

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 MARCH 2015**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2015 RM'000	Quarter ended 31.03.2014 RM'000	Year to date 31.03.2015 RM'000	Year to date 31.03.2014 RM'000
Revenue	6,315	7,046	17,212	23,023
Cost of Sales	(3,867)	(3,290)	(8,793)	(11,459)
<b>Gross Profit</b>	<b>2,448</b>	<b>3,756</b>	<b>8,419</b>	<b>11,564</b>
Other Income	2,599	842	3,359	1,687
Other expenses	(2)	(115)	(902)	(115)
Distribution Costs	(1,360)	(1,528)	(6,063)	(5,934)
Administrative Expenses	(3,184)	(2,278)	(8,268)	(9,223)
<b>Profit / (Loss) from Operations</b>	<b>501</b>	<b>677</b>	<b>(3,455)</b>	<b>(2,021)</b>
Finance Costs	(261)	(306)	(1,122)	(1,251)
<b>Profit / (Loss) Before Tax</b>	<b>240</b>	<b>371</b>	<b>(4,577)</b>	<b>(3,272)</b>
Taxation	2,238	(1,011)	2,238	(1,011)
<b>Profit / (Loss) for the period</b>	<b>2,478</b>	<b>(640)</b>	<b>(2,339)</b>	<b>(4,283)</b>
<b>Other comprehensive loss:</b>				
Foreign currency translation	(1)	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>	<b>2,477</b>	<b>(640)</b>	<b>(2,339)</b>	<b>(4,283)</b>
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	2,478	(640)	(2,339)	(4,283)
Minority interests	-	-	-	-
	<b>2,478</b>	<b>(640)</b>	<b>(2,339)</b>	<b>(4,283)</b>
Earnings / (Loss) per Share attributable to equity holders of the parent (sen)				
- Basic	0.59	(0.16)	(0.57)	(1.09)
- Diluted	0.59	(0.12)	(0.53)	(0.13)

**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 MARCH 2015**

	As at 31.03.2015	As at 31.03.2014
	RM'000	RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	50,796	57,284
Land use rights	2,213	1,974
Intangible assets	32	32
Biological assets	2,964	5,166
	<u>56,005</u>	<u>64,456</u>
<b>Current Assets</b>		
Inventories	482	408
Biological assets	76,236	52,439
Trade receivables	27,881	30,614
Other receivables	726	3,078
Tax refundable	77	76
REPO	-	5,000
Cash and bank balances	408	851
	<u>105,810</u>	<u>92,466</u>
<b>Total Assets</b>	<u><u>161,815</u></u>	<u><u>156,922</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,890	40,522
Share premium	72,878	61,338
Employee share options reserve	13,767	13,145
Retained earnings	7,422	9,761
Foreign currency translation reserve	(95)	(95)
<b>Total equity</b>	<u>135,862</u>	<u>124,671</u>
<b>Non-Current Liabilities</b>		
Borrowings	2,560	3,642
Deferred government grants received	6,640	7,516
Deferred tax liabilities	3,709	5,999
	<u>12,909</u>	<u>17,157</u>
<b>Current Liabilities</b>		
Trade and other payables	2,539	2,992
Borrowings	10,505	12,102
	<u>13,044</u>	<u>15,094</u>
<b>Total liabilities</b>	<u>25,953</u>	<u>32,251</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>161,815</u></u>	<u><u>156,922</u></u>
<b>Net asset per share attributable to ordinary equity holder ( sen )</b>	<u><u>32.43</u></u>	<u><u>30.77</u></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 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 FOURTH QUARTER ENDED 31 MARCH 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 MARCH 2015**

	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	-		3,951	-	-	3,951
Exercise of employee share options	1,368	11,540	(3,329)	-	-	9,579
Total comprehensive loss for the year	-	-	-	-	(2,339)	(2,339)
As at 31 March 2015	41,890	72,878	13,767	(95)	7,422	135,862

*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)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 31 MARCH 2015**

	Year ended 31.03.2015 RM'000	Year ended 31.03.2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before tax	(4,577)	(3,272)
Adjustment for:		
Non cash items	13,161	15,639
Operating profit before working capital changes	8,584	12,367
Net changes in current assets	(17,554)	(25,986)
Net changes in current liabilities	(405)	(8,943)
Net cash from operating activities	<u>(9,375)</u>	<u>(22,562)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of broodstock	294	306
Purchase of plant and equipment	(1,861)	(4,080)
Additions of biological assets	(207)	(2,233)
Acquisition of subsidiary company of net of cash and cash equivalents	-	(100)
Net cash used in investing activities	<u>(1,774)</u>	<u>(6,107)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	28,000
Share issue expense	-	(204)
Payment of hire purchase payables	(139)	(238)
Overdraft interest	(721)	(764)
Loan interest	(388)	(460)
Interest income	18	212
Income tax paid	(54)	(47)
Proceed from exercise of employee share options	9,579	10,304
Repayment of loan	(994)	(882)
Proceed from government grants	-	389
Net cash used in financing activities	<u>7,301</u>	<u>36,310</u>
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(3,848)</b>	<b>7,641</b>
<b>Effect on foreign exchange translation differences</b>	<b>1</b>	<b>5</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>(3,168)</b>	<b>(10,814)</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>(7,015)</u></b>	<b><u>(3,168)</u></b>
Cash and cash equivalents comprise:		
REPO	-	5,000
Cash and bank balances	408	851
Bank overdraft	(7,423)	(9,019)
	<u>(7,015)</u>	<u>(3,168)</u>

*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 MARCH 2015**

**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

**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:	-	18
(ii) Other income including investment income:	2,599	3,341
(iii) Interest Expense:	(261)	(1,122)
(iv) Depreciation and amortization:	(2,188)	(8,890)
(v) Gain or (loss) on disposal of quoted or unquoted investments or properties:	-	-
(vi) Foreign exchange gain or (loss):	171	153

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 March 2015.

#### 13. Review of Performance

The Group recorded a revenue and gross profit of RM6.315 million and RM2.448 million respectively for the current quarter, representing a decrease of 10.37% and 34.82% respectively as compared to the corresponding period in 2014.

The Group recorded a profit before taxation of RM0.240 million, mainly due to unrealise foreign exchange gain of RM2.195 million and after charging out impairment provision on trade receivables and broodstock totalling RM1.389 million and also the non-cash employee benefit cost of RM1.83 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 vested and are to be exercised over a period of 5 years from 15 January 2013 to 14 January 2018.

The profit before taxation of RM0.240 million for the current quarter representing a decrease of 35.31% as compared to a profit before taxation of RM0.371 million recorded in the corresponding period in 2014, due to the above reasons.

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

Revenue for the fourth quarter ended 31 March 2015 ("Q4") increased to RM6.315 million as compared to RM4.983 million recognised in the third quarter ended 31 December 2014 ("Q3"). 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 Group recorded a profit before taxation of RM0.240 million for Q4 represents a significant increase of 122.56% as compared to a loss before taxation of RM1.063 million for Q3. This was due to the reasons as stated in Note 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 2016.

#### 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

	3 months ended 31.03.2015 RM'000	12 months ended 31.03.2015 RM'000
Tax expense for the year Malaysian Income Tax	(52)	(52)
Deferred Tax	2,290	2,290
Total Income tax	2,238	2,238

The reduction of the deferred tax liability is mainly arising from the reduction of temporary differences in respect of broodstock due to the recognition of broodstock written off, and the recognition of unabsorbed capital allowances recognized by way of offsetting the deferred tax liabilities arising from property, plant and equipment.

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 breeding, fish fry hatchery and 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 March 2015 are as follows:

	Proceeds Raised	Amounts Utilised	Transfer to Working Capital	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	(23,182)	8,028	-
Private Placement expenses	300	(204)	(96)	-
	<u>28,000</u>	<u>(28,000)</u>	<u>-</u>	<u>-</u>

## 19. Borrowings

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

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
Short term borrowings:		
Hire purchase payables	50	126
Bank Loan	3,032	2,995
Bank overdraft	7,423	9,019
	<u>10,505</u>	<u>12,140</u>
Long term borrowing:		
Hire purchase payables	170	220
Bank loan	2,390	3,471
	<u>2,560</u>	<u>3,691</u>

The borrowings are denominated in Ringgit Malaysia.

## 20. Realised and Unrealised Profits

	As At 31.03.2015 RM '000	As At 31.03.2014 RM '000
Total retained profit / (accumulated loss) of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	(21)	(2,784)
- Unrealised	1,125	6,114
	<u>1,104</u>	<u>3,330</u>
Add / (Less) : Consolidated adjustments	6,318	6,431
Total Group retained profit / (loss)	<u>7,422</u>	<u>9,761</u>

## 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 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 31.03.2015	Preceding Year Corresponding Quarter 31.03.2014	Current Year-To-Date 31.03.2015	Preceding Year-To-Date 31.03.2014
Profit / (Loss) for the period (RM'000)	2,478	(640)	(2,339)	(4,283)
Weighted average number of ordinary shares in issue ('000)	416,861	403,942	410,526	393,359
Basic earnings / (Loss) per share (sen)	0.59	(0.16)	(0.57)	(1.09)
Diluted earnings per share (sen)	0.59	(0.12)	(0.53)	(0.13)

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 27 May, 2015.

### By Order of the Board

Kang Shew Meng  
Seow Fei San  
Chong Tzu Khen  
Company Secretaries

Sandakan  
27 May, 2015