

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.12.2012 RM'000	Quarter ended 31.12.2011 RM'000	Year to date 31.12.2012 RM'000	Year to date 31.12.2011 RM'000
Revenue	7,367	7,803	23,037	20,734
Cost of Sales	(3,309)	(5,418)	(9,382)	(15,893)
Gross Profit	4,058	2,385	13,655	4,841
Other Income	45	3	82	705
Other expenses	(15)	-	(50)	(478)
Distribution Costs	(1,263)	(1,170)	(4,172)	(3,662)
Administrative Expenses	(427)	(557)	(1,436)	(1,834)
Profit / (Loss) from Operations	2,398	661	8,079	(428)
Finance Costs	(386)	(431)	(1,324)	(1,251)
Profit / (Loss) Before Tax	2,012	230	6,755	(1,679)
Income Tax Expense	-	-	-	-
Profit / (Loss) for the period	2,012	230	6,755	(1,679)
Other comprehensive loss:				
Foreign currency translation	-	(2)	(2)	(21)
Total comprehensive profit / (loss) for the period	2,012	228	6,753	(1,700)
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	2,012	230	6,755	(1,679)
Minority interests	-	-	-	-
	2,012	230	6,755	(1,679)
Earnings per Share attributable to equity holders of the parent (sen)				
- Basic	0.57	0.07	1.93	(0.51)
- 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 2012 and accompanying explanatory notes to the interim financial statements.

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(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	As at 31.12.2012	As at 31.03.2012
	RM'000	RM'000
Non-Current Assets		
Property, plant and equipment	54,364	50,410
Land use rights	2,047	2,091
Intangible assets	4	21
Biological assets	4,267	4,865
Other receivables	2,883	6,741
	<u>63,565</u>	<u>64,128</u>
Current Assets		
Inventories	335	645
Biological assets	36,573	32,294
Trade receivables	19,944	14,013
Other receivables	2,598	1,731
Tax refundable	14	18
Cash and bank balances	312	299
	<u>59,776</u>	<u>49,000</u>
Total Assets	<u>123,341</u>	<u>113,128</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	35,000	35,000
Share premium	19,990	19,990
Retained earnings	25,579	18,824
Foreign currency translation reserve	(93)	(91)
Total equity	<u>80,476</u>	<u>73,723</u>
Non-Current Liabilities		
Borrowings	122	244
Deferred tax liabilities	3,176	3,176
	<u>3,298</u>	<u>3,420</u>
Current Liabilities		
Trade and other payables	18,704	11,882
Borrowings	20,863	24,103
	<u>39,567</u>	<u>35,985</u>
Total liabilities	<u>42,865</u>	<u>39,405</u>
TOTAL EQUITY AND LIABILITIES	<u>123,341</u>	<u>113,128</u>
Net asset per share attributable to ordinary equity holder (sen)	<u>22.99</u>	<u>21.06</u>

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2012 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 2012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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 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 income for the year	-	-	(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>
As at 1 April 2012	35,000	19,990	(91)	18,824	73,723
Total comprehensive profit / (loss) for the peri	-	-	(2)	6,755	6,753
As at 31 December 2012	<u>35,000</u>	<u>19,990</u>	<u>(93)</u>	<u>25,579</u>	<u>80,476</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 2012 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 2012

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

	Quarter ended 31.12.2012 RM'000	Quarter ended 31.12.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	6,755	(1,679)
Adjustment for:		
Non cash items	<u>5,588</u>	<u>5,081</u>
Operating profit before working capital changes	12,343	3,402
Net changes in current assets	(6,766)	(11,796)
Net changes in current liabilities	6,823	256
Net cash from operating activities	<u>12,400</u>	<u>(8,138)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	140	996
Proceeds from disposal of broodstock	-	-
Purchase of plant and equipment	(7,641)	(1,730)
Additions of biological assets	(8)	(472)
Net cash used in investing activities	<u>(7,509)</u>	<u>(1,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	9,000
Share issue expense	-	(141)
Payment of hire purchase payables	(167)	(108)
Overdraft interest	(1,011)	(898)
Loan interest	(293)	(340)
Interest income	*	*
Income tax (paid) / refund	5	93
Proceed from loan	-	-
Repayment of loan	(775)	(531)
Net cash used in financing activities	<u>(2,241)</u>	<u>7,075</u>
Increase/(decrease) in cash and cash equivalents	2,650	(2,269)
Effect on foreign exchange translation differences	(2)	(59)
Cash and cash equivalents at beginning of period	<u>(17,322)</u>	<u>(13,030)</u>
Cash and cash equivalents at end of period	<u><u>(14,674)</u></u>	<u><u>(15,358)</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	312	112
Bank overdraft	<u>(14,986)</u>	<u>(15,470)</u>
	<u><u>(14,674)</u></u>	<u><u>(15,358)</u></u>

Note:

**Denotes RM0.49 (31.12.2012), RM6.14 (31.12.2011).*

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2012 and accompanying explanatory notes to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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 2012. 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 2012.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2012, 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
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124 : Related Party Disclosure	1 January 2012
Amendments to FRS 1 : Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 : Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 : Deferred Tax - Recovery of Underlying Assets	1 January 2012
Amendments to FRS 9 (IFRS 9(2009)), FRS 9 (IFRS 9(2010)), and FRS 7 - Mandatory Effective Date of FRS 9 and Transition Disclosures	1 March 2012

The adoptions of above FRSs, Amendments to FRSs and Interpretations do not have any significant impact to the interim financial statements of the Group.

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group and the Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

At the date of this financial statement, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2015.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2012 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;	(45)	(82)
(iii) Interest Expense;	386	1,324
(iv) Depreciation and amortization;	1,397	4,229
(v) (Gain) or loss on disposal of quoted or unquoted investments or properties;	1	(15)
(vi) Foreign exchange (gain) or loss;	(5)	(4)

Note: *Denotes RM0.22 (Current Quarter) and RM0.49 (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 their interim financial statements.

11. Changes in Composition of the Group

There were no contingent liabilities and contingent assets as at 30 June 2012.

12. Review of Performance

The Group recorded a revenue and gross profit of RM7.367 million and RM4.058 million respectively for the current quarter, representing slight decrease of 5.59% in revenue and gross profit increase by 70.15% as compared to the corresponding period in 2011.

The increase in gross profit is mainly due to continuous improvement in the Group hatching, rearing and breeding technology which resulted in better gross profit margin. 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 customers' requirement.

The Group recorded a higher profit before taxation of RM2.012 million as compared to RM0.230 million in the corresponding period in 2011 due to the reasons mentioned above.

13. Comments on Material Change in Profit Before Taxation

Revenue for the third quarter ended 31 December 2012 ("Q3") increased to RM7.367 million as compared to RM7.037million recognised in the second quarter ended 30 September 2012. ("Q2") The increase in revenue is in line with the Group's strategy to sell more adult fishes during the festive seasons in order to demand better pricing and also cater to customers' requirement in the fourth quarter in the financial year ending 31 March 2013.

Despite recorded a higher revenue for the current quarter, the Group's profit before taxation decreased by 4.19% to RM2.012 million. The decrease is mainly due to slight increase in production cost.

14. Company's Prospects

Barring any unforeseen 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

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

The Company had made announcement on 14 September 2012 and 20 September 2012 respectively in relation to the proposed private placement of up to 35,000,000 new ordinary shares of RM0.10 each in the Company to independent third party investors to be identified ("Proposed Placement"). Application for the Proposed Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for approval on 1 October 2012. As of the date of this announcement, the Company is still awaiting the approval of Bursa Securities for the Proposed Placement.

The Company had made an announcement on 29 October 2012 and 3 December 2012 in relation to the proposed establishment of an Employees' Share Option Scheme ("ESOS") for the eligible employees and directors of the Company and/or its subsidiaries ("Proposed ESOS").

Bursa Securities Berhad had vide its letter dated 7 December 2012, approved the listing of such number of additional new ordinary shares of RM0.10 each in Bahvest representing up to 30% of the issue and paid up ordinary shares capital (excluding treasury shares) of Bahvest to be issued pursuant to the exercise of option under the proposed ESOS, subject to the following:

(i) M&A Securities Sdn Bhd is required to submit a confirmation to Bursa Securities of full compliance of the proposed ESOS pursuant to Rule 6.44 under ACE Market Listing Requirements of Bursa Securities ("Listing Requirements") and stated the effective date of the implementation together with a certified true copy of the resolution passed by the shareholders in a General Meeting; and

(ii) The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.

The Company convened an Extraordinary General Meeting and all the resolutions in relation to the Proposed ESOS set out in the Notice of the EGM dated 18 December 2012 were passed by the shareholders.

18. Borrowings

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

As at 31.12.2012 RM'000	As at 31.03.2012 RM'000
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Short term borrowings:		
Hire purchase payables	185	210
Bank Loan	5,692	6,273
Bank overdraft	14,986	17,620
	<u>20,863</u>	<u>24,103</u>
Long term borrowing:		
Hire purchase payables	122	244
Bank loan	-	-
	<u>122</u>	<u>244</u>

The borrowings are denominated in Ringgit Malaysia.

19. Realised and Unrealised Profits

	As At 31.12.2012 RM '000	As At 31.03.2012 RM '000
Total retained profits of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	16,463	7,643
- Unrealised	3,226	3,206
	<u>19,689</u>	<u>10,849</u>
Add / (Less) : Consolidated adjustments	5,890	7,974
Total Group retained profits	<u>25,579</u>	<u>18,823</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 profit / (loss) for the financial period / year under review by the weighted average number of ordinary shares in issue during the period / year.

	Current Quarter 31.12.2012	Preceding Year Corresponding Quarter 31.12.2011	Current Year-To-Date 31.12.2012	Preceding Year-To-Date 31.12.2011
Profit / (Loss) for the period (RM'000)	2,012	230	6,755	(1,679)
Weighted average number of ordinary shares in issue ('000)	350,000	330,000	350,000	330,000
Basic earnings/(Loss) per share (sen)	0.57	0.07	1.93	(0.51)
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 26 February, 2013.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
26 February, 2013