

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.03.2017 RM'000	Quarter ended 31.03.2016 RM'000	Year to date 31.03.2017 RM'000	Year to date 31.03.2016 RM'000
Revenue	7,300	5,920	31,091	18,299
Cost of sales	(4,701)	(3,078)	(21,276)	(10,834)
Gross profit	2,599	2,842	9,815	7,465
Other income	111	(1,664)	2,121	1,079
Other expenses	(2,054)	-	(2,058)	-
Distribution costs	(2,286)	(1,343)	(7,833)	(5,669)
Administrative expenses	(1,763)	(2,661)	(5,813)	(5,885)
Loss from operations	(3,393)	(2,826)	(3,768)	(3,010)
Finance costs	(412)	(236)	(1,018)	(1,015)
Loss before tax	(3,805)	(3,062)	(4,786)	(4,025)
Taxation	978	683	978	683
Loss for the year	(2,827)	(2,379)	(3,808)	(3,342)
Other comprehensive loss:				
Foreign currency translation	(1)	(1)	(1)	-
Total comprehensive loss for the year	(2,828)	(2,380)	(3,809)	(3,342)
Loss for the period attributable to:				
Equity holders of the parent	(2,827)	(2,379)	(3,808)	(3,342)
Minority interests	(1)	(1)	(1)	-
	(2,827)	(2,379)	(3,808)	(3,342)
Loss per share attributable to equity holders of the parent (sen)				
- Basic	(0.53)	(0.55)	(0.83)	(0.78)
- Diluted	(0.53)	(0.54)	(0.78)	(0.73)

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 FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	As at 31.03.2017	As at 31.03.2016
	RM'000	RM'000
Non-Current Assets		
Property, plant and equipment	39,390	45,955
Intangible assets	96,134	32
Biological assets	1,864	4,169
	<u>137,388</u>	<u>50,156</u>
Current Assets		
Inventories	932	853
Biological assets	96,417	83,881
Trade receivables	38,177	30,842
Other receivables	875	2,580
Tax refundable	147	65
Deposit with a licensed bank	985	585
Cash and bank balances	35,988	193
	<u>173,521</u>	<u>118,999</u>
Total Assets	<u><u>310,909</u></u>	<u><u>169,155</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent:		
Share capital	94,301	43,196
Share premium	181,125	83,892
Employee share options reserve	9,577	13,144
Retained earnings	282	4,090
Foreign currency translation reserve	(96)	(95)
Total equity	<u>285,189</u>	<u>144,227</u>
Non-Current Liabilities		
Borrowings	192	1,402
Deferred government grants received	4,889	5,785
Deferred tax liabilities	2,038	3,011
	<u>7,119</u>	<u>10,178</u>
Current Liabilities		
Trade and other payables	5,876	4,899
Borrowings	12,725	9,851
	<u>18,601</u>	<u>14,750</u>
Total liabilities	<u>25,720</u>	<u>24,928</u>
TOTAL EQUITY AND LIABILITIES	<u><u>310,909</u></u>	<u><u>169,155</u></u>
Net asset per share attributable to ordinary equity holder (sen)	<u>30.24</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 FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017

	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 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	1,308	11,014	(3,177)	-	-	9,143
Total comprehensive loss for the year	-	-	-	-	(3,342)	(3,342)
As at 31 March 2016	43,196	83,892	13,144	(95)	4,090	144,227
As at 1 April 2016	43,196	83,892	13,144	(95)	4,090	144,227
Issue of shares	46,303	85,787	-	-	-	132,090
Transaction cost	-	(253)	-	-	-	(253)
Share options granted under ESOS	-	-	689	-	-	689
Exercise of employee share options	4,802	11,699	(4,256)	-	-	12,245
Total comprehensive loss for the year	-	-	-	(1)	(3,808)	(3,809)
As at 31 March 2017	94,301	181,125	9,577	(96)	282	285,189

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 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2017

	Quarter ended 31.03.2017 RM'000	Quarter ended 31.03.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(4,786)	(4,025)
Adjustment for:		
Non cash items	11,673	12,448
Operating profit before working capital changes	6,887	8,423
Net changes in current assets	(19,442)	(14,016)
Net changes in current liabilities	846	2,407
Income tax paid	(78)	(81)
Income tax refunded	-	78
Net cash used in operating activities	<u>(11,787)</u>	<u>(3,189)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	2	-
Purchase of plant and equipment	(663)	(952)
Additions of biological assets	(61)	(1,855)
Acquisition of mining rights	(96,000)	-
Net cash used in investing activities	<u>(96,722)</u>	<u>(2,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	132,090	-
Share issue expense	(253)	-
Payment of hire purchase payables	(55)	(49)
Interest paid	(1,018)	(1,015)
Interest income	9	50
Proceed from exercise of employee share options	12,245	9,143
Proceed from borrowing	4,247	-
Repayment of loan	(1,584)	(952)
Fixed deposits pledged with a licensed bank	(400)	(500)
Net cash generated from financing activities	<u>145,281</u>	<u>6,677</u>
Increase in cash and cash equivalents	36,772	681
Effect on foreign exchange translation differences	-	1
Cash and cash equivalents at beginning of year	(6,419)	(7,101)
Cash and cash equivalents at end of year	<u>30,353</u>	<u>(6,419)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	35,988	193
Bank overdraft	(5,635)	(6,612)
	<u>30,353</u>	<u>(6,419)</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 31 MARCH 2017**

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 currently principally operating in one industry.

9. 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;	7	9
(ii) Other income including investment income;	101	(169)
(iii) Interest Expense;	(412)	(1,018)
(iv) Depreciation and amortization;	(1,616)	(7,692)
(v) Gain or (loss) on disposal of quoted or unquoted investments or properties;	-	-
(vi) Foreign exchange (loss) or gain;	3	2,281

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 September 2016.

13. Review of Performance

The Group recorded a revenue and gross profit of RM7.300 million and RM2.599 million respectively for the current quarter, representing an increase of 23.31% and a slight decrease of 8.55% respectively as compared to the corresponding quarter in 2016.

The increase in revenue compared to corresponding quarter in 2016 as mentioned above is mainly due to the increase in revenue from sale of cultured fishes in Hong Kong, where gross profit margin is lower as a result of the higher fatality rate of the cultured fishes in previous financial year which led to an increase in the associated cost of the same batch of fishes were sold in the current quarter as at 31 March 2017 ("Q4").

The Group recorded a loss before taxation of RM3.805 million, mainly due to charging out of fatalities costs of broodstock of RM1.933 million and expenses incurred in current financial year for the corporate exercises involving the acquisition of Wullersdorf Resources Sdn Bhd and a private placement of RM0.588 million and RM0.067 million respectively. In addition to the expenses for the corporate proposals mentioned above, the Group also charged out the non-cash employee benefit cost of RM0.172 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.

The Group recorded a revenue and gross profit of RM31.091 million and RM9.815 million respectively for the financial year ended 31 March 2017 ("FYE 2017"). The revenue of RM31.091 million representing a significant increase of 69.91% as compared to RM18.299 million recorded for the financial year 2016 ("FYE 2016"). The increase was mainly due to sale of larger grouper fishes, in particular the cross-breed species, which is in line with the Group strategy that was previously adopted 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 above 2 kgs.

14. Comments on Material Change in Profit Before Taxation

Revenue for the fourth quarter ended 31 March 2017 ("Q4") increased to RM7.300 million as compared to RM5.833 million recorded in the third quarter ended 31 December 2016 ("Q3"), representing an increase of 25.15% which was mainly due to the increase sale of larger grouper fishes as mentioned in note 13 above.

The higher revenue recorded by the Group in Q4 as explained above, had resulted in the Group reporting a gross profit of RM2.599 million as compared to a gross profit of RM0.510 million in Q3 representing a significant increase of 409.61%.

The Group recorded a net loss of RM2.827 million in Q4 as compared to a net loss of RM1.563 million in Q3 was mainly due to the reasons as mentioned 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 2018.

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 31.03.2017 RM'000	12 months ended 31.03.2017 RM'000
Tax expense for the year Malaysian Income Tax	5	5
Deferred Tax	973	973
Total income tax	978	978

The reduction of the deferred tax liability is mainly due to arising from an increase in unabsorbed capital allowances recognised by way offsetting the deferred tax liabilities arising from property, plant and equipments.

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

a) Private Placement Proceeds

The Company had on 7 February 2017 and 8 February 2017 respectively announced the proposed private placement of new ordinary shares of up to 10% of the total number of issued shares of the company to independent third party investors to be identified ("Proposed Private Placement"). Bursa Securities had vide its letter dated 3 March 2017 approved the listing of and quotation for up to 59,212,766 new ordinary shares in the Company ("Placement Shares") representing up to 10% of the issued and paid up share capital of the Company pursuant to the Proposed Private Placement, subject to the following conditions :

- (i) The Company and RHB Investment Bank must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) The Company and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- (iv) RHB Investment Bank to furnish Bursa Securities details of the placees as per Rule 6.16 of the Listing Requirements for the review of Bursa Securities prior to issuance/allotment of shares to placees.

The Company had on 21 March 2017 announced that the issue price of the Placement Shares to be issued pursuant to the Proposed Private Placement has been fixed at RM0.77 per Placement Share. On 29 March 2017, 46,869,600 Placement Shares were issued and placed to identified investors pursuant to the Proposed Private Placement.

The status of utilisation of the proceeds from the abovementioned private placement as at 31 March 2017 are as follows:

	Proceeds Raised RM '000	Amount Utilised RM '000	Amounts Unutilised RM '000
Capital expenditure	34,550	-	34,550
Working capital	590	-	590
Estimated expenses	950	271	679
	36,090	271	35,819

Note : Unutilised proceeds amounts are placed with a licensed bank in the current account.

- b) The Company had on 13 April 2017 announced that the Company proposes to undertake a proposed issue of up to 325,670,213 free warrants ("Warrants") on the basis of 1 Warrant for every 2 existing ordinary shares in Bahvest held by the shareholders of Bahvest on an entitlement date to be determined and announced later ("Proposed Warrants Issue"). Application for the Proposed Warrants Issue had been submitted to Bursa Malaysia Securities Berhad for approval on 19 May 2017.
- c) The Company had on 27 April 2017 announced that the Company is proposing to change its name from Borneo Aqua Harvest Berhad to Bahvest Gold Berhad ("Proposed Change of Name"). The Proposed Change of Name is subject to approval from shareholders.

19. Borrowings

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

	As at 31.03.2017 RM'000	As at 31.03.2016 RM'000
Short term borrowings:		
Hire purchase payables	59	52
Bank Loan	7,031	3,187
Bank overdraft	5,635	6,612
	12,725	9,851
Long term borrowing:		
Hire purchase payables	90	119
Bank loan	102	1,283
	192	1,402

The borrowings are denominated in Ringgit Malaysia.

20. Realised and Unrealised Profits

	As At 31.03.2017 RM '000	As At 31.03.2016 RM '000
Total retained profit of Borneo Aqua Harvest Berhad and its subsidiaries:		
- Realised	(36,160)	(5,480)
- Unrealised	2,779	3,457
	(33,381)	(2,023)
Add : Consolidated adjustments	33,663	6,113
Total Group retained profit	282	4,090

21. Material Litigation

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

22. Earnings Per Share

Basic earnings per share is calculated by dividing the Loss for the financial period / year under review by the weighted average number of ordinary shares in issue during the period / year.

	Current Quarter 31.03.2017	Preceding Year Corresponding Quarter 31.03.2016	Current Year-To-Date 31.03.2017	Preceding Year-To-Date 31.03.2016
Loss for the year (RM'000)	(2,827)	(2,379)	(3,808)	(3,342)
Weighted average number of ordinary shares in issue ('000)	532,240	430,680	460,571	426,789
Basic loss per share (sen)	(0.53)	(0.55)	(0.83)	(0.78)
Diluted loss per share (sen)	(0.53)	(0.54)	(0.78)	(0.73)

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
30 May 2017