalents	(4,448)	4,093
Effect on foreign exchange translation differences	(48)	(15)
Cash and cash equivalents at beginning of year	<u>(13,030)</u>	<u>(2,904)</u>
Cash and cash equivalents at end of year	<u>(17,526)</u>	<u>1,174</u>
Cash and cash equivalents comprise:		
Cash and bank balances	299	101
Bank overdraft	(17,825)	(5,395)
	<u>(17,526)</u>	<u>(5,294)</u>

Note:

*Denotes RM6.20 (31.03.2012)

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 31 MARCH 2012**

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. Profit / (Loss) Before Taxation

The following items have been included in arriving at Profit / (Loss) before taxation:-

	Current Quarter RM'000	Current Year-To-Date RM'000
(i) Interest Income;	*	*
(ii) Other income including investment income;	564	(141)
(iii) Interest Expense;	477	1,698
(iv) Depreciation and amortization;	1,761	5,674
(v) (Gain) or loss on disposal of quoted or unquoted investments or properties;	(260)	218
(vi) Foreign exchange (gain) or loss;	(302)	(93)

Note: *Denotes RM0.06 (Current Quarter) and RM6.20 (Current year to date).

Save for the above items, there are no other items required to be disclosed according to Note 16 of Appendix 9B on Quarterly Report issued by Bursa Malaysia.

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 contingent liabilities and contingent assets as at 31 December 2011.

12. Review of Performance

The Group achieved a revenue and gross profit of RM10.825 million and RM4.977 million respectively for the current quarter, representing a decrease of 21.01% and 46.98% respectively as compared to the corresponding period in 2011.

The Group recorded a revenue and profit before taxation of RM31.559 million and RM1.220 million respectively for the financial year ended 31 March 2012 ("FYE 2012"). The revenue of RM31.559 million representing an increase of 11.95% as compared to RM28.191 million recorded for the financial year 2011 ("FYE 2011"). The increase in revenue was mainly due to higher selling prices of the Group's adult cultured fishes, the opening of the Group's new distribution centre in November 2011 also contributed to the increase in revenue.

The profit before taxation of RM1.220 million for FYE 2012 representing a slight decrease of 3.40% as compared to profit before taxation of RM1.263 million recorded for FYE 2011. The decrease in profit before taxation was due to increase in distribution costs.

13. Comments on Material Change in Profit Before Taxation

The Group recorded a revenue of RM10.825 million for the quarter ended 31 March 2012 ("Q4"), representing an increase of 38.74% as compared to revenue of RM7.803 million as recorded for the third quarter ended 31 December 2011 ("Q3"). The increase is mainly due to the increase in revenue with higher prices of the Group's adult cultured fishes, the opening of the Group's new distribution centre in Xiamen, China in November 2011 also contributed to the increase in revenue.

The Group recorded a profit before taxation of RM2.899 million for Q4 represents a significant increase of 1,160.43% as compared to RM0.230 million for Q3. The increase is in line with the higher revenue and higher selling prices of adult cultured fishes as mentioned in the paragraph above.

14. Company's Prospects

Barring any unforeseeable circumstances, the Board of Directors anticipates that the Group will be able to achieve a satisfactory results for the financial year ending 31 March 2013.

15. Variance on Profit Forecast

No profit forecast was announced or published by the Group, hence, no comparison is made between actual and forecast results.

16. Income Tax Expense

	3 months ended 31.03.2012 RM'000	12 months ended 31.03.2012 RM'000
Tax expense for the period Malaysian Income Tax	-	-
Deferred Tax	128	128
	<u>128</u>	<u>128</u>
Total income tax expense	128	128

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.

17. Corporate Proposals

Utilisation of Private Placement Proceeds

As at 31 March 2012, the Group has utilised the total proceeds from the Private Placement amounting to RM9.0 million.

18. Borrowings

The Group's borrowings, which are secured, as at the end of the current quarter are as follows:

	As at 31.03.2012 RM'000	As at 31.03.2011 RM'000
Short term borrowings:		
Hire purchase payables	174	63
Bank Loan	866	2,830
Bank overdraft	<u>17,825</u>	<u>13,495</u>
	<u>18,865</u>	<u>16,388</u>
Long term borrowing:		
Hire purchase payables	244	22
Bank loan	<u>5,396</u>	<u>6,170</u>
	<u>5,640</u>	<u>6,192</u>

The borrowings are denominated in Ringgit Malaysia.

19. Realised and Unrealised Profits

	As At 31.03.2012 RM '000	As At 31.03.2011 RM '000
Total retained profits of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	16,214	14,997
- Unrealised	3,324	3,121
	<u>19,538</u>	<u>18,118</u>
Less : Consolidated adjustments	(674)	(386)
Total Group retained profits	<u>18,864</u>	<u>17,732</u>

20. Material Litigation

As at the date of this report, there are no pending material litigations.

21. 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 31.03.2012	Preceding Year Corresponding Quarter 31.03.2011	Current Year-To-Date 31.03.2012	Preceding Year-To-Date 31.03.2011
Profit / Loss for the period (RM'000)	2,771	5,120	1,092	195
Weighted average number of ordinary shares in issue ('000)	348,470	330,000	339,235	330,000
Basic earnings/(Loss) per share (sen)	0.80	1.55	0.32	0.06
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.

22. 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 May, 2012.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
28 May, 2012