

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 JUNE 2016**

|  | INDIVIDUAL QUARTER                    |                                       | CUMULATIVE PERIOD                    |                                      |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
|  | Quarter ended<br>30.06.2016<br>RM'000 | Quarter ended<br>30.06.2015<br>RM'000 | Year to date<br>30.06.2016<br>RM'000 | Year to date<br>30.06.2015<br>RM'000 |
| Revenue  | 12,003                                | 3,296                                 | 12,003                               | 3,296                                |
| Cost of Sales  | (8,086)                               | (2,217)                               | (8,086)                              | (2,217)                              |
| <b>Gross Profit</b>  | <b>3,917</b>                          | <b>1,079</b>                          | <b>3,917</b>                         | <b>1,079</b>                         |
| Other Income   | 92                                    | 672                                   | 92                                   | 672                                  |
| Other expenses   | -                                     | -                                     | -                                    | -                                    |
| Distribution Costs   | (2,091)                               | (1,322)                               | (2,091)                              | (1,322)                              |
| Administrative Expenses  | (1,275)                               | (1,000)                               | (1,275)                              | (1,000)                              |
| <b>Profit / (Loss) from Operations</b>   | <b>643</b>                            | <b>(571)</b>                          | <b>643</b>                           | <b>(571)</b>                         |
| Finance Costs  | (208)                                 | (241)                                 | (208)                                | (241)                                |
| <b>Profit / (Loss) Before Tax</b>  | <b>435</b>                            | <b>(812)</b>                          | <b>435</b>                           | <b>(812)</b>                         |
| Taxation   | -                                     | -                                     | -                                    | -                                    |
| <b>Profit / (Loss) for the period</b>  | <b>435</b>                            | <b>(812)</b>                          | <b>435</b>                           | <b>(812)</b>                         |
| <b>Other comprehensive loss:</b>   |                                       |                                       |                                      |                                      |
| Foreign currency translation   | (1)                                   | -                                     | (1)                                  | -                                    |
| <b>Total comprehensive profit / (loss) for the period</b>                      | <b>434</b>                            | <b>(812)</b>                          | <b>434</b>                           | <b>(812)</b>                         |
| Profit / (Loss) for the period attributable to:                                |                                       |                                       |                                      |                                      |
| Equity holders of the parent   | 435                                   | (812)                                 | 435                                  | (812)                                |
| Minority interests   | -                                     | -                                     | -                                    | -                                    |
|  | <b>435</b>                            | <b>(812)</b>                          | <b>435</b>                           | <b>(812)</b>                         |
| Earnings / (Loss) per Share attributable to equity holders of the parent (sen) |                                       |                                       |                                      |                                      |
| - Basic  | 0.10                                  | (0.19)                                | 0.10                                 | (0.19)                               |
| - Diluted  | 0.10                                  | (0.19)                                | 0.10                                 | (0.19)                               |

**Note:**

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and accompanying explanatory notes to the interim financial statements.*

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

|   | As at<br>30.06.2016   | As at<br>31.03.2016   |
|---|-----------------------|-----------------------|
|   | RM'000                | RM'000                |
| <b>Non-Current Assets</b>   |                       |                       |
| Property, plant and equipment   | 44,294                | 45,955                |
| Intangible assets   | 32                    | 32                    |
| Biological assets   | 3,987                 | 4,169                 |
|   | <u>48,313</u>         | <u>50,156</u>         |
| <b>Current Assets</b>   |                       |                       |
| Inventories   | 1,105                 | 853                   |
| Biological assets   | 91,004                | 83,881                |
| Trade receivables   | 30,300                | 30,842                |
| Other receivables   | 2,431                 | 2,580                 |
| Tax refundable  | 85                    | 65                    |
| Deposit with a licensed bank  | 585                   | 585                   |
| Cash and bank balances  | 614                   | 193                   |
|   | <u>126,124</u>        | <u>118,999</u>        |
| <b>Total Assets</b>   | <u><u>174,437</u></u> | <u><u>169,155</u></u> |
| <b>EQUITY AND LIABILITIES</b>   |                       |                       |
| <b>Equity attributable to equity holders of the parent</b>                |                       |                       |
| Share capital   | 43,502                | 43,196                |
| Share premium   | 86,466                | 83,892                |
| Employee share options reserve  | 12,663                | 13,144                |
| Retained earnings   | 4,525                 | 4,090                 |
| Foreign currency translation reserve                                      | (96)                  | (95)                  |
| <b>Total equity</b>   | <u>147,060</u>        | <u>144,227</u>        |
| <b>Non-Current Liabilities</b>  |                       |                       |
| Borrowings  | 1,100                 | 1,402                 |
| Deferred government grants received                                       | 5,546                 | 5,765                 |
| Deferred tax liabilities  | 3,011                 | 3,011                 |
|   | <u>9,657</u>          | <u>10,178</u>         |
| <b>Current Liabilities</b>  |                       |                       |
| Trade and other payables  | 5,608                 | 4,899                 |
| Borrowings  | 12,112                | 9,851                 |
|   | <u>17,720</u>         | <u>14,750</u>         |
| <b>Total liabilities</b>  | <u>27,377</u>         | <u>24,928</u>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                       | <u><u>174,437</u></u> | <u><u>169,155</u></u> |
| <b>Net asset per share attributable to ordinary equity holder ( sen )</b> | <u>33.81</u>          | <u>33.39</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 2016 and accompanying explanatory notes to the interim financial statements.

**BORNEO AQUA HARVEST BERHAD (649504-D)**  
(Incorporated in Malaysia)  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 JUNE 2016**

|   | Share Capital | Share Premium | Employee share<br>Options Reserve | Foreign Currency<br>Translation<br>Reserves | Distributable<br>Retained Earnings | Total          |
|---|---------------|---------------|-----------------------------------|---|------------------------------------|----------------|
|   | RM'000        | RM'000        | RM'000                            | RM'000                                      | RM'000                             | RM'000         |
| As at 31 March 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> |
| As at 1 April 2016                        | 43,196        | 83,892        | 13,144                            | (95)  | 4,090                              | 144,227        |
| Share options granted under ESOS          | -             | -             | 262                               | -   | -                                  | 262            |
| Exercise of employee share options        | 306           | 2,574         | (743)                             | -   | -                                  | 2,137          |
| Total comprehensive profit for the period | -             | -             | -                                 | (1)   | 435                                | 434            |
| As at 30 June 2016                        | <u>43,502</u> | <u>86,466</u> | <u>12,663</u>                     | <u>(96)</u>                                 | <u>4,525</u>                       | <u>147,060</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 2016 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 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 30 JUNE 2016**

|  | Quarter ended<br>30.06.2016<br>RM'000 | Quarter ended<br>30.06.2015<br>RM'000 |
|--|---------------------------------------|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>        |                                       |                                       |
| Profit / (Loss) before tax                         | 435                                   | (812)                                 |
| Adjustment for:                                    |                                       |                                       |
| Non cash items                                     | 2,457                                 | 2,301                                 |
| Operating profit before working capital changes    | <u>2,892</u>                          | <u>1,489</u>                          |
| Net changes in current assets                      | (6,834)                               | (4,739)                               |
| Net changes in current liabilities                 | 709                                   | 306                                   |
| Income tax paid                                    | (20)                                  | (22)                                  |
| Net cash used in operating activities              | <u>(3,253)</u>                        | <u>(2,966)</u>                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>        |                                       |                                       |
| Purchase of plant and equipment                    | (198)                                 | (35)                                  |
| Additions of biological assets                     | (15)                                  | 5                                     |
| Net cash used in investing activities              | <u>(213)</u>                          | <u>(30)</u>                           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>        |                                       |                                       |
| Payment of hire purchase payables                  | (13)                                  | (14)                                  |
| Interest paid                                      | (208)                                 | (239)                                 |
| Interest income                                    | 1                                     | -                                     |
| Proceed from exercise of employee share options    | 2,136                                 | 3,939                                 |
| Proceed from borrowing                             | 2,576                                 | -                                     |
| Repayment of loan                                  | (270)                                 | (251)                                 |
| Net cash generated from financing activities       | <u>4,222</u>                          | <u>3,435</u>                          |
| Increase / (Decrease) in cash and cash equivalents | 756                                   | 439                                   |
| Effect on foreign exchange translation differences | (1)                                   | 1                                     |
| Cash and cash equivalents at beginning of period   | <u>(6,419)</u>                        | <u>(7,101)</u>                        |
| Cash and cash equivalents at end of period         | <u>(5,664)</u>                        | <u>(6,661)</u>                        |
| Cash and cash equivalents comprise:                |                                       |                                       |
| Cash and bank balances                             | 614                                   | 487                                   |
| Bank overdraft                                     | <u>(6,278)</u>                        | <u>(7,148)</u>                        |
|  | <u>(5,664)</u>                        | <u>(6,661)</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 2016 and accompanying explanatory notes to the interim financial statements.*

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 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 2016. 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 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2016, 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                                     |
| Annual Improvements to FRSs 2012-2014 Cycle  | 1 January 2016                                     |
| Amendments to FRS 10, FRS 12 and FRS 128 - Investment Entities : Applying the Consolidation Exemption    | 1 January 2016                                     |
| Amendments to FRS 11 - Accounting for Acquisitions of Interests in Joint Operations                      | 1 January 2016                                     |
| Amendments to FRS 101 - Disclosure Initiative  | 1 January 2016                                     |
| Amendments to FRS 116 and FRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016                                     |
| Amendments to FRS 127 - Equity Method in Separate Financial Statements                                   | 1 January 2016                                     |
| FRS 14 Regulatory Deferral Accounts  | 1 January 2016                                     |

**Deferred :**

Amendments to FRS 10 and FRS 128 - FRS 10 Consolidated Financial Statements : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 are allowed to defer adoption of the new MFRS Framework until the MFRS framework becomes mandatory for the Transitioning Entities 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 March 2019.

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

The auditors' report on the audited financial statements for the financial year ended 31 March 2016 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<br>Quarter<br>RM'000 | Current<br>Year-To-Date<br>RM'000 |
|---|------------------------------|-----------------------------------|
| (i) Interest Income;  | 1                            | 1                                 |
| (ii) Other income including investment income;                                  | 84                           | 84                                |
| (iii) Interest Expense;   | (208)                        | (208)                             |
| (iv) Depreciation and amortization;   | (2,057)                      | (2,057)                           |
| (v) Gain or (loss) on disposal of quoted or unquoted investments or properties; | -                            | -                                 |
| (vi) Foreign exchange (loss) or gain;   | 8                            | 8                                 |

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 30 June 2016.

## 13. Review of Performance

The Group recorded a revenue and gross profit of RM12.003 million and RM3.917 million respectively for the current quarter, representing a significant increase of 264.17% and 263.02% respectively as compared to the corresponding period in 2015.

The Group recorded a profit before taxation of RM0.435 million, mainly due to the increase in revenue from 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.

The profit before taxation of RM0.435 million for the current quarter representing a significant increase of 153.57% as compared to a loss before taxation of RM0.812 million recorded in the corresponding period in 2015 was mainly due the reasons stated above.

The profit before taxation of RM0.435 million was arrived at after taking into consideration, amongst others, the non-cash employee benefit cost of RM0.262 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 five years commencing 15 January 2013 to 14 January 2018.

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

Revenue for the first quarter ended 30 June 2016 ("Q1") increased to RM12.003 million as compared to RM5.920 million recorded in the fourth quarter ended 31 March 2016 ("Q4"). The increase in revenue is mainly due to higher 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.

The higher revenue recorded by the Group in Q1 as explained above, had resulted in the Group reporting a gross profit of RM3.917 million as compared to a gross profit of RM2.842 million in Q4 representing an increase of 37.83%.

The Group recorded a net profit of RM0.435 million in Q1 as compared to a net loss of RM1.207 million in Q4 mainly due to the increase in revenue as mentioned 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

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 November 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 of even date on Bursa Malaysia's website, 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<br>30.06.2016<br>RM'000 | As at<br>31.03.2016<br>RM'000 |
|------------------------|-------------------------------|-------------------------------|
| Short term borrowings: |                               |                               |
| Hire purchase payables | 52                            | 52                            |
| Bank Loan              | 5,782                         | 3,187                         |
| Bank overdraft         | 6,278                         | 6,612                         |
|                        | <u>12,112</u>                 | <u>9,851</u>                  |
| Long term borrowing:   |                               |                               |
| Hire purchase payables | 105                           | 119                           |
| Bank loan              | 995                           | 1,283                         |
|                        | <u>1,100</u>                  | <u>1,402</u>                  |

The borrowings are denominated in Ringgit Malaysia.

## 20. Realised and Unrealised Profits

|   | As At<br>30.06.2016<br>RM '000 | As At<br>31.03.2016<br>RM '000 |
|---|--------------------------------|--------------------------------|
| Total retained profit of Borneo Aqua Harvest Berhad and its subsidiaries: |                                |                                |
| - Realised  | (4,852)                        | (5,480)                        |
| - Unrealised  | 3,161                          | 3,457                          |
|   | <u>(1,691)</u>                 | <u>(2,023)</u>                 |
| Add : Consolidated adjustments  | 6,216                          | 6,113                          |
| Total Group retained profit   | <u>4,525</u>                   | <u>4,090</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<br>Quarter<br>30.06.2016 | Preceding Year<br>Corresponding<br>Quarter<br>30.06.2015 | Current<br>Year-To-Date<br>30.06.2016 | Preceding<br>Year-To-Date<br>30.06.2015 |
|--|----------------------------------|--|---------------------------------------|---|
| (Loss) / Profit for the period (RM'000)                    | 435                              | (812)  | 435                                   | (812)                                   |
| Weighted average number of ordinary shares in issue ('000) | 433,639                          | 423,027  | 437,233                               | 423,027                                 |
| Basic (loss) / earnings per share (sen)                    | 0.10                             | (0.19)   | 0.10                                  | (0.19)                                  |
| Diluted (loss) / earnings per share (sen)                  | 0.10                             | (0.19)   | 0.10                                  | (0.19)                                  |

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

## By Order of the Board

Kang Shew Meng  
Seow Fei San  
Chong Tzu Khen  
Company Secretaries

Sandakan  
25 May, 2016