

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2013

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2013 RM'000	Quarter ended 31.03.2012 RM'000	Year to date 31.03.2013 RM'000	Year to date 31.03.2012 RM'000
Revenue	7,590	10,825	30,627	31,559
Cost of sales	(3,387)	(5,848)	(12,769)	(21,741)
Gross profit	4,203	4,977	17,858	9,818
Other income	402	(564)	484	141
Other expenses	(291)	(408)	(341)	(886)
Distribution costs	(1,443)	(354)	(5,615)	(4,016)
Administrative expenses	(11,690)	(305)	(13,126)	(2,139)
(Loss) / Profit from operations	(8,819)	3,346	(740)	2,918
Finance costs	(372)	(447)	(1,696)	(1,698)
(Loss) / Profit before tax	(9,191)	2,899	(2,436)	1,220
Income tax expense	(2,271)	(128)	(2,271)	(128)
(Loss) / Profit for the year	(11,462)	2,771	(4,707)	1,092
Other comprehensive loss:				
Foreign currency translation	(2)	(15)	(4)	(36)
Total comprehensive (loss) / Income for the year	(11,464)	2,756	(4,711)	1,056
(Loss) / Profit for the period attributable to:				
Equity holders of the parent	(11,462)	2,771	(4,707)	1,092
Minority interests	-	-	-	-
	(11,462)	2,771	(4,707)	1,092
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	(3.25)	0.80	(1.50)	0.32
- 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.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	As at 31.03.2013	As at 31.03.2012
	RM'000	RM'000
Non-Current Assets		
Property, plant and equipment	61,063	50,410
Land use rights	2,032	2,091
Intangible assets	2	21
Biological assets	3,825	4,865
Other receivables	-	6,741
	66,922	64,128
Current Assets		
Inventories	459	645
Biological assets	37,369	32,294
Trade receivables	20,530	14,013
Other receivables	2,707	1,731
Tax refundable	29	18
Cash and bank balances	547	299
	61,641	49,000
Total Assets	128,563	113,128
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	35,550	35,000
Share premium	24,624	19,990
Employee share options reserve	9,764	-
Retained earnings	14,117	18,824
Foreign currency translation reserve	(95)	(91)
Total equity	83,960	73,723
Non-Current Liabilities		
Borrowings	4,458	244
Deferred government grants received	8,158	-
Deferred tax liabilities	5,447	3,176
	18,063	3,420
Current Liabilities		
Trade and other payables	12,132	11,882
Borrowings	14,408	24,103
	26,540	35,985
Total liabilities	44,603	39,405
TOTAL EQUITY AND LIABILITIES	128,563	113,128
Net asset per share attributable to ordinary equity holder (sen)	23.62	21.06

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 FOURTH QUARTER ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2013

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Employee share</u>	<u>Foreign Currency</u>	<u>Distributable</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>Options Reserve</u>	<u>Translation</u>	<u>Retained Earnings</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'001</u>	<u>Reserves</u>	<u>RM'000</u>	<u>RM'000</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 income for the year	-	-	-	(36)	1,092	1,056
As at 31 March 2012	<u>35,000</u>	<u>19,990</u>	<u>-</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
Share options granted under ESOS	-	1,334	11,098	-	-	12,432
Exercise of employee share options	550	3,300	(1,334)	-	-	2,516
Total comprehensive loss for the year	-	-	-	(4)	(4,707)	(4,711)
As at 31 March 2013	<u>35,550</u>	<u>24,624</u>	<u>9,764</u>	<u>(95)</u>	<u>14,117</u>	<u>83,960</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 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2013

	Quarter ended 31.03.2013 RM'000	Quarter ended 31.03.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(2,436)	1,220
Adjustment for:		
Non cash items	<u>19,124</u>	<u>7,739</u>
Operating profit before working capital changes	16,688	8,959
Net changes in current assets	(5,528)	(3,029)
Net changes in current liabilities	128	2,384
Net cash from operating activities	<u>11,288</u>	<u>8,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	200	980
Proceeds from disposal of broodstock	-	-
Purchase of plant and equipment	(16,198)	(17,400)
Additions of biological assets	(8)	(564)
Proceed from government grants	8,367	-
Net cash used in investing activities	<u>(7,639)</u>	<u>(16,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	9,000
Share issue expense	-	(141)
Payment of hire purchase payables	(235)	(126)
Overdraft interest	(1,252)	(1,220)
Loan interest	(419)	(456)
Interest income	*	*
Nominal amount to formalize ESOS	*	-
Income tax (paid) / refunded	(10)	102
Proceed from exercise of employee share options	3,850	-
Proceed from borrowing	2,000	-
Repayment of loan	(1,071)	(2,727)
Net cash generated from financing activities	<u>2,863</u>	<u>4,432</u>
Increase/(decrease) in cash and cash equivalents	6,512	(4,238)
Effect on foreign exchange translation differences	(4)	(54)
Cash and cash equivalents at beginning of year	(17,322)	(13,030)
Cash and cash equivalents at end of year	<u>(10,814)</u>	<u>(17,322)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	547	299
Bank overdraft	<u>(11,361)</u>	<u>(17,621)</u>
	<u>(10,814)</u>	<u>(17,322)</u>

Note:

*Interest income denotes RM6.52 (31.03.2013), RM6.20 (31.03.2012).

*Nominal amount to formalize ESOS denotes RM30.00 (31.03.2013).

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 MARCH 2013**

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 provide 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 Disclosures	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

The net income dropped significantly due to non-cash employee benefit cost arising from fair value accounting adopted for share option granted pursuant to an Employee Share Option Scheme ("ESOS") implemented by the Company for eligible employees and directors for a period of 5 years of RM11.098 million which was charged out under administrative expenses during the financial quarter ended 31

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. (Loss) / Profit Before Taxation

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

	Current Quarter RM'000	Current Year-To-Date RM'000
(i) Interest income;	*	*
(ii) Other income including investment income;	(402)	(484)
(iii) Interest expense;	372	1,696
(iv) Depreciation and amortization;	2,072	6,301
(v) (Gain) or loss on disposal of quoted or unquoted investments or properties;	(60)	(75)
(vi) Foreign exchange (gain) or loss;	(102)	(107)

Note: *Denotes RM6.03 (Current Quarter) and RM6.52 (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

On 25 April 2013 and 20 May 2013, pursuant to the Proposed Private Placement mentioned in Note 17 below, the Company has issued 6,000,000 and 29,000,000 ordinary shares of RM0.10 each respectively to identified parties and on 29 April 2013, an additional 1,200,000 new ordinary shares issued pursuant to the ESOS.

11. Changes in Composition of the Group

There were no contingent liabilities and contingent assets as at 31 March 2013.

12. Review of Performance

The Group recorded a revenue and loss before taxation of RM7.590 million and RM9.191 million respectively for the quarter ended 31 March 2013 ("FYE 2013"), representing a decrease of 29.88% and loss of 417.04% respectively as compared to the corresponding period in 2012.

The Group recorded a revenue and loss before taxation of RM30.627 million and RM2.436 million respectively for financial year ended 31 March 2013 ("FYE 2013"). The revenue of RM30.627 million represents a slight decrease of 2.95% as compared to RM31.559 million recorded for financial year ended 31 March 2012 ("FYE 2012"). The slight decrease in revenue is mainly due to decrease in sales volume of the Group's premium fishes, which is in line with the Group's strategy to rear and sell its adult fish when they reach the optimum size/weight.

The Group incurred a loss before taxation of RM2.436 million for FYE 2013 as compared to profit before taxation of RM1.22 million for FYE 2012. The significant decrease was mainly due to additional non-cash employee benefit cost of RM11.098 million arising from fair value accounting adopted for shares options granted pursuant to an Employee Share Option Scheme ("ESOS") implemented by the Company for eligible employees and directors of 105.0 million. The 105.0 million shares were fully allocated and are to be exercised over a period of 5 years from 15 January 2013 to 14 January 2018. The said additional non-cash employee benefit cost was charged out as administrative expenses. Should the said non-cash employee benefit cost be excluded, the Group would record an operational profit of RM10.358 million for the FYE 2013 and a profit before taxation of RM8.662 million which represents a significant increase of RM7.442 million as compared to FYE 2012.

13. Comments on Material Change in Profit Before Taxation

The Group recorded a revenue of RM7.590 million for the current quarter ended 31 March 2013 ("Q4"), representing an increase of 3.03% as compared to the revenue of RM7.367 million as recorded for the third quarter ended 31 December 2012 ("Q3"). The increase is mainly due to better pricing on the Group's premium fish, which is in line with the Group's strategy to rear and sell its adult fish when they reach the optimum size/weight.

The Group recorded a loss before taxation of RM9.191 million for Q4 which represents a significant decrease as compared to a profit of RM2.012 million recorded for Q3. This was mainly due to the reason as stated in Note 12 above.

14. Company's Prospects

Barring any unforeseen circumstances, the Board of Directors anticipates that the Group will be able to achieve a satisfactory result for the financial year ending 31 March 2014.

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 31.03.2013 RM'000	12 months ended 31.03.2013 RM'000
Tax expense for the period Malaysian Income Tax	-	-
Deferred Tax	2,271	2,271
	<u>2,271</u>	<u>2,271</u>
Total income tax expense	2,271	2,271

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 announcements 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 Private Placement"). Application for the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for approval on 1 October 2012. Bursa Securities had vide its letter dated 18 March 2013, approved the listing and quotation of up to 35,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares") representing up to 10% of the issued and paid up share capital of the Company (excluding treasury shares) pursuant to the Proposed Private Placement subject to the following conditions:

- (i) The Company and M&A Securities Sdn Bhd ("M&A") must fully comply with the relevant provisions under the ACE Market Listing Requirements ("ACE LR") pertaining to the implementation of the Proposed Private Placement;
- (ii) The Company and M&A to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

18. Borrowings

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

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
Short term borrowings:		
Hire purchase payables	164	210
Bank Loan	2,883	6,273
Bank overdrafts	11,361	17,620
	<u>14,408</u>	<u>24,103</u>
Long term borrowings:		
Hire purchase payables	79	244
Bank loan	4,379	-
	<u>4,458</u>	<u>244</u>

The borrowings are denominated in Ringgit Malaysia.

19. Realised and Unrealised Profits

	As At 31.03.2013 RM '000	As At 31.03.2012 RM '000
Total retained profits of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	2,725	7,643
- Unrealised	5,470	3,206
	<hr/>	<hr/>
	8,195	10,849
Add / (Less) : Consolidated adjustments	5,922	7,975
Total Group retained profits	<hr/>	<hr/>
	14,117	18,824

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

	Current Quarter 31.03.2013	Preceding Year Corresponding Quarter 31.03.2012	Current Year-To-Date 31.03.2013	Preceding Year-To-Date 31.03.2012
(Loss) / Profit for the period (RM'000)	(11,462)	2,771	(4,707)	1,092
Weighted average number of ordinary shares in issue ('000)	352,228	348,470	314,238	339,235
Basic (Loss) / earnings per share (sen)	(3.25)	0.80	(1.50)	0.32
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 28 May, 2013.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
29 May, 2013