

BAHVEST RESOURCES BERHAD
Registration no. 200401011001 (649504-D)
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter ended 31.12.2019 RM'000	Quarter ended 31.12.2018 RM'000	Year to date 31.12.2019 RM'000	Year to date 31.12.2018 RM'000
Revenue	25,160	23,430	75,566	33,233
Cost of sales	(24,427)	(18,972)	(55,092)	(27,512)
Gross profit	733	4,458	20,474	5,721
Other income	432	193	1,467	1,986
Other expenses	(5)	-	(5)	-
Distribution costs	(408)	(1,929)	(2,073)	(4,969)
Administrative expenses	(3,009)	(1,138)	(10,933)	(4,354)
(Loss) / profit from operations	(2,257)	1,584	8,930	(1,616)
Finance costs	(350)	(495)	(1,198)	(1,452)
(Loss) / profit before tax	(2,607)	1,089	7,732	(3,068)
Taxation	(3,469)	-	(4,369)	-
(Loss) / profit for the period	(6,076)	1,089	3,363	(3,068)
Other comprehensive income :				
Foreign currency translation	-	-	-	-
Total comprehensive (loss) / income for the period	(6,076)	1,089	3,363	(3,068)
(Loss) / profit for the period attributable to owners of the Company	(6,076)	1,089	3,363	(3,068)
Total comprehensive (loss) / profit for the period attributable to owners of the Company	(6,076)	1,089	3,363	(3,068)
(Loss) / earnings per share attributable to owners of the Company (sen)				
- Basic	(0.50)	0.14	0.27	(0.47)
- Diluted	(0.32)	0.14	0.18	(0.45)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2019	As at 31.03.2019 (Audited)
	RM'000	RM'000
Non-Current Assets		
Property, plant and equipment	77,379	67,420
Intangible assets	88,020	92,905
Biological assets	317	652
	165,716	160,977
Current Assets		
Biological assets	158,882	156,460
Inventories	3,306	2,538
Trade and other receivables	27,901	27,350
Tax refundable	27	86
Deposit with a licensed bank	1,693	1,592
Cash and bank balances	6,140	9,701
	197,949	197,727
Total Assets	363,665	358,704
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued share capital	284,314	283,583
Employee share options reserve	10,815	10,815
Retained earnings	9,092	5,729
Total equity	304,221	300,127
Non-Current Liabilities		
Borrowings	10,716	7,020
Deferred government grants received	2,481	3,138
Deferred tax liabilities	22,300	22,300
	35,497	32,458
Current Liabilities		
Trade and other payables	11,837	9,476
Borrowings	11,854	14,563
Taxation	256	2,080
	23,947	26,119
Total liabilities	59,444	58,577
TOTAL EQUITY AND LIABILITIES	363,665	358,704
Net asset per share attributable to ordinary equity holder (sen)	24.84	37.66

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share Capital	Share Premium	Employee share Options Reserve	Distributable Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2018 (as restated)	98,985	179,888	10,815	28	289,716
Issue of bonus shares	61,074	(61,074)	-	-	-
Exercise of employee share options	4,710	-	-	-	4,710
Transition to no par value regime under Companies Act, 2016	118,814	(118,814)	-	-	-
Total comprehensive income for the year	-	-	-	5,701	5,701
As at 31 March 2019	283,583	-	10,815	5,729	300,127
As at 1 April 2019	283,583	-	10,815	5,729	300,127
Exercise of employee share options	731	-	-	-	731
Total comprehensive income for the period	-	-	-	3,363	3,363
As at 31 December 2019	284,314	-	10,815	9,092	304,221

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Quarter ended 31.12.2019 RM'000	Quarter ended 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	7,732	(3,068)
Adjustment for:		
Non cash items	15,497	8,621
Operating profit before working capital changes	23,229	5,553
Net changes in current assets	(5,236)	(8,077)
Net changes in current liabilities	2,337	9,722
Income tax paid	(6,220)	(28)
Income tax refunded	85	75
Net cash generated from operating activities	14,195	7,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipments	80	-
Proceeds from disposals of assets held for sale	-	1,526
Purchase of plant and equipment	(10,192)	(10,469)
Additions of biological assets	(115)	-
Net cash used in investing activities	(10,227)	(8,943)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase payables	(2,614)	(1,739)
Interest paid	(1,198)	(1,452)
Interest income	96	1
Proceeds from exercise of employee share options	731	4,084
Repayment of loan	(5,000)	(219)
Fixed deposits pledged with a licensed bank	(101)	(400)
Net cash (used in) / generated from financing activities	(8,086)	275
Net decrease in cash and cash equivalents	(4,118)	(1,423)
Cash and cash equivalents at beginning of period	3,632	(2,471)
Cash and cash equivalents at end of period	(486)	(3,894)
Cash and cash equivalents comprise:		
Cash and bank balances	6,140	2,545
Bank overdraft	(6,626)	(6,439)
	(486)	(3,894)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 Malaysian Financial Reporting Standard ("MFRS") 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 2019. 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 Bahvest Resources Berhad ("Company" or "Bahvest") and its subsidiaries ("Group") since the year ended 31 March 2019.

2. Change in Accounting Policy

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2019, except for the adoptions of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and Interpretations,

Effective for annual periods commencing on or after 1 January 2019 :

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Effective for annual periods commencing on or after 1 January 2020 :

- Definition of Material (Amendments to MFRS 101)
- Definition of Material (Amendments to MFRS 108)

The adoptions of above MFRSs, Amendments to MFRSs and Interpretations do not have any significant impact to the interim financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2019 was not qualified.

4. 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.

5. 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.

6. Changes in Estimates

There were no changes in estimates of amounts that have a material effect in the current quarter results.

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UNAUDITED INTERIM FINANCIAL STATEMENTS**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019****7. Debts and Equity Securities**

Save for the shares issued pursuant to the exercise of the Employees Share Options Scheme, there were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial year-to-date.

8. Dividend Paid

No dividends were declared or paid during the quarter under review.

9. Segmental Reporting**9.1 Segment review for current quarter compared with immediate preceding quarter**

	Current Quarter Ended 31.12.2019				Immediate Preceding Quarter Ended 30.09.2019			
	Mining RM'000	Aquaculture RM'000	Holding Company RM'000	Consolidated RM'000	Mining RM'000	Aquaculture RM'000	Holding Company RM'000	Consolidated RM'000
Revenue	24,703	457	-	25,160	19,007	355	-	19,362
Cost of sale	(18,330)	(6,097)	-	(24,427)	(13,183)	(301)	-	(13,484)
Gross profit / (loss)	6,373	(5,640)	-	733	5,824	54	-	5,878
Other income	213	219	-	432	227	274	-	501
Other expense	(5)	-	-	(5)	-	-	-	-
Distribution costs	-	(408)	-	(408)	-	(410)	-	(410)
Administrative expenses	(894)	(544)	(1,571)	(3,009)	(861)	(1,418)	(1,568)	(3,847)
Operating profit / (loss)	5,687	(6,373)	(1,571)	(2,257)	5,190	(1,500)	(1,568)	2,122
Finance costs	(215)	(135)	-	(350)	(258)	(133)	-	(391)
Profit / (loss) before tax	5,472	(6,508)	(1,571)	(2,607)	4,932	(1,633)	(1,568)	1,731
Taxation	(3,421)	(48)	-	(3,469)	(540)	-	-	(540)
Profit / (loss) after tax	2,051	(6,556)	(1,571)	(6,076)	4,392	(1,633)	(1,568)	1,191
Profit / (loss) attributable to the owners of the Company	2,051	(6,556)	(1,571)	(6,076)	4,392	(1,633)	(1,568)	1,191

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9. Segmental Reporting (cont'd)

9.2 Segment review for financial year to date

	Cumulative Period Ended 01.04.2019 - 31.12.2019				Cumulative Period Ended 01.04.2018 - 31.12.2018			
	Mining	Aquaculture	Holding Company	Consolidated	Mining	Aquaculture	Holding Company	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	66,604	8,962	-	75,566	12,524	20,709	-	33,233
Cost of sale	(40,542)	(14,550)	-	(55,092)	(13,606)	(13,906)	-	(27,512)
Gross profit / (loss)	26,062	(5,588)	-	20,474	(1,082)	6,803	-	5,721
Other income	626	713	128	1,467	1,316	670	-	1,986
Other expense	(5)	-	-	(5)	-	-	-	-
Distribution costs	-	(2,073)	-	(2,073)	-	(4,969)	-	(4,969)
Administrative expenses	(2,815)	(2,593)	(5,525)	(10,933)	(1,764)	(1,648)	(942)	(4,354)
Operating profit / (loss)	23,868	(9,541)	(5,397)	8,930	(1,530)	856	(942)	(1,616)
Finance costs	(801)	(397)	-	(1,198)	(980)	(472)	-	(1,452)
Profit / (loss) before tax	23,067	(9,938)	(5,397)	7,732	(2,510)	384	(942)	(3,068)
Taxation	(4,321)	(48)	-	(4,369)	-	-	-	-
Profit / (loss) after tax	18,746	(9,986)	(5,397)	3,363	(2,510)	384	(942)	(3,068)
Profit / (loss) attributable to the owners of the Company	18,746	(9,986)	(5,397)	3,363	(2,510)	384	(942)	(3,068)

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 2019.

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UNAUDITED INTERIM FINANCIAL STATEMENTS**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019****13. Movement in Fair Value**

	Individual quarter		Cumulative period	
	Preceding Year		Preceding Year	
	Current year Quarter	Corresponding Quarter	Current Year to date	Corresponding period
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Opening balance fair value of fishery livestock	152,081	154,179	152,081	154,179
Increase due to purchases	3,977	570	8,935	6,439
Decrease due to changes in FVLCTS	(3,148)	(4,373)	(2,935)	(1,105)
Increase due to biological transformation	2,155	4,043	9,088	12,467
Decrease due to transfers to frozen products	(359)	(305)	(863)	(630)
Decrease due to sales	(5)	(3,478)	(1,686)	(6,602)
Decrease due to mortalities	(3,129)	(3,576)	(11,186)	(11,183)
Net changes in fair value	(509)	(7,119)	1,353	(614)
Closing balance fair value of fishery livestock	151,572	147,060	153,434	153,565
Closing stock of fish fry and eggs			5,555	3,775
Closing stock of crab fry			278	-
Less : Unrealised gain			(385)	(404)
Biological assets (Current)			158,882	156,936

14. Profit / (Loss) Before Taxation
14.1 Financial review for current quarter and financial year to date

	Individual Period		Changes (%)	Cumulative Period		Changes (%)
	Current year Quarter (RM'000)	Preceding Year Corresponding Quarter (RM'000)		Current Year to date (RM'000)	Preceding Year Corresponding period (RM'000)	
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
Revenue	25,160	23,430	7.38%	75,566	33,233	127.38%
Gross Profit	733	4,458	-83.56%	20,474	5,721	257.87%
(Loss) / Profit Before Interest and Tax	(2,257)	1,584	-242.49%	8,930	(1,616)	652.60%
(Loss) / Profit Before Tax	(2,607)	1,089	-339.39%	7,732	(3,068)	352.02%
(Loss) / Profit After Tax	(6,076)	1,089	-657.94%	3,363	(3,068)	209.62%
(Loss) / Profit Attributable to Owners of the Company	(6,076)	1,089	-657.94%	3,363	(3,068)	209.62%

14.2 Financial review for current quarter compared with immediate preceding quarter

	Current Quarter (RM'000)	Immediate Preceding Quarter (RM'000)	Changes (%)
	31.12.2019	30.09.2019	
Revenue	25,160	19,362	29.95%
Gross Profit	733	5,878	-87.53%
(Loss) / Profit Before Interest and Tax	(2,257)	2,122	-206.36%
(Loss) / Profit Before Tax	(2,607)	1,731	-250.61%
(Loss) / Profit After Tax	(6,076)	1,191	-610.16%
(Loss) / Profit Attributable to Owners of the Company	(6,076)	1,191	-610.16%

15. Review of Performance

Overall the Group recorded a revenue and gross profit of RM25.160 million and RM0.733 million respectively for the current quarter ended 31 December 2019 ("Q3"), of which the performance is further explained below:

Mining operations

The mining operations recorded a revenue and gross profit of RM24.703 million and RM6.373 million respectively under current quarter. The sales revenue of RM24.703 million represents approximately 123.96 kgs of net gold and 12.73 kgs of silver sold during the quarter under review.

Revenue and gross profit in Q3 increased to RM24.703 million and RM6.373 million respectively as compared to RM19.007 million and gross profit of RM5.824 million recorded in immediate preceding quarter ended 30 September 2019 ("Q2"), representing an increase of 29.97% and 9.43% respectively. The increase is in line with higher production of net gold of 123.96 kgs as compared to Q2 of 95.04 kgs, mainly due to higher grade in the ore mined during the quarter under review.

Aquaculture operations

The Group recorded a revenue and gross loss of RM0.457 million and RM5.640 million respectively for Q3, representing a substantial decrease of 96.17% and 357.06% respectively as compared to the corresponding period in 2018 of revenue and gross profit of RM11.933 million and RM2.194 million respectively.

The substantial decrease of 96.17% in revenue for the current quarter as compared to the corresponding period in 2018 was due to the decrease in sales in Hong Kong due to the eroding political situation in Hong Kong.

Revenue in Q3 increased to RM0.457 million as compared to RM0.355 million recorded in immediate preceding quarter ended 30 September 2019 ("Q2"), representing an increase of 28.73%. The increase in revenue in Q3 was mainly due increase in sales of frozen product in local market.

The gross loss of RM5.640 million is mainly due to negative movement in fair value during the quarter of RM4.405 million, resulting in net negative changes in fair value of RM0.509 million for current quarter as compared to net positive changes of RM3.896 million for the quarter ended 30 September 2019.

To further diversify and increase its revenue, the Group will increase the production of its frozen fish and related products to be sold locally and plan to overseas.

16. Profit / (Loss) Before Taxation

The following items have been included in arriving at profit before taxation: -

	Current Quarter (RM'000)	Current Year to date (RM'000)
Interest income	31	96
Other income including investment income	401	1,371
Interest expense	(350)	(1,198)
Depreciation and amortisation	(4,293)	(13,387)
Foreign exchange loss	(71)	(1,515)

17. Comments on Material Change in other income and expenses

	Individual Period		Changes (%)	Cumulative Period		Changes (%)
	Current year Quarter	Preceding Year Corresponding Quarter		Current Year to date	Preceding Year Corresponding period	
	(RM'000)	(RM'000)		(RM'000)	(RM'000)	
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
Other income	432	193	123.83%	1,467	1,986	-26.13%
Other expenses	(5)	-	100.00%	(5)	-	100.00%
Distribution cost	(408)	(1,929)	-78.85%	(2,073)	(4,969)	-58.28%
Administrative expenses	(3,009)	(1,138)	164.41%	(10,933)	(4,354)	151.10%
Finance cost	(350)	(495)	-29.29%	(1,198)	(1,452)	-17.49%

Administrative expenses of RM3.009 million included an amount of RM1.406 million on amortisation of mining rights during the quarter pursuant to MFRS 138 and foreign exchange loss (aquaculture).

18. Income Tax Expense

	Current Quarter 31.12.2019 (RM'000)	Current year to date 31.12.2019 (RM'000)
Current year tax expense	3,469	4,369

Income tax is calculated at the Malaysian statutory rate 24% of the estimated assessable profit from mining business for the fiscal year.

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.

19. Variance on Profit Forecast

No profit forecast was announced or published by the Group, hence, no comparison is made between actual and forecast results.

20. Material Impairment of Assets

There is no material impairment to be recognised during the quarter under review.

21. Trade Receivables

	Current (RM'000)	1 month (RM'000)	2 months (RM'000)	> 3 months (RM'000)	Total (RM'000)
Trade Receivable	63	61	24	44,232	44,380
Allowance for Impairment in previous financial year					(20,074)
Total					24,306

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are ranging from 30 to 270 days. They were recognised at their original invoiced amounts which represent their fair values on initial recognition.

During the quarter under review, the Group has collected a total sum of RM3.594 million of trade receivables from its Hong Kong customers as well as local customers.

22. Other Receivables

Other Receivables consists of the following: -

	Other Receivable (RM'000)	Deposit (RM'000)	Prepayment (RM'000)	Total (RM'000)
TOTAL	1,880	634	1,081	3,595

Other receivables included cash advances of RM0.303 million paid to contractors for construction of infrastructure at Bukit Mantri, Tawau, Sabah, for the mining operations. Deposit included deposit paid for the acquisition of heavy machineries of RM0.341 million. Prepayment advance installments are for Hire Purchase facilities amounting to RM0.601 million.

23. Loan and Borrowings

The Group has no unsecured loan and borrowings, all the secured loan and borrowing are as follows:

	As at 31.12.2019		
	Long term (RM'000)	Short term (RM'000)	Total Borrowings (RM'000)
Bank overdraft	-	6,626	6,626
Bank loan	-	500	500
Hire purchase	10,716	4,728	15,444
Total	10,716	11,854	22,570
	As at 31.12.2018		
	Long term (RM'000)	Short term (RM'000)	Total Borrowings (RM'000)
Bank overdraft	-	6,439	6,439
Bank loan	-	6,020	6,020
Hire purchase	7,785	3,062	10,847
Total	7,785	15,521	23,306

As compared to preceding year corresponding period up to 31 December 2018, there was a net decrease in total borrowings of RM0.736 million mainly due the following:

- (i) full repayment of bank loan amounting to RM5 million from Kenaga Capital Sdn. Bhd; and
- (ii) increase in hire purchase facilities of RM4.597 million for the purchase of heavy machineries and equipments by Wullersdorf Resources Sdn Bhd, to carry out the Group's mining operation at Bukit Mantri, Tawau, Sabah.

24. Company's Prospects

For FYE 2020, Bahvest expects its core business of gold production to improve further as it just started drilling and mining the sulphide rock/ore and with the commissioning of sulphide burner expected in the fourth quarter.

Aquaculture business will continue to face economic challenges for its operations both domestically as well as globally due to the stiff competitions from China producers and the current eroding political situation in Hong Kong and also the world wide Covid-19 outbreak, in particular in greater China.

Despite the expected challenges to the Group's aquaculture business, barring any unforeseen circumstances, the Board of Directors anticipates that the Group would be able to achieve satisfactory operating results for the financial year ending 31 March 2020, with the improving financial performances from the Group's mining operations.

25. Corporate Proposals

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

26. Material Litigation

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

27. Profit / (Loss) Per Share

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

	Individual Period		Cumulative Period	
	Current year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Year Corresponding period
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
(Loss) / profit for the period (RM'000)	(6,076)	1,089	3,363	(3,068)
Weighted average number of ordinary shares in issue ('000)	1,224,945	756,518	1,224,485	657,826
Basic (loss) / profit per share (sen)	(0.50)	0.14	0.27	(0.47)
Diluted (loss) / profit per share (sen)	(0.32)	0.14	0.18	(0.45)

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