

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended	Quarter ended	Year to date	Year to date
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	5,920	6,315	18,299	17,212
Cost of Sales	(3,078)	(3,867)	(10,834)	(8,793)
Gross Profit	2,842	2,448	7,465	8,419
Other Income	(1,664)	2,599	1,079	3,359
Other expenses	-	(2)	-	(902)
Distribution Costs	(1,343)	(1,360)	(5,669)	(6,063)
Administrative Expenses	(2,661)	(3,173)	(5,885)	(8,257)
(Loss) / Profit from Operations	(2,826)	512	(3,010)	(3,444)
Finance Costs	(236)	(261)	(1,015)	(1,122)
(Loss) / Profit Before Tax	(3,062)	251	(4,025)	(4,566)
Taxation	683	2,238	683	2,238
(Loss) / Profit for the year	(2,379)	2,489	(3,342)	(2,328)
Other comprehensive loss:				
Foreign currency translation	(1)	(1)	-	-
Total comprehensive (loss) / profit for the year	(2,380)	2,488	(3,342)	(2,328)
(Loss) / Profit for the period attributable to:				
Equity holders of the parent	(2,379)	2,489	(3,342)	(2,328)
Minority interests	-	-	-	-
	(2,379)	2,489	(3,342)	(2,328)
(Loss) / Earnings per Share attributable to equity holders of the parent (sen)				
- Basic	(0.55)	0.60	(0.78)	(0.57)
- Diluted	(0.54)	0.59	(0.73)	(0.53)

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.

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	As at 31.03.2016	As at 31.03.2015
	RM'000	RM'000
Non-Current Assets		
Property, plant and equipment	45,955	53,009
Intangible assets	32	32
Biological assets	4,169	2,964
	<u>50,156</u>	<u>56,005</u>
Current Assets		
Inventories	853	571
Biological assets	83,881	76,147
Trade receivables	30,842	27,881
Other receivables	2,580	737
Tax refundable	65	77
Deposit with licensed bank	585	85
Cash and bank balances	193	323
	<u>118,999</u>	<u>105,821</u>
Total Assets	<u>169,155</u>	<u>161,826</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	43,196	41,890
Share premium	83,892	72,878
Employee share options reserve	13,144	13,767
Retained earnings	4,090	7,432
Foreign currency translation reserve	(95)	(95)
Total equity	<u>144,227</u>	<u>135,872</u>
Non-Current Liabilities		
Borrowings	1,402	2,561
Deferred government grants received	5,765	6,640
Deferred tax liabilities	3,011	3,709
	<u>10,178</u>	<u>12,910</u>
Current Liabilities		
Trade and other payables	4,899	2,539
Borrowings	9,851	10,505
	<u>14,750</u>	<u>13,044</u>
Total liabilities	<u>24,928</u>	<u>25,954</u>
TOTAL EQUITY AND LIABILITIES	<u>169,155</u>	<u>161,826</u>
Net asset per share attributable to ordinary equity holder (sen)	<u><u>33.39</u></u>	<u><u>32.44</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 2015 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 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2016

	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
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	-		2,554	-	-	2,554
Exercise of employee share options	1,306	11,014	(3,177)	-	-	9,143
Total comprehensive loss for the year	-	-	-	-	(3,342)	(3,342)
As at 31 March 2016	<u>43,196</u>	<u>83,892</u>	<u>13,144</u>	<u>(95)</u>	<u>4,090</u>	<u>144,227</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 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2016

	Quarter ended 31.03.2016 RM'000	Quarter ended 31.03.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(4,025)	(4,566)
Adjustment for:		
Non cash items	12,448	13,161
Operating profit before working capital changes	8,423	8,595
Net changes in current assets	(14,016)	(17,564)
Net changes in current liabilities	2,407	(405)
Income tax paid	(81)	(81)
Income tax refunded	78	27
Net cash used in operating activities	<u>(3,189)</u>	<u>(9,428)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of broodstock	-	294
Purchase of plant and equipment	(952)	(1,862)
Additions of biological assets	(1,855)	(207)
Net cash used in investing activities	<u>(2,807)</u>	<u>(1,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase payables	(49)	(126)
Interest paid	(1,015)	(1,122)
Interest income	50	18
Proceed from exercise of employee share options	9,143	9,579
Repayment of loan	(952)	(995)
Fixed deposits pledged with a licensed bank	(500)	(85)
Net cash generated from financing activities	<u>6,677</u>	<u>7,269</u>
Increase / (Decrease) in cash and cash equivalents	681	(3,934)
Effect on foreign exchange translation differences	1	1
Cash and cash equivalents at beginning of year	<u>(7,101)</u>	<u>(3,168)</u>
Cash and cash equivalents at end of year	<u><u>(6,419)</u></u>	<u><u>(7,101)</u></u>
 Cash and cash equivalents comprise:		
Cash and bank balances	193	323
Bank overdraft	<u>(6,612)</u>	<u>(7,424)</u>
	<u><u>(6,419)</u></u>	<u><u>(7,101)</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 31 MARCH 2016**

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 six years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

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 2019. 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 2016 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 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

No applicable as only aquaculture operations has any activity during the current period. No mining activities were carried out during the period.

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;	26	50
(ii) Other income including investment income;	(1,680)	283
(iii) Interest Expense;	(236)	(1,015)
(iv) Depreciation and amortization;	(2,134)	(8,610)
(v) Gain or (loss) on disposal of quoted or unquoted investments or properties;	-	-
(vi) Foreign exchange (loss) or gain;	(10)	746

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 2016.

13. Review of Performance

The Group recorded a revenue and gross profit of RM5.920 million and RM2.842 million respectively for the current quarter, representing a decrease of 6.25% and increase of 16.09% respectively as compared to the corresponding period in 2015.

The Group recorded a loss before taxation of RM3.062 million, mainly due to unrealised foreign exchange loss of RM1.909 million, charging out of part fees and expenses for the Company's corporate exercise mentioned in note 18 below amounting to RM0.618 million and allowance for impairment on trade receivable of RM0.525 million as well as the non-cash employee benefit cost of RM0.861 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. Should the said non-cash employee benefit cost of RM0.861 million, impairment on trade receivable of RM0.525 million, corporate exercise fees and expenses of RM0.618 million and the unrealised foreign exchange loss of RM1.909 million be excluded, the Group would have recorded an operational profit of RM1.087 million and a profit before taxation of RM0.851 million.

The Group's revenue was also marginally affected by Sabah State Government's temporary restriction on export of fresh and live seafood from the State. The Sabah State Government has in early February 2016 briefly restricted the export of fresh and live seafood from the State to preserve the local seafood industry. The temporary restriction was subsequently lifted one month later for cultured live fishes. As such, the Group's financial performance was not significantly affected by the said restriction, though the Chinese New Year festivity fell within the quarter under review.

The loss before taxation of RM3.062 million for the current quarter as compared to a profit before taxation of RM0.251 million recorded in the corresponding period in 2015 was mainly due the reasons stated above.

The Group recorded a revenue and gross profit of RM18.299 million and RM7.465 million respectively for the financial year ended 31 March 2016 ("FYE 2016"). The revenue of RM18.299 million representing an increase of 6.32% as compared to RM17.212 million recorded for the financial year 2015 ("FYE 2015"). The increase was mainly due to sale of larger grouper fishes, in particular the cross-breed species, which is in line with the Group adopted strategy to rear part of its cross-breed fishes to larger size, preferably above 6 kgs before selling them as they will be able to generate higher revenue for the Group. 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.

14. Comments on Material Change in Profit Before Taxation

Revenue for the fourth quarter ended 31 March 2016 ("Q4") increased to RM5.920 million as compared to RM4.944 million recognised in the third quarter ended 31 December 2015 ("Q3"). The increase in revenue is mainly due to better demand for the Group's larger grouper fishes, in particular the cross-breed species, which is in line with the Group adopted strategy to rear part of its cross-breed fishes to larger size, preferably above 6 kgs before selling them as they will be able to generate higher revenue for the Group. 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 higher revenue recorded by the Group in Q4 as explained above, had resulted in the Group reporting a gross profit of RM2.842 million as compared to a gross profit of RM2.107 million in Q3 representing an increase of 34.88%.

The Group recorded a net loss of RM2.379 million in Q4 as compared to a net loss of RM1.951 million in Q3 mainly 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 2017.

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 31.03.2016 RM'000	12 months ended 31.03.2016 RM'000
Tax expense for the year Malaysian Income Tax	(15)	(15)
Deferred Tax	698	698
Total income tax	683	683

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

The Group has on 20 Nov 2015 announced the following corporate proposals :-

- (I) Proposed acquisition of 10,000 ordinary shares of RM1.00 each, representing the entire equity interest of Wullersdorf Resources Sdn Bhd ;
- (II) Proposed diversification of the existing core businesses of Bahvest and its subsidiaries to include the exploration for the minerals, mining and other mining related businesses ;
- (III) Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 Ordinary Shares of RM0.10 each in Bahvest ("Bahvest Share" or "Share") to RM200,000,000 comprising 1,950,000,000 Bahvest Shares and 50,000,000 Irredeemable Convertible Preference Shares of RM0.10 each in Bahvest ("ICPS") ; and
- (IV) Proposed amendments to the Company's Memorandum And Articles of Association.

Kindly refer to Company's announcement on Bursa Malaysia's website on 20 November 2015, setting out the details of the abovementioned proposals.

19. Borrowings

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

	As at 31.03.2016 RM'000	As at 31.03.2015 RM'000
Short term borrowings:		
Hire purchase payables	52	49
Bank Loan	3,187	3,032
Bank overdraft	6,612	7,424
	<u>9,851</u>	<u>10,505</u>
Long term borrowing:		
Hire purchase payables	119	171
Bank loan	1,283	2,390
	<u>1,402</u>	<u>2,561</u>

The borrowings are denominated in Ringgit Malaysia.

20. Realised and Unrealised Profits

	As At 31.03.2016 RM '000	As At 31.03.2015 RM '000
Total retained profit of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	(5,480)	(400)
- Unrealised	3,457	1,514
	(2,023)	1,114
Add : Consolidated adjustments	6,113	6,318
Total Group retained profit	4,090	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 31.03.2016	Preceding Year Corresponding Quarter 31.03.2015	Current Year-To-Date 31.03.2016	Preceding Year-To-Date 31.03.2015
(Loss) / Profit for the period (RM'000)	(2,379)	2,489	(3,342)	(2,328)
Weighted average number of ordinary shares in issue ('000)	430,680	416,861	426,789	410,526
Basic (loss) / earnings per share (sen)	(0.55)	0.60	(0.78)	(0.57)
Diluted (loss) / earnings per share (sen)	(0.54)	0.59	(0.73)	(0.53)

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