

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 DECEMBER 2014**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Quarter ended 31.12.2014 RM'000</b>	<b>Quarter ended 31.12.2013 RM'000</b>	<b>Year to date 31.12.2014 RM'000</b>	<b>Year to date 31.12.2013 RM'000</b>
Revenue	4,983	3,671	10,897	15,977
Cost of Sales	(2,565)	(1,492)	(4,926)	(8,169)
<b>Gross Profit</b>	2,418	2,179	5,971	7,808
Other Income	239	281	760	845
Other expenses	(345)	-	(900)	-
Distribution Costs	(1,292)	(1,242)	(4,703)	(4,406)
Administrative Expenses	(1,800)	(2,310)	(5,084)	(6,945)
<b>Loss from Operations</b>	(780)	(1,092)	(3,956)	(2,698)
Finance Costs	(283)	(300)	(861)	(945)
<b>Loss Before Tax</b>	(1,063)	(1,392)	(4,817)	(3,643)
Income Tax Expense	-	-	-	-
<b>Loss for the period</b>	(1,063)	(1,392)	(4,817)	(3,643)
<b>Other comprehensive loss:</b>				
Foreign currency translation	-	-	-	-
<b>Total comprehensive loss for the period</b>	(1,063)	(1,392)	(4,817)	(3,643)
Loss for the period attributable to:				
Equity holders of the parent	(1,063)	(1,392)	(4,817)	(3,643)
Minority interests	-	-	-	-
	(1,063)	(1,392)	(4,817)	(3,643)
Loss per Share attributable to equity holders of the parent (sen)				
- Basic	(0.26)	(0.35)	(1.18)	(0.95)
- Diluted	(0.25)	(0.34)	(1.12)	(0.86)

*Note:*

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and accompanying explanatory notes to the interim financial statements.*

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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	As at 31.12.2014	As at 31.03.2014
	RM'000	RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	52,585	57,284
Land use rights	1,930	1,974
Intangible assets	32	32
Biological assets	3,601	5,166
	58,148	64,456
<b>Current Assets</b>		
Inventories	500	408
Biological assets	75,023	52,439
Trade receivables	24,488	30,614
Other receivables	1,525	3,078
Tax refundable	149	76
REPO	-	5,000
Cash and bank balances	272	851
	101,957	92,466
<b>Total Assets</b>	<b>160,105</b>	<b>156,922</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,249	40,522
Share premium	67,467	61,338
Employee share options reserve	14,245	13,145
Retained earnings	4,944	9,761
Foreign currency translation reserve	(95)	(95)
<b>Total equity</b>	127,810	124,671
<b>Non-Current Liabilities</b>		
Borrowings	2,866	3,642
Deferred government grants received	6,859	7,516
Deferred tax liabilities	5,999	5,999
	15,724	17,157
<b>Current Liabilities</b>		
Trade and other payables	5,073	2,992
Borrowings	11,498	12,102
	16,571	15,094
<b>Total liabilities</b>	32,295	32,251
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,105</b>	<b>156,922</b>
<b>Net asset per share attributable to ordinary equity holder ( sen )</b>	30.98	30.77

*Note:*

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2014 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 THIRD QUARTER ENDED 31 DECEMBER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 DECEMBER 2014**

	Share Capital	Share Premium	Employee share Options Reserve	Foreign Currency Translation Reserves	Distributable Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2013	35,550	24,628	10,221	(95)	14,044	84,348
Issue of shares	3,500	24,500				28,000
Transaction cost		(204)				(204)
Share options granted under ESOS	-	-	6,506	-	-	6,506
Exercise of employee share options	1,472	12,414	(3,582)	-	-	10,304
Total comprehensive loss for the year	-	-	-	-	(4,283)	(4,283)
As at 31 March 2014	40,522	61,338	13,145	(95)	9,761	124,671
As at 1 April 2014	40,522	61,338	13,145	(95)	9,761	124,671
Share options granted under ESOS	-		2,868	-	-	2,868
Exercise of employee share options	727	6,129	(1,768)	-	-	5,088
Total comprehensive loss for the period	-	-	-	-	(4,817)	(4,817)
As at 31 December 2014	41,249	67,467	14,245	(95)	4,944	127,810

*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 2014 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 DECEMBER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 31 DECEMBER 2014**

	Quarter ended 31.12.2014 RM'000	Quarter ended 31.12.2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before tax	(4,817)	(3,643)
Adjustment for:		
Non cash items	10,657	11,604
Operating profit before working capital changes	5,840	7,961
Net changes in current assets	(14,927)	(19,952)
Net changes in current liabilities	2,081	(8,510)
Net cash from operating activities	<u>(7,006)</u>	<u>(20,501)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of broodstock	294	-
Purchase of plant and equipment	(1,336)	(3,667)
Additions of biological assets	(237)	(2,233)
Net cash used in investing activities	<u>(1,279)</u>	<u>(5,900)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	28,000
Share issue expense	-	(204)
Payment of hire purchase payables	(125)	(181)
Overdraft interest	(554)	(571)
Loan interest	(296)	(352)
Interest income	18	109
Income tax paid	(74)	(36)
Proceed from exercise of employee share options	5,088	8,357
Repayment of loan	(740)	(692)
Proceed from government grants	-	389
Net cash used in financing activities	<u>3,317</u>	<u>34,819</u>
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(4,968)</b>	<b>8,418</b>
<b>Effect on foreign exchange translation differences</b>	<b>1</b>	<b>1</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(3,168)</b>	<b>(10,814)</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>(8,135)</u></b>	<b><u>(2,395)</u></b>
 Cash and cash equivalents comprise:		
Fixed deposits with a licensed bank	-	5,000
REPO	-	2,000
Cash and bank balances	272	1,299
Bank overdraft	<u>(8,407)</u>	<u>(10,694)</u>
	<b><u>(8,135)</u></b>	<b><u>(2,395)</u></b>

*Note:*

*The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and accompanying explanatory notes to the interim financial statements.*

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2014**

**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 2014. 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 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2014, 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 FRS 10 Consolidated Financial Statements - Investment Entities	1 January 2014
Amendments to FRS 12 Disclosure of Interest in Other Entities - Investment Entities	1 January 2014
Amendments to FRS 127 (2011) Separate Financial Statements - Investment Entities	1 January 2014
Amendments to FRS 132 Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139 Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

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 three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

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 2018. 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 2014 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 2018.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 March 2014 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;	1	18
(ii) Other income including investment income;	238	742
(iii) Interest Expense;	(283)	(861)
(iv) Depreciation and amortization;	(2,187)	(6,702)
(v) Gain or (loss) on disposal of quoted or unquoted investments or properties;	-	-
(vi) Foreign exchange gain or (loss);	(15)	(18)

Note: 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 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 2014.

### 13. Review of Performance

The Group recorded a revenue and gross profit of RM4.983 million and RM2.418 million respectively for the current quarter, representing an increase of 35.74% and 10.97% respectively as compared to the corresponding period in 2013.

The Group recorded a loss before taxation of RM1.063 million, mainly due to a non-cash employee benefit cost of RM0.956 million for the current quarter, arising from the fair value accounting adopted for shares option granted pursuant to an Employee Share Option Scheme ("ESOS") implemented by the Company for eligible employees and directors. The ESOS 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 for the current quarter was charged out as administrative expenses.

The loss before taxation of RM1.063 million for the current quarter representing a decrease of 30.95% as compared to a loss before taxation of RM1.392 million recorded in the corresponding period in 2013, due to the increase in revenue during the quarter under review.

#### 14. Comments on Material Change in Profit Before Taxation

Revenue for the third quarter ended 31 December 2014 ("Q3") increased to RM4.983 million as compared to RM3.711 million recognised in the second quarter ended 30 September 2014 ("Q2"). The increase in revenue is in line with the Group adopted strategy to rear part of its fishes to larger size, preferably above 6 kgs before selling them as they will be able to generate higher revenue for the Group. The fishes, in particular the cross-breed species are fast growing species that are expected to have fast and significant growth once they reach a body weight of 2 kgs. The increase is also due to the increase in sale of grouper fishes in Hong Kong and China, pursuant to the festive season.

The higher revenue recorded by the Group in Q3 as explained above, had resulted in the Group reporting a gross profit of RM2.418 million as compared to a gross profit of RM2.153 million in Q2. The Group recorded a net loss of RM1.063 million as compared to a net loss of RM1.936 million in Q2 as at 30 September 2014, due to the reasons mentioned in clause 13 above.

#### 15. Company's Prospects

Barring any unforeseen circumstances, the Board of Directors anticipates that the Group will be able to achieve a satisfactory operating results for the financial year ending 31 March 2015.

#### 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 income tax expense has been provided for the current quarter and financial year-to-date. Plentiful Earnings Sdn Bhd, a subsidiary company, has been granted tax incentive under Section 127 of the Income Tax Act, 1967 for the exemption of tax on statutory income from fish rearing activities for a period of 10 years commencing 1 April 2013.

#### 18. Corporate Proposals

Utilisation of Private Placement Proceeds

The status of utilisation of the proceeds from the Private Placement as at 31 December 2014 are as follows:

	Proceeds Raised	Amounts Utilised	Transfer	Amounts Unutilised
	RM'000	RM'000	RM'000	RM'000
Capital expenditure :				
a) New nursery and hatchery centres				
- Construction of one unit of nursery centre and one unit of hatchery centre	3,255	-	(3,255)	-
- Construction of access roads to nursery and hatchery centre	800	-	(800)	-
- Electricity supply infrastructure	2,000	-	(2,000)	-
b) Refurbishment cost for a live fish vessel	3,000	(1,123)	(1,877)	-
c) Nursery centres under construction				
- Payment for settlement of contractors' fee for the construction of three nursery centres	3,491	(3,491)	-	-
Working capital	15,154	(22,392)	8,028	790
Private Placement expenses	300	(204)	(96)	-
	28,000	(27,210)	-	790

Note :

Balance of the unutilised proceeds amounting to RM0.79 million are placed in the current account of licensed banks.

#### 19. Borrowings

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

	As at 31.12.2014 RM'000	As at 31.03.2014 RM'000
Short term borrowings:		
Hire purchase payables	49	126
Bank Loan	3,042	2,957
Bank overdraft	8,407	9,019
	11,498	12,102
Long term borrowing:		
Hire purchase payables	183	220
Bank loan	2,683	3,422
	2,866	3,642

The borrowings are denominated in Ringgit Malaysia.

## 20. Realised and Unrealised Profits

	As At 31.12.2014 RM '000	As At 31.03.2014 RM '000
Total (accumulated losses) / retained profits of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	(7,599)	(1,975)
- Unrealised	6,016	6,114
	(1,583)	4,139
Add / (Less) : Consolidated adjustments	6,497	5,622
Total Group retained (loss) / profits	4,914	9,761

## 21. Material Litigation

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

## 22. 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 31.12.2014	Preceding Year Corresponding Quarter 31.12.2013	Current Year-To-Date 31.12.2014	Preceding Year-To-Date 31.12.2013
Loss for the period (RM'000)	(1,063)	(1,392)	(4,817)	(3,643)
Weighted average number of ordinary shares in issue ('000)	407,629	395,533	407,037	384,749
Basic (Loss) / earnings per share (sen)	(0.26)	(0.35)	(1.18)	(0.95)
Diluted earnings per share (sen)	(0.25)	(0.34)	(1.12)	(0.86)

As at the end of the quarter, there was only one class of shares in issue and they rank pari passu with each other.

## 23. 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 13 February, 2015.

### By Order of the Board

Kang Shew Meng  
Seow Fei San  
Chong Tzu Khen  
Company Secretaries

Sandakan  
13 February, 2015