

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2015

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 30.06.2015 RM'000	Quarter ended 30.06.2014 RM'000	Year to date 30.06.2015 RM'000	Year to date 30.06.2014 RM'000
Revenue	3,296	2,203	3,296	2,203
Cost of Sales	(2,217)	(803)	(2,217)	(803)
Gross Profit	1,079	1,400	1,079	1,400
Other Income	672	270	672	270
Other expenses	-	(13)	-	(13)
Distribution Costs	(1,322)	(1,417)	(1,322)	(1,417)
Administrative Expenses	(1,000)	(1,772)	(1,000)	(1,772)
Loss from Operations	(571)	(1,532)	(571)	(1,532)
Finance Costs	(241)	(286)	(241)	(286)
Loss Before Tax	(812)	(1,818)	(812)	(1,818)
Taxation	-	-	-	-
Loss for the period	(812)	(1,818)	(812)	(1,818)
Other comprehensive loss:				
Foreign currency translation	-	-	-	-
Total comprehensive profit / (loss) for the period	(812)	(1,818)	(812)	(1,818)
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	(812)	(1,818)	(812)	(1,818)
Minority interests	-	-	-	-
	(812)	(1,818)	(812)	(1,818)
Earnings / (Loss) per Share attributable to equity holders of the parent (sen)				
- Basic	(0.19)	(0.45)	(0.19)	(0.45)
- Diluted	(0.19)	(0.44)	(0.19)	(0.44)

Note:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and accompanying explanatory notes to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	As at 30.06.2015	As at 31.03.2015
	RM'000	Audited RM'000
Non-Current Assets		
Property, plant and equipment	51,036	53,009
Intangible assets	32	32
Biological assets	2,803	2,964
	53,871	56,005
Current Assets		
Inventories	839	571
Biological assets	79,362	76,147
Trade receivables	26,993	27,881
Other receivables	3,327	737
Tax refundable	99	77
Cash and bank balances	572	408
	111,192	105,821
Total Assets	165,063	161,826
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	42,453	41,890
Share premium	77,624	72,878
Employee share options reserve	12,962	13,767
Retained earnings	6,620	7,432
Foreign currency translation reserve	(95)	(95)
Total equity	139,564	135,872
Non-Current Liabilities		
Borrowings	2,278	2,561
Deferred government grants received	6,421	6,640
Deferred tax liabilities	3,709	3,709
	12,408	12,910
Current Liabilities		
Trade and other payables	2,842	2,539
Borrowings	10,249	10,505
	13,091	13,044
Total liabilities	25,499	25,954
TOTAL EQUITY AND LIABILITIES	165,063	161,826
Net asset per share attributable to ordinary equity holder (sen)	32.87	32.44

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and accompanying explanatory notes to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 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 31 March 2014	40,522	61,338	13,145	(95)	9,761	124,671
Issue of shares	-	-				-
Transaction cost		-				-
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	-	-	-	-	(2,329)	(2,329)
As at 31 March 2015	<u>41,890</u>	<u>72,878</u>	<u>13,767</u>	<u>(95)</u>	<u>7,432</u>	<u>135,872</u>
As at 1 April 2015	41,890	72,878	13,767	(95)	7,432	135,872
Share options granted under ESOS	-		564	-	-	564
Exercise of employee share options	563	4,746	(1,369)	-	-	3,940
Total comprehensive loss for the period	-	-	-	-	(812)	(812)
As at 30 June 2015	<u>42,453</u>	<u>77,624</u>	<u>12,962</u>	<u>(95)</u>	<u>6,620</u>	<u>139,564</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 2015 and accompanying explanatory notes to the interim financial statements.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 JUNE 2015

	Quarter ended 30.06.2015 RM'000	Quarter ended 30.06.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(812)	(1,818)
Adjustment for:		
Non cash items	2,301	3,095
Operating profit before working capital changes	1,489	1,277
Net changes in current assets	(4,739)	(3,826)
Net changes in current liabilities	306	(430)
Net cash from operating activities	<u>(2,944)</u>	<u>(2,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of broodstock	-	-
Purchase of plant and equipment	(35)	(1,124)
Additions of biological assets	5	-
Acquisition of subsidiary company of net of cash and cash equivalents	-	-
Net cash used in investing activities	<u>(30)</u>	<u>(1,124)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase payables	(14)	(59)
Overdraft interest	(153)	(178)
Loan interest	(86)	(103)
Interest income	-	16
Income tax paid	(22)	(29)
Proceed from exercise of employee share options	3,939	1,233
Repayment of loan	(251)	(242)
Proceed from government grants	-	-
Net cash used in financing activities	<u>3,413</u>	<u>638</u>
(Decrease) / Increase in cash and cash equivalents	439	(3,465)
Effect on foreign exchange translation differences	1	-
Cash and cash equivalents at beginning of period	<u>(7,101)</u>	<u>(3,168)</u>
Cash and cash equivalents at end of period	<u><u>(6,661)</u></u>	<u><u>(6,633)</u></u>
Cash and cash equivalents comprise:		
REPO	-	1,000
Cash and bank balances	487	1,156
Bank overdraft	<u>(7,148)</u>	<u>(8,789)</u>
	<u><u>(6,661)</u></u>	<u><u>(6,633)</u></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 2015 and accompanying explanatory notes to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 2015. 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 2015.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2015, 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 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
Amendments to FRSs :	
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations - Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
- FRS 7 Financial Instruments : Disclosures - Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
- FRS 10 Consolidated Financial Statements - Investment Entities : Applying the Consolidated Exception	1 January 2016
- FRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
- FRS 11 Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
- FRS 12 Disclosure of Interest in Other Entities - Investment Entities : Applying the Consolidation Exception	1 January 2016
- FRS 14 Regulatory Deferral Accounts	1 January 2016
- FRS 101 Presentation of Financial Statements - Disclosure Initiative	1 January 2016
- FRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
- FRS 119 Employee Benefits - Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
- FRS 127 Separate Financial Statements - Equity Method in Separate Financial Statements	1 January 2016
- FRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
- FRS 128 Investment in Associates and Joint Ventures - Investment Entities : Applying the Consolidation Exception	1 January 2016
- FRS 134 Interim Financial Reporting - Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
- FRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

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 2015 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 2015 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;	672	672
(iii) Interest Expense;	(241)	(241)
(iv) Depreciation and amortization;	(2,164)	(2,164)
(v) Gain or (loss) on disposal of quoted or unquoted investments or properties;	-	-
(vi) Foreign exchange gain or (loss);	*	*

Note: *Denotes RM69.10 (current quarter and 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 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 RM3.296 million and RM1.079 million respectively for the current quarter, representing an increase of 49.61% and a decrease of 22.92% respectively as compared to the corresponding period in 2014.

The Group recorded a loss before taxation of RM0.812 million, mainly due to high rearing cost of larger Marble Groupers sold during the current quarter as a result of their slow growth rate unlike cross bred species which have faster growth rate and also the non-cash employee benefit cost of RM0.564 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 loss before taxation of RM0.812 million for the current quarter representing a significant decrease of 55.34% as compared to a loss before taxation of RM1.818 million recorded in the corresponding period in 2014. The decrease is mainly due to unrealised foreign exchange gain of RM0.450 million and lower non-cash employee benefit cost pursuant to the ESOS during the period under review.

14. Comments on Material Change in Profit Before Taxation

Revenue for the first quarter ended 30 June 2015 ("Q1") decreased to RM3.296 million as compared to RM6.315 million recognised in the fourth quarter ended 31 March 2015 ("Q4"). The decrease in revenue is due to strong demand in the previous quarter ended 31 March 2015 pursuant to the festive season during the period and in line with the Group adopted strategy to rear part of its cross bred fishes to larger size, preferably above 6 kgs before selling them as they will be able to generate higher revenue for the Group in the near future. The cross-breed species are fast growing species that are expected to have fast and significant growth once they reach a body weight about 2 kgs.

The lower revenue recorded by the Group in Q1 as explained above coupled with high rearing cost for larger Marble Groupers sold during the period had resulted in the Group reporting a gross profit of RM1.079 million as compared to a gross profit of RM2.448 million in Q4 representing a decrease of 55.92%.

The Group recorded a net loss of RM0.812 million in Q1 as compared to a net profit of RM2.478 million in Q4 mainly due to unrealised foreign exchange gain of RM2.195 million and the reduction in deferred taxation liability of RM2.238 million in Q4.

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

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

There was no corporate proposal announced but not completed as at the date of report.

19. Borrowings

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

	As at 30.06.2015 RM'000	As at 31.03.2015 RM'000
Short term borrowings:		
Hire purchase payables	50	50
Bank Loan	3,051	3,032
Bank overdraft	7,148	7,423
	<u>10,249</u>	<u>10,505</u>
Long term borrowing:		
Hire purchase payables	158	171
Bank loan	2,120	2,390
	<u>2,278</u>	<u>2,561</u>

The borrowings are denominated in Ringgit Malaysia.

20. Realised and Unrealised Profits

	As At 30.06.2015 RM '000	As At 31.03.2015 RM '000
Total retained profit / (accumulated loss) of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	(2,991)	(400)
- Unrealised	3,259	1,514
	268	1,114
Add / (Less) : Consolidated adjustments	6,352	6,318
Total Group retained profit / (loss)	6,620	7,432

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 30.06.2015	Preceding Year Corresponding Quarter 30.06.2014	Current Year-To-Date 30.06.2015	Preceding Year-To-Date 30.06.2014
Profit / (Loss) for the period (RM'000)	(812)	(1,818)	(812)	(1,818)
Weighted average number of ordinary shares in issue ('000)	423,027	406,438	423,027	406,438
Basic earnings / (Loss) per share (sen)	(0.19)	(0.45)	(0.19)	(0.45)
Diluted earnings per share (sen)	(0.19)	(0.44)	(0.19)	(0.44)

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 August, 2015.

By Order of the Board

Kang Shew Meng
Seow Fei San
Chong Tzu Khen
Company Secretaries

Sandakan
27 August, 2015