Borneo
Aqua Harvest Berhad (649504-D)
婆罗洲海产养殖有限公司

Lot 4, Block E, Bandar Nam Tung,
Jalan Leila, P.O Box No. 2112,
90724 Sandakan, Sabah, Malaysia.

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Borneo Aqua Harvest Berhad 649504-D

annual report 2012

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Aqua Harvest Berhad (649504-D)
婆罗洲海产养殖有限公司

ANNUAL REPORT 2012

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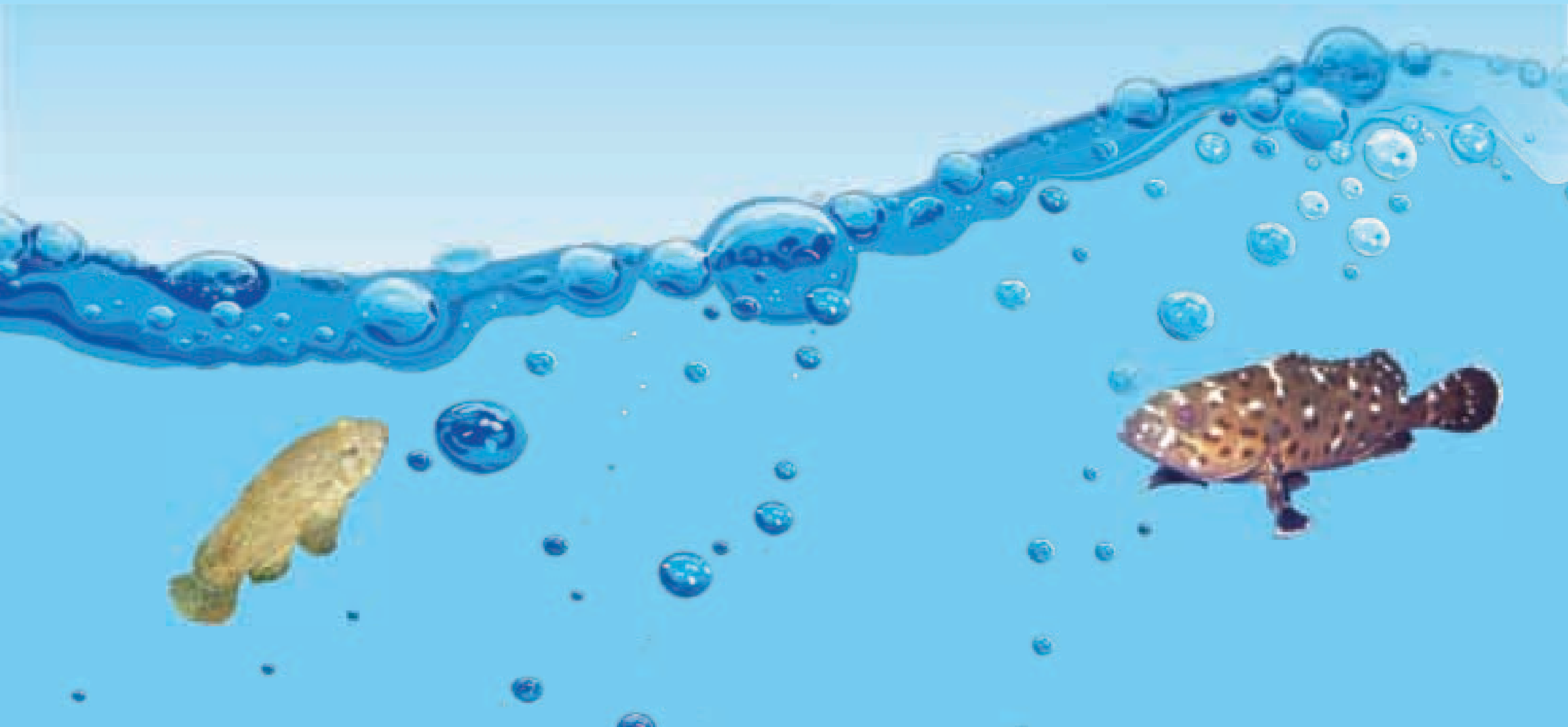


Borneo Aqua Harvest Berhad ("Borneo Aqua") was incorporated on 16 April 2004 in Malaysia as a private limited company and was converted into a public company on 20 May 2004. Borneo Aqua was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad (now known as ACE Market of Bursa Malaysia Securities Berhad) on 5 September 2005. Borneo Aqua has 4 wholly-owned subsidiaries, namely Plentiful Harvest Sdn Bhd ("Plentiful"), Marine Terrace Sdn Bhd ("Marine"), Salient Horizon Sdn Bhd ("Salient") and Well Sky Logistics Limited ("Well Sky").

Plentiful was established with the focus on marine fish breeding, hatchery and rearing of marine fish. Marine is principally involved in the rearing of marine fish whilst Well Sky and Salient each owns a live fish carrier for the transport of the Group's live fish to its customers in Hong Kong, Southern China and other part of Asia Pacific, if required.

While other aquaculture companies deal only with certain aspects of aquaculture processes, Borneo Aqua Group is an integrated aquaculture Group which involves in the entire process of sustainable aquaculture i.e. broodstock management, research and development ("R&D"), breeding, hatching, rearing, production of live feed, marketing, transportation of live fishes, distribution of products and provision of training and consultancy services related to the industry.

The Group's integrated approach in producing high value marine fishes with the application of biotechnology has led it to commit to a comprehensive R&D programme and to employ skilled professionals to carry out its objectives. The Group's unmatched investments in this area had made it well placed to lead the industry in Malaysia and to play a vital role in the aquaculture industry of the Asia Pacific region in the near future. The Group's R&D team currently comprises expertise from Japan, South Korea and Malaysia.

With the dedication of its experienced management team together with the comprehensive R&D programme, the Group is very confident that it will be able to contribute positively to the country's aquaculture industry to enable it to join the few elite countries as a forefront of marine fish breeding in the Asia Pacific region, in particular for Grouper species, in line with the Government's inspiration of self sustainability in this sector. In addition, a successful aquaculture industry will contribute to Malaysia's economic growth by creating employment and reducing import of marine fish fry and fish.

"The Pioneer of Malaysia's Aquaculture New Frontier"

Borneo Aqua is certified by SPLAM, a voluntary scheme managed by the Department of Fisheries, Malaysia with the purpose of promoting responsible and eco-friendly aquaculture practices. The aim of this scheme is to ensure safety and quality in aquaculture production. Important elements incorporated in the scheme are ISO 9002, SSOP (Standard Sanitary and Operating Procedures), product standards and specifications. The scheme is also complies with the Aquaculture's Code of Practice (COP) and Good Agriculture Practices (GAqP) and other terms and conditions as determined by the Malaysian Department of Fisheries.

On 18 January 2011, Borneo Aqua was granted the International ISO 9001:2008 Standards for the whole production process and distribution of Grouper species under UKAS Management Systems (from SGS UK LTD) and Standards of Malaysia (from Accredited Certification Body), as well as obtaining the HACCP Codex Alimentarius certificate and is the first Malaysian marine aquaculture company in live marine finfish sector to obtain such certificates.

To-date, the Group had succeeded in producing Coral Trout Grouper, Marble Grouper, Humpback Grouper, Coral Rockcod, Barred-Cheek Coral Trout, Tomoto Rockcod Grouper, Camouflage Grouper, Giant Grouper and Malabar Red Snapper for commercial purpose. Through extensive R&D, the Group has also in recent financial years successfully produced and commercialised cross bred Grouper species; Sabah Giant Grouper, Sabah Coral Rockcod, Sabah Camouflage, Sabah Giant Camouflage, and Sabah Giant Rockcod. The Group is currently focusing its R&D activities in the breeding of other high value marine fish, amongst others, Humphead Maori Wrasse, Speckle Yellow Grouper, Speckle Blue Grouper and Speckle White Grouper in addition to cross breeding of various species.

Most of the Borneo Aqua Group's income is tax-exempted as its main subsidiaries, namely Plentiful and Marine have been granted tax incentive under Section 127 of the Income Tax Act, 1967 whereby the two companies are exempted from tax on statutory income from fish breeding, fish fry hatchery and fish rearing activities for a period of 10 years commencing 1 April 2004.

Corporate Structure

Borneo
Aqua Harvest Berhad (649504-D)
婆罗洲海产养殖有限公司

- 100% MARINE TERRACE SDN. BHD.
- 100% PLENTIFUL HARVEST SDN. BHD.
  - 100% SALIENT HORIZON SDN. BHD.
  - 100% WELL SKY LOGISTICS LIMITED

VISION & MISSION

In view of the widening gap between the demand and supply of marine fish in the country as well as in the international markets, Borneo Aqua intends to be the catalyst to develop the marine fish farming industry in Malaysia and Asia Pacific region, consistent with the economic strategy of both the Sabah State and the Federal Government to promote aquaculture as one of the economic activities for the country.

Borneo Aqua is committed to further improve and develop the marine aquaculture industry in Malaysia by:

- enhancing the country's research and development capabilities in the breeding and hatchery of marine fish through sharing of knowledge with local universities, research centres and relevant organisations/bodies;
- educating local fish farmers on breeding, hatchery and rearing of marine fish through training and consultancy services to be provided by the Company;
- creating sub-sector within the aquaculture industry and promoting new down stream industry such as marine fish feed industry and production of value-added fish products such as fish fillet for export market; and
- improving the living standard of fish farmers and creating job opportunities through rearing of a diversified and high commercial value marine fishes produced by Borneo Aqua.

Borneo Aqua is also committed to be a market leader in breeding and supply of high commercial value marine fish in the Asia Pacific region. In achieving this business objective, the Company will:

- broaden its product base or species of fish through research by a highly trained and motivated R&D team
- enhance its R&D capabilities through tie-ups with local or international universities, research centres and related organisations/bodies;
- provide high quality fishes that are toxic free and reared in clean natural environment; and
- establish new and improve on its network of customers for its products, and to develop strategic marketing alliances with international wholesaler to increase its distribution capability.

BOARD OF DIRECTORS

Dato' Seri Md Kamal Bin Bilal
Independent Non-Executive Chairman

Datuk Lo Fui Ming
Managing Director/Chief Executive Officer

Lo Ken Hin
Executive Director

Lo Teck Yong
Executive Director

Akinori Hotani
Executive Director

Hendry Sukendy
(appointed on 05/01/2012)
Non-Independent Non-Executive Director

Chong Khing Chung
Independent Non-Executive Director

Chiu Kui Tzu @ Dora
Independent Non-Executive Director

YB Mejar (K) Datuk Samsudin Bin Yahya
Independent Non-Executive Director

COMPANY SECRETARIES

Kang Shew Meng
Seow Fei San
Chong Tzu Khen

AUDIT COMMITTEE

Chong Khing Chung
Chairman

Dato' Seri Md Kamal Bin Bilal
Member

YB Mejar (K) Datuk Samsudin Bin Yahya
Member

NOMINATING COMMITTEE

Chiu Kui Tzu @ Dora
Chairperson

YB Mejar (K) Datuk Samsudin Bin Yahya
Member

Chong Khing Chung
Member

REMUMERATION COMMITTEE

YB Mejar (K) Datuk Samsudin Bin Yahya
Chairman

Chiu Kui Tzu @ Dora
Member

Hendry Sukendy
(appointed on 05/01/2012)
Member

REGISTERED OFFICE/ HEAD OFFICE

Lot 4, Block E,
Bandar Nam Tung, Jalan Leila,
P.O.Box No. 2112,
90724 Sandakan, Sabah.
Tel: 089-611133/
089-611633/
089-612633
Fax: 089-613633/
089-618633

RESEARCH AND DEVELOPMENT CENTRE

Batu 7, Tanjung Payang, Silam,
Lahad Datu, Sabah.
Tel: 089-898133
Fax: 089-898133

MARKETING AND DISTRIBUTION OFFICE IN HONG KONG

1st Floor, Room 12,
No. 37, Tam Kung Temple Road,
Shau Kei Wan Wholesale Fish Market,
Shau Kei Wan, Hong Kong.
Tel: (852) 25686238
Fax: (852) 25687222

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50400 Kuala Lumpur.
Tel: 03-20849000
Fax: 03-20949940/03-20950292

PRINCIPAL BANKER

Hong Leong Bank Berhad
Lot 1 - 3,
Block 18, Mile 4,
North Road, Bandar Indah,
90722 Sandakan, Sabah.

HSBC Bank Malaysia Berhad
1, Jalan Pelabuhan/Leboh Tiga,
90000 Sandakan, Sabah.

Malayan Banking Berhad
Lot 28, 29 & 30, Block HS3,
Sandakan Harbour Square,
90000 Sandakan, Sabah.

AUDITORS

Ernst & Young (AF: 0039)
Chartered Accountants
16th Floor, Wisma Khoo Siak Chiew,
Jalan Buli Sim Sim,
90000 Sandakan, Sabah.

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name: BAHVEST
Stock Code: 0098

WEBSITE

www.borneoaqua.com.my

Chairman's Statement

Introduction

On behalf of the Board of Directors ("Board"), I am pleased to present you the 2012 Annual Report and Audited Financial Statements of Borneo Aqua Harvest Berhad and its subsidiaries ("the Group") for the financial year ended 31 March 2012 ("FYE 2012").

Business and Financial Review

As for the financial year ended 31 March 2012 ("FYE 2012"), the Group recorded revenue and profit before taxation of RM31.559 million and RM1.220 million respectively for the financial year ended 31 March 2012 ("FYE 2012"). The revenue of RM31.559 million representing an increase of 11.95% as compared to RM28.191 million recorded for the financial year 2011 ("FYE 2011").

The profit before taxation of RM1.220 million for FYE 2012 represents a slight decrease of 3.40% as compared to profit before taxation of RM1.263 million recorded of FYE 2011. This was mainly due to increase in distribution costs.

Research and Development ("R&D") Updates

R&D is essentially the key strategy to ensure sustainable and cost effective aquaculture productions. Therefore, the Group emphasis on this division to improve on the broodstock management, hatchery and nursery for the sustainable production of high value marine finfish as well as focusing on improving the fish rearing technique to achieve better quality marine finfish.

Currently, the Group's R&D team comprises expertise from Japan, South Korea and Malaysia. The Group will also continuously emphasis on conducting R&D for breeding new cross-bred marine finfish species in order to be at the competitive edge in the market.

Current capacity and expansion plans

The Group currently has about 1,166 broodstocks of over 20 high value species and is progressively increasing the number and species of broodstocks as the Group always believes that the ability to produce fish fry is the key to a successful aquaculture company. Besides the current capacities that the Group is having now, the Management has locked in their plans to further expand its business activities in breeding, hatching, nursery and rearing by constructing and completing another 4 units of Hatchery Buildings, 13 units of Nursery Buildings, and other related facilities for the next two years. With the completion of the above mentioned facilities, the Group would be able to rear 5.0 million tails of fries, therefore, the Group's hatchery, nursery and rearing operations are foreseeable to continuously improve and hence, the annual productions of fish fry are expected to increase in the coming financial years.

Trends in Fish Consumption and Aquaculture Industry Outlook

Fish products represent a very valuable source of protein and essential nutrient for balanced nutrition and good health. Taken globally, about one billion people rely on fish as their main source of animal protein, especially coastal areas where the dependence on fish is typically high and about 20% of the world's population derives at least 20% of its animal protein from fish. For example, fish contribute more than, or close to, 50% of total animal proteins in some small island developing States and in Bangladesh, Cambodia, Indonesia, Japan and Sri Lanka.

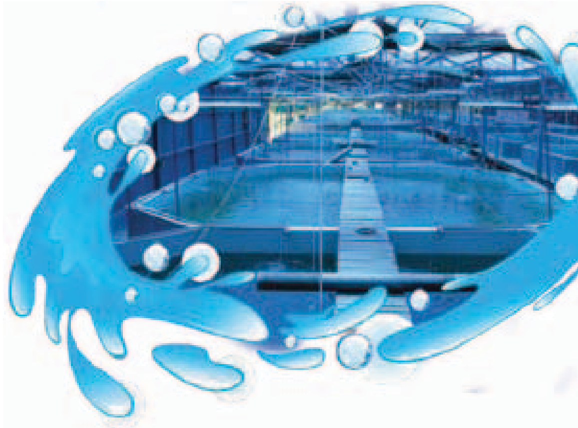
Therefore, Aquaculture plays an important role in contributing to our protein food supply and will continue to be vital in the future as a source of protein food, both in the low-priced as well as in the high-priced categories. Consequently, cultured fish has become an increasingly viable alternative as fresh live fish are no longer easily available through wild-catch as fishing activities are depleting and followed by the trend of rising prices for fish. As for the record over the last three decades, the world food fish production of aquaculture has expanded by almost 12 times, at an average of annual rate of 8.8%, and Asia- Pacific region has played a major role in contributing to the global food fish production and foresee continue to be the largest contributor to the global aquaculture production.

Market Prospects

Now and the foreseeable future, cage cultured finfish are generally high value product, targeted at wealthy urban markets or the tourist seafood markets. There are also other high and low values species targeted at the domestic markets which are mostly sold to urban restaurants or supermarket chains. The rapid development of grouper aquaculture in the Asia-Pacific region is driven by market demand for high-value live marine finfish. Throughout the years, southern China and Hong Kong remained to be in the highest consumption and demand for live marine finfish in the Asia-Pacific Region. The fish markets of southern China and Hong Kong place a premium price in live finfish trade especially for grouper species. The trade is approximately worth an estimated $US350 million a year. With population and economic growth continuing in southern China and Hong Kong and demand for live finfish spreading beyond these markets, it is anticipated that demand will rise substantially. Thus, the Group's marketing strategy will still be focusing on the live marine finfish trade in southern China and Hong Kong and striving to increase trade volumes of our high valued cultured marine finfish in both markets.

A note of appreciation

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and the staff of the Group for their continued efforts, commitment and contribution in commencing the strict strategic management and operational measures for the Company throughout the year.



I would also like to take this opportunity to thank all our valued shareholders, customers in Hong Kong and China, business associates, suppliers, investors, the regulatory authorities and bankers for continuous support and confidence in the Group.

Last but not least, my heart-felt thanks to all my fellow Directors for their valuable guidance, advice and support rendered over the years.

Dato' Seri Md Kamal Bin Bilal
Chairman of the Board of Borneo Aqua Harvest Berhad

Directors' Profiles

Dato' Seri Md Kamal Bin Bilal

Malaysian aged 49, is an Independent Non-Executive Chairman and member of the Audit Committee of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005.

He entered the job market at the age of 20, serving as a Community Development Officer in the Ministry of National and Rural Development. After gaining 13 years of experience in the Government sector, he ventured into the automobile industry as a Proton Edar dealer in 1995. He was appointed as the Non-Executive Director of The Store Corporation Berhad in 2000 and was re-designated as Independent Non-Executive Chairman in 2001. He was also appointed as Independent Non-Executive Chairman of KBB Resources Berhad and Prime Utilities Berhad in 2003 and 2005 respectively. Since 2000, he has been the Division Treasurer of the United Malay National Organization's Kepala Batas division.

Dato' Seri Md Kamal Bin Bilal does not have any family relationship with any other directors or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

Dato' Seri Md Kamal Bin Bilal attended three (3) out of four (4) Board Meetings of the Company held during the financial year.

Datuk Lo Fui Ming

Malaysian aged 56, is the Managing Director and Chief Executive Officer of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005.

Upon completion of his secondary education, he started working in a timber camp in the operations division and was subsequently appointed as Manager. In 1980, he started his own logging company and was involved in various aspect of the timber industry including timber concession holding, logging contracting, timber trading and timber processing. In 1995, he ventured into the plantation industry. He was the Managing Director of Cepatwawasan Group Berhad, a company listed on the Second Board of Bursa Securities, from 1 October 2001 to 16 January 2004, 6 August 2004 to 1 April 2005 and was appointed as the Non-Executive Deputy Chairman until 21 July 2005. He also sits on the Board of several other private companies. He incorporated Plentiful and Marine for breeding of fish and fish fry to supply to the local and international markets in 2001 and 2002 respectively.

As the Managing Director and Chief Executive Officer of Borneo Aqua, he is primarily responsible for overseeing the overall business operations and development as well as formulation and implementation of the Borneo Aqua Group's corporate strategies. With over 29 years of experience in the business sector, he is the driving force of the Group.

Datuk Lo Fui Ming is the brother of Mr. Lo Ken Hin, brother-in-law of Ms. Dora Chiu Kui Tzu and the father of Mr. Lo Teck Yong.

He is a substantial shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended three (3) out of four (4) Board Meetings of the Company held during the financial year.

Datuk Lo Ken Hin

Malaysian aged 54, is an Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005.

He is the director in charge of operations for Hatchery Centre and Rearing Centre of the Borneo Aqua Group. He is responsible for overseeing the breeding and hatching operations, purchasing and production planning. In 1977, he joined Syarikat Lo & Sons and was involved in the timber camp operations. From 1984 to 2001, he was the Executive Director for several timber companies. He has been a director of HHC Venture Sdn Bhd ("HHC") since 2003. HHC is principally involved in general contract works for plantation sector. In 2001, he joined his brother Datuk Lo Fui Ming to form Plentiful to breed fish and fish fry.

Mr. Lo Ken Hin is the brother of Datuk Lo Fui Ming and uncle of Mr. Lo Teck Yong. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended all four (4) Board Meetings of the Company held during the financial year.

Lo Teck Yong

Malaysian aged 31, is an Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He resigned as a member of the Audit Committee of the Company on 20 May 2008. He is the director in charge of the marketing division of the Borneo Aqua Group. He oversees the Group's overall product marketing and services, and market development.

He obtained a Bachelor of Science Degree majoring in Marketing from University of Surrey, United Kingdom in 2003. Upon his graduation in 2003, he embarked on a study tour to a few fish breeding centres in Taiwan, Republic of China and South Korea to expand his knowledge on fish breeding and marketing of fish and fish fry.

Mr. Lo Teck Yong is the son of Datuk Lo Fui Ming and nephew of Mr. Lo Ken Hin and Ms. Dora Chiu Kui Tzu. He has no conflict of interest with the Company and has not been convicted of any offences, other than traffic offences, if any.

He attended three (3) out of four (4) Board Meetings of the Company held during the financial year.

Akinori Hotani

Japanese aged 38, is an Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 24 March 2006.

He obtained a Bachelor of Science Degree majoring in Marine Science and Aquaculture (First Class Honours) from University of Kinki, Japan in 1996. Upon graduation, he joined Nitto Seimo Corporation Co Ltd ("Nitto"), Japan as the Head of Ocean Research and Development Department. During his employment with Nitto, he has conducted numerous research and has gained extensive experience in marine fish breeding hatchery and rearing of marine fish. He also has vast knowledge in formulation of aquaculture medicine and chemical, water environment control, micro-organism production, and fish eggs management and control as well as designing and constructing fish cages (net cage, submersible cage and aquaculture system). He is responsible for the overall implementation of Borneo Aqua Group's R&D strategies and activities. He is also responsible for product development and breeding activities of the Group.

Mr. Akinori Hotani does not have any family relationship with any other directors or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended three (3) out of four (4) Board Meetings of the Company held during the financial year.

Chong Khing Chung

Malaysian aged 45, is an Independent Non-Executive Director and Audit Committee Chairman of Borneo Aqua since 9 May 2005. He was appointed a member of Nominating Committee on 10 July 2008.

He is a Chartered Member of the Malaysian Institute of Accountants and Certified Practising Accountants ("CPA") of Australia. He obtained a Bachelor Degree in Accountancy from University of Western Australia in 1990. He spent the early part of his career in the accountancy profession before eventually branching out into the capital market, holding various positions, including as the Executive Director (Operations) of Innosabah Securities Bhd. In 2004, he was appointed as the Executive Director cum Group Chief Financial Officer of Cepatwawasan Group Bhd. He subsequently has a short stint with a Singapore public listed company in 2006 and from 2007 to 2010, he was the Group CFO of a Hong Kong and London listed company.

Mr. Chong Khing Chung does not have any family relationship with any other directors or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended all four (4) Board Meetings of the Company held during the financial year.

Chiu Kui Tzu @ Dora

Malaysian aged 58, is an Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. She was appointed the Chairperson of Nominating Committee and a member of Remuneration Committee on 10 July 2008.

Upon completing her secondary education, she joined Guthrie Engineering Sdn Bhd as a Kardex Clerk cum Parts Supervisor in 1973. In 1982, she joined Hong Kong and Shanghai Banking Corporation (currently known as HSBC Bank Malaysia Berhad ("HSBC")). She left HSBC in 2002. She is a committee member of the Sandakan Hospice Association and the Sabah Cheshire Home Sandakan, and an active member of the Sandakan Toastmaster Club.

Mdm. Chiu Kui Tzu @ Dora is the sister-in-law of Datuk Lo Fui Ming and aunty of Mr. Lo Teck Yong. She has no conflict of interest with the Company and has not been convicted of any offences, other than traffic offences, if any.

She attended all four (4) Board Meetings of the Company held during the financial year.

YB Mejar (K) Datuk Samsudin Bin Yahya

Malaysian aged 57, is an Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 26 November 2008. He was appointed a member of both Nominating Committee and Remuneration Committee on 17 August 2009.

He is currently the Sabah State Assembly Representative for Sekong Constituency for two consecutive years since 2004. Upon completion of his secondary education, he was engaged in his own business. His wish is to serve the people of Sandakan so he joined UMNO Sekong Branch as a member and later he was elected as Chairman of Sekong branch.

He was appointed Ahli Lembaga Sinora Industries Sdn Bhd from 1997-2006 and Ahli Majlis-Majlis Perbandaran Sandakan from 2004-2006. He is now one of the Board of Directors for Lembaga Kemajuan Ikan Malaysia (LKM) and currently is the Chairman of Koperasi Kemajuan Perikanan dan Nelayan Sabah (Ko-Nelayan) and also Ramajua Sdn. Bhd.

YB Mejar (K) Datuk Samsudin Bin Yahya does not have any family relationship with any other directors or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended all four (4) Board Meetings of the Company held during the financial year.

Hendry Sukendy

Indonesian aged 26, is a Non-Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 5 January 2012. He was appointed a member of Remuneration Committee on 5 January 2012.

He holds a degree of Bachelor of Science in Marine Biology, Hawaii Pacific University 2009. Upon graduation, he started his employment with PT. Arafura Culture in Indonesia as a technician of Hatchery and Nursery until present.

He does not have any family relationship with any other directors or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended one (1) Board Meeting of the Company during the financial year since his appointment on 5 January 2012.

The Board of Directors ("Board") of Borneo Aqua Harvest Berhad ("Borneo Aqua") recognises and subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance ("Code") as a key factor towards achieving an optimal governance framework and processes in managing the business and operational activities of the Company.

The Board subscribes to and supports the belief that good corporate governance practices are pivotal to enhancing shareholders' value. Hence, the Board is fully dedicated to continuously evaluate the Group's corporate governance practices and procedures to ensure that the principles and best practices in corporate governance are applied and adhered to in the best interests of its stakeholders.

The Statement below sets out the manner in which the Group has applied the Principles of the Code and the extent of compliance with Best Practices advocated therein.

A. BOARD OF DIRECTORS

RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board takes full responsibility for the performance of the Group. The Board guides the Company on its short and long-term goals, provides advice and directions on management and business development issues while providing balance to the management of the Company.

The Board is responsible for the following:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholders communication policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

COMPOSITION AND BALANCE

The Company is led by an experienced Board with nine (9) members; comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director/Chief Executive Officer, three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The Board composition represents a mix of knowledge, skills and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

The Independent Non-Executive Chairman is responsible for the Board's effectiveness and standard of conduct whilst the Managing Director/Chief Executive Officer has the overall responsibilities to oversee the business and operations. The clear division of responsibilities between these two roles will ensure a balance of power and authority.

All independent and Non-Executive Directors do not participate in the day-to-day management of the Group. The Independent Non-Executive Directors have a responsibility to bring independent objective judgements to bear on the Board's decisions.

The Company is in compliance with Part 2 of the Code of which states that at least one-third (1/3) of the Board must be made up of Independent Non-Executive Directors. The Company has also complied with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE Market Listing Requirements"), which requires the Board to have at least two (2) directors or one-third (1/3) of the Board are Independent Directors.

APPOINTMENTS AND RE-ELECTION OF DIRECTORS

All appointments of new directors to the Board are properly made with an established and transparent procedure and in compliance with the relevant rules of the relevant authorities. Any appointment of additional director will be made as and when it is deemed necessary by the existing Board with due consideration given to the mix and range of expertise and experience required for an effective Board.

In accordance with the Company's Articles of Association, at each Annual General Meeting, one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1), shall retire from office and an election of Directors shall take place provided always that each Director shall retire at least once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not. An election of Directors shall take place each year.

In line with the Best Practices of the Code, the Company has established two Committee of Directors ("Committees") to assist in the performance of certain duties of the Board under a specific terms of reference. The Committees are composed of Non-Executive Directors, with the majority being Independent Directors. The Board considers that the mix of commercial experience from the Non-Executive Directors will complement the Executive Directors and create an effective Board.

The Committees established are as follows:

(i) Nominating Committee

The functions of the Nomination Committee are as follows:

i. recommend to the Board of Directors the nomination of a person or persons to be a Board member(s) by shareholder(s) or Director(s);
ii. recommend to the board, directors to fill the seats on board committees;
iii. assess the effectiveness of the board as a whole, the committees of the board and the contribution of each existing individual director and thereafter, recommend its findings to the board; and
iv. review the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the board and thereafter, recommend its findings to the board.

(ii) Remuneration Committee

The function of the Remuneration Committee is to recommend to the board, the remuneration packages of Managing Director and Executive Directors of the Company in all its forms, drawing from outside advice as necessary.

The remuneration packages of Non-Executive Directors should be determined by the Board of Directors as a whole subject to the shareholders' approval.

BOARD MEETING AND SUPPLY OF INFORMATION

The Board meets regularly on a quarterly basis to control and monitor the development of the Group. Additional meetings will be convened as and when required. The agenda for each Board meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. The Directors are given sufficient time to obtain further information and explanation, where necessary, in order to be briefed properly before the meeting.

The proceedings and resolutions reached at each Board meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the Registered Office.

Besides Board meetings, the Board exercises control on matters that require its approval through circulation of Directors' Resolutions.

BOARD MEETING AND SUPPLY OF INFORMATION (cont'd)

The summary of attendance at the Board meetings held for the financial year ended 31 March 2012 is as follows:

Directors	**Number of Board Meetings**	
	Held	**Attended**
Dato' Seri Md Kamal Bin Bilal	4	3
Datuk Lo Fui Ming	4	4
Lo Ken Hin	4	4
Lo Teck Yong	4	3
Akinori Hotani	4	3
Chiu Kui Tzu @ Dora	4	3
Chong Khing Chung	4	4
YB Mejar (K) Datuk Samsudin Bin Yahya	4	4
Chang Mei Lin @ Tina (resigned on 25/11/2011)	4	0
Hendry Sukendy (appointed on 05/01/2012)	4	1

The Board members have access to the advices and services of the Company Secretaries and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in carrying out their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

NUMBER OF DIRECTORSHIP IN OTHER COMPANIES

None of the Directors of the Company hold any directorship in other public listed companies except for Dato' Seri Md Kamal Bin Bilal.

DIRECTORS' TRAINING

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad. Every Director will undergo continuous training to equip himself/herself to effectively discharge his/her duties as a director from time to time. The Company will provide briefing for new members of the Board, when necessary, and they are encouraged to visit the Company's hatchery, nursery and rearing centres at Pulau Palak, Mile 7, Jalan Airport, Sandakan and Silam, Lahad Datu respectively to ensure that they have a comprehensive understanding on the Group's operations in which would assist the Board to make effective decision. The Board has assessed the training needs of the Directors and encourages the Directors to attend any relevant programmes to further enhance their knowledge to enable them to discharge their responsibility more effectively.

B. REMUNERATION OF DIRECTORS

The Board recognises that the remuneration of an Executive Director shall always be linked to corporate and individual performance. The remuneration of Non-Executive Director and Independent Non-Executive Director are related to their experience and level of contribution. Currently, the remuneration of both Executive and Non-Executive Directors are decided by the Board.

For the financial year ended 31 March 2012, a total sum of RM954,420 was paid to the Directors of the Company. The details of the Directors' remuneration for the financial year ended 31 March 2012 are as follows:

	Salaries and other emoluments	**Fees**	**Total**
	RM	**RM**	**RM**
Executive Directors	673,920	-	673,920
Non-Executive Directors	-	280,500	280,500

B. REMUNERATION OF DIRECTORS (cont'd)

Range of remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,001 – RM200,000	3	1
RM200,001 – RM350,000	1	-

C. SHAREHOLDERS AND INVESTORS RELATION

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of major development of the Company and the information is communicated timely to them through the following:

- Annual Report; and
- Various disclosures and announcements made to Bursa Malaysia Securities Berhad including the quarterly results and annual results, which are available publicly on the internet via Bursa Malaysia Securities Berhad's website at http://www.bursamalaysia.com.

The Group's Annual General Meeting ("AGM") is an important forum where communications with shareholders are effectively conducted. Shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty-one (21) days before the meeting. The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting is accompanied by a full explanation of the effects of any proposed resolution.

The Independent Non-Executive Chairman and the Board Members are prepared to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders.

The Company strives to promote and encourage bilateral communication with its shareholders through participation at its general meetings and also ensure timely dissemination of any information to the investors, analysts and public at large. The Company always maintains and promotes transparency in our business activities and to continually keep the shareholders and the public well informed on the Company's activities.

The Company also maintains a website (http://www.borneoaqua.com.my) which provides another communication channel for investors and shareholders to access corporate information and news related to the Group.

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board has taken reasonable steps to provide a balanced and comprehensive assessment of the Group's financial performance and prospects, primarily through the annual report, quarterly financial results and research reports. In the preparation of the financial statements, the directors have adopted suitable accounting policies and applied them consistently and made judgements and estimates that are prudent and reasonable.

D. ACCOUNTABILITY AND AUDIT (cont'd)

(ii) Internal Control

The Board has the responsibility for maintaining a sound system of internal controls which provides reasonable assessments of effective and efficient operations, internal controls and compliance with laws and regulations and risk management to safeguard shareholders' investments and the Group's assets. The Board also recognises that the system of internal control has inherent limitations and is aware that such a system can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

The internal control system of the Group is supported by an established organizational structure with well-defined authority and responsibility lines, and which comprises of appropriate financial, operational and compliance controls.

(iii) Relationship with the Auditors

The Group's independent external auditors hold an essential role for the shareholders by enhancing the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. The Company has always maintained a formal and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

E. DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE ANNUAL FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the ACE Market Listing Requirements have been applied. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Audit Committee Report

The objective of the Audit Committee is to assist the Board in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and to ensure proper disclosure to the shareholders of the Company.

MEMBERS OF THE AUDIT COMMITTEE

The current members of the Audit Committee are as follows;
Chairman : Chong Khing Chung (Independent Non-Executive Director)

Members : Dato' Seri Md Kamal Bin Bilal (Independent Non-Executive Chairman)
YB Mejar (K) Datuk Samsudin Bin Yahya (Independent Non-Executive Director)

SUMMARY OF THE TERMS OF REFERENCE

1. COMPOSITION

The composition of the Audit Committee must fulfil the following requirements:

- The Audit Committee must be comprised of no fewer than 3 members;
- All Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;
- The members of the Audit committee shall elect a chairman, who shall be an independent director from among their members;
- At least one member of the Audit Committee:

(a) must be a member of the Malaysian Institute of Accountants; or
(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and have passed the examinations specified in part I of the 1st Schedule of the Accountants Act 1967 or is a member of one (1) of the associations of accountants specified in Part II of the said Schedule; or
(c) a person who has fulfilled such other requirements as prescribed or approved by Bursa Securities.

2. FREQUENCY AND PROCEDURES OF MEETINGS

1. Meetings shall be held not less than four (4) times a financial year.

2. The Committee may regulate its own procedures, in particular;
   - The calling of meetings;
   - The notice to be given of such meetings;
   - The voting and proceedings of such meetings;
   - The keeping of the minutes; and
   - The custody, production and inspection of such minutes.

3. Other Board members, senior management personnel, Internal and External auditors may be invited to attend meetings.

2. FREQUENCY AND PROCEDURES OF MEETINGS (cont'd)

During the financial year 2012, the Audit Committee held a total of four (4) meetings. The attendance by each member at the Committee meetings during the financial year was as follows:

Name	Statuso fD irectorship	Meeting Held	Attended
Chairman			
Chong Khing Chung	Independent Non-Executive Director	4	4
Member			
Dato' Seri Md Kamal Bin Bilal	Independent Non-Executive Chairman	4	3
YB Mejar (K) Datuk Samsudin Bin Yahya	Independent Non-Executive Director	4	4

3. QUORUM

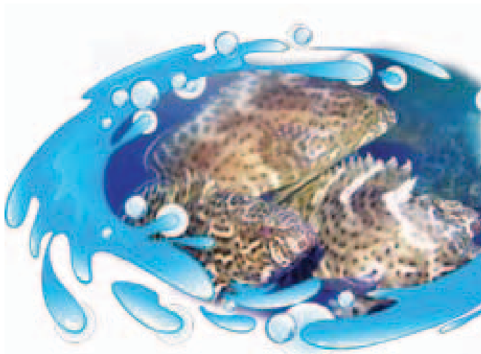
The quorum for the meeting shall be by majority of the members who are Independent Directors.

4. SECRETARY

The Company Secretary or other appropriate senior official shall be the secretary to the Committee.

5. FUNCTIONS

The functions of the Committee are as follows:



1. To review the following and report the same to the board of directors:

a) with the external auditors:
   i) the external audit plan,
   ii) the evaluation of the system of internal controls; and
   iii) the external audit report.

b) the assistance given by the Company's employees to the external auditors;

c) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;

d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

e) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on :

   - changes in or implementation of major accounting policy changes;
   - significant and unusual events; and
   - compliance with accounting standards and other legal requirements;

f) any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

g) any letter of resignation from the external auditors of the Company; and

h) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment; and

5. **FUNCTIONS** (cont'd)

2. **Recommend the nomination of a person or persons as external auditors.**

6. **AUTHORITY**

The Committee shall, in accordance with the procedures determined by the Board and at the cost of the Company;

i) have explicit authority to investigate any matter within its term of reference;
ii) have the resources which are required to perform its duties;
iii) have full and unrestricted access to all information and documents relevant to its activities as well as direct communication channels with the external auditors, person(s) carrying out the internal audit function or activity and the senior management of the Group;
iv) be able to obtain independent/external professional advice; and
v) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other executive directors and employees of the Company, whenever deemed necessary.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The following is a summary of the main activities carried out by the Audit Committee during the financial year under review:

i) Reviewed and recommended the quarterly financial results and the annual audited financial statements of the Company and the Group to the Board for consideration and approval;

ii) Reviewed and recommended the reappointment of the External Auditors to the Board for consideration;

iii) Reviewed with the External Auditors the scope of work, audit plan and fees for the statutory audit and thereafter recommended to the Board for approval;

iv) Reviewed with the outsourced Internal Auditors the annual Internal Audit Plan, the scope of work and fees and thereafter recommended to the Board for their approval;

v) Reviewed the status report and updates and recommendations for corrective action plans submitted by the outsourced Internal Auditors and received regular updates of the implementation by the Group;

vi) Reviewed related party transactions within the Company or the Group including any transaction, procedure or course of conduct that raises any questions of Management integrity;

vii) Reviewed with External Auditors and outsourced Internal Auditors on issues affecting the operations of the Group as well as the necessary remedial actions and thereafter reported the same to the Board; and

viii) Reported to the Board on its activities, and on any significant issues and results.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional service to conduct an independent review of the Group's systems of internal control. The firm appointed is independent of the activities carried out by them and also of the external auditors.

The internal audit activities were reviewed on the implementation of the internal and external audit recommendations and that the outsourced internal audit function has adequate resources, consisting of people who are adequately skilled.

INTRODUCTION

The Board of Directors recognises the importance of good corporate governance practices and is committed to maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board is pleased to provide the following Statement of Internal Control, which outline the nature and scope of internal of the Group for the financial year ended 31 March 2012.

BOARD RESPONSIBILITY

The Board is overall responsible for the Group's systems of internal controls, risk management and for reviewing the adequacy and integrity of these systems. The systems of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss as it is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Thus the framework is expected to provide reasonable but not absolute assurance against material misstatements or losses.

INTERNAL CONTROL FRAMEWORK

The Managing Director and senior management team monitor the day-to-day affairs of the Group by attending scheduled meetings both at management and operational levels and review their performance and operation reports. These include technical and operations meetings and management review meetings for the subsidiary companies.

The key elements of the Group's internal control system are described below:

- A well defined organisational structure with clear lines of accountability that sets out the authority delegated to the Board and management committees.

- There is a clearly defined delegation of responsibilities to the Audit Committee of the Board and the management of the holding company and operating units who ensure that appropriate control procedures are in place.

- Performance reports such as quarterly financial review and other corporate matters are regularly provided to the directors and discussed at Board Meetings.

- Management meetings are regularly held to discuss and report on the operational performance, business strategy, key information, legal and regulatory matters of each business unit where plans and targets are established for business planning and budgeting process.

- The Audit Committee is tasked by the Board with the duty of reviewing the effectiveness of the Group's system of internal controls.

- The Audit Committee, on behalf of the Board, reviews and holds discussion with Management to deliberate on action plans addressing the internal controls issues identified by the external auditors.

- The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of the internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by management and evaluates the effectiveness of the Group's risk management and internal control system.

In accordance with the Code, the Group has engaged KPMG as Internal Auditors in June 2007. The Internal Audit function reports directly to the Audit Committee, carries out regular review of business processes to assess the effectiveness of the internal control and highlights any significant risk that may adversely affect the Group. Whenever necessary, the Audit committee reviews and discusses with key management on the issues brought up by the Internal Auditors.

RISK ASSESSMENT

The Board recognizes that effective risk management is critical for continuous profitability to enhance shareholders value and good corporate government.

The Management has an ongoing process for identifying, evaluating and managing the significant risks faced by the company.

The key control processes of internal control implemented in the Group include:

1. The Board has established delegation of responsibilities to Board Committee, namely Audit Committee, Nomination Committee and Remuneration Committee.

2. The Group has a well-defined organizational structure that is aligned to its business and operation requirements. Clearly defined lines of accountability, delegation of responsibility and level of authorization for all key aspects of business have been laid down and communicated throughout the Group.

3. Scheduled of operational and managements are held to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.

4. Documented internal operating policies and procedures are set-out in the Group Standard Operating Procedures (SOP) which provide guidelines in compliance to the internal control system. These documents will be kept updated in accordance with changes in operating environment.

5. Review of quarterly and annual financial results by Audit Committee.

The Board is of the opinion that the system of internal control was operating satisfactorily during the financial year and has not resulted in any material losses, contingencies that would require disclosure in the Annual Report.

1. **Utilisation of Private Placement Proceeds**

   As at 31 March 2012, the Group has fully utilised the total proceeds raised from the Private Placement amounting to RM9.0 millions.

2. **Share Buy-back**

   The Company did not carry out any share buy-back for the financial year under review.

3. **Options, Warrants or Convertible Securities**

   There were no options, warrants or convertible securities issued during the financial year.

4. **American Depository Receipt (ADR) or Global Depository Receipt (GDR)**

   The Company did not sponsor any ADR or GDR programme during the financial year.

5. **Imposition of Sanctions and/or Penalties**

   There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

6. **Non-audit Fees**

   No non-audit fees were paid to the external Auditors, Ernst & Young.

7. **Profit Forecast**

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

8. **Profit Guarantee**

   The Company did not issue any profit guarantee during the financial year.

9. **Recurrent Related Party Transactions of Revenue or Trading Nature**

   There was no recurrent related party transactions of revenue or trading nature which had entered by the Group during the financial year ended 31 March 2012.

10. **Contract Relating to Loan by the Company**

    There was no contract relating to loan by the Company.

11. **Revaluation Policy**

    The Company did not have a revaluation policy on landed properties.

12. **Material Contract**

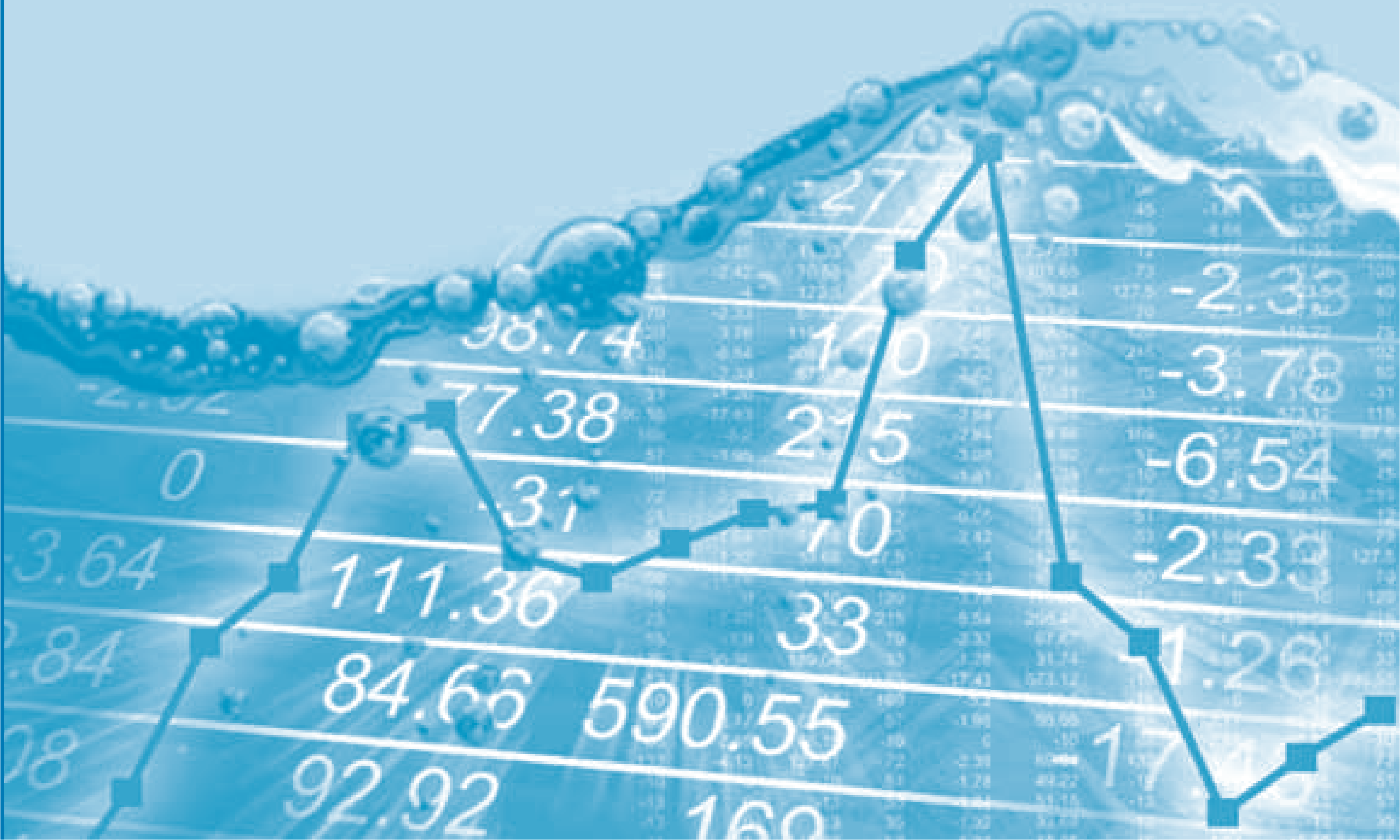
    There was no other material contract entered into by company and/or its subsidiary company which involves Directors' interests during the financial year ended 31 March 2012.

13. **Corporate Social Responsibility**

    Borneo Aqua is certified by SPLAM, a voluntary scheme managed by the Department of Fisheries, Malaysia with the purpose of promoting responsible and eco-friendly aquaculture practices. The aim of this scheme is to ensure safety and quality in aquaculture production. Important elements incorporated in the scheme are ISO 9002 ,SSOP (Standard Sanitary and Operating Procedures), product standards and specifications. The scheme is also complies with the Aquaculture's Code of Practice (COP) and Good Agriculture Practices (GAqP) and other terms and conditions as determined by the Malaysian Department of Fisheries.

    The Group has continuously extended more opportunities for fresh graduates from various universities in Malaysia to undergo industrial training at our hatchery, nursery and rearing centres. The company may consider providing permanent position to those fresh graduates if job vacancy is available.

Financial Statements



The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2012.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are stated in Note 17.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit/(loss) net of tax	1,055,971	(2,726,667)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Md Kamal Bin Bilal
Datuk Lo Fui Ming
Lo Ken Hin
Lo Teck Yong
Akinori Hotani
Chiu Kui Tzu @ Dora
Chong Khing Chung
YB Mejar (K) Datuk Samsudin Bin Yahya
Hendry Sukendy (Appointed on 5 January 2012)
Chang Mei-Lin @ Tina Chang (Resigned on 25 November 2011)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.10 each			
	1.4.2011	Acquired	Sold	31.3.2012
Name of directors				
Direct interest:				
Datuk Md Kamal Bin Bilal	2,180,000	-	-	2,180,000
Datuk Lo Fui Ming	91,834,602	11,751,900	(3,718,000)	99,868,502
Lo Ken Hin	2,040,396	500,000	-	2,540,396
Lo Teck Yong	7,021,330	-	(3,500,000)	3,521,330
Akinori Hotani	382,000	-	(100,000)	282,000
Chiu Kui Tzu @ Dora	118,000	-	-	118,000
Chong Khing Chung	40,000	-	-	40,000

	Number of ordinary shares of RM0.10 each			
	1.4.2011	Acquired	Sold	31.3.2012
Indirect interest:				
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of shareholding of his child	60,000	-	-	60,000
Indirect interest of Lo Ken Hin in the Company by virtue of shareholding of his spouse	218,900	-	-	218,900

Datuk Lo Fui Ming by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM33,000,000 to RM35,000,000 by way of the issuance of 20,000,000 ordinary shares of RM0.10 each at an issue price of RM0.45 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsequent Event

Details of subsequent event is disclosed in Note 33 to the financial statements.

Auditors

The auditors, Ernst & Young, will not be seeking re-election at the forthcoming Annual General Meeting.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 July 2012.

Datuk Lo Fui Ming **Lo Ken Hin**

Statement By Directors Pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Lo Fui Ming and Lo Ken Hin, being two of the Directors of Borneo Aqua Harvest Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 28 to 77 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 July 2012.

Datuk Lo Fui Ming
Sandakan, Malaysia

Lo Ken Hin

Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, Chong Tzu Khen, being the Officer primarily responsible for the financial management of Borneo Aqua Harvest Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 77 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Chong Tzu Khen
at Sandakan in the State of
Sabah on 27 July 2012

Chong Tzu Khen

Before me,

HAMZAH HJ ABDULLAH (S-088)
Commissioner for Oaths
Lot 5, Block 24, Lebuh Dua,
90009 Sandakan, Sabah.

Report on the financial statements

We have audited the financial statements of Borneo Aqua Harvest Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 77.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the year then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates that during the year ended 31 March 2012, the Group is unable to settle its liabilities within the credit period granted by its creditors and, as of that date, one of its subsidiaries, Plentiful Harvest Sdn. Bhd. has defaulted on loan principal and interest payments. These conditions, along with other matters as set forth in Note 2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Report on other legal and regulatory requirements (cont'd)

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following: (cont'd)

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we has not acted as auditors, which is indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 35 on page 77 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Chong Ket Vui, Dusun
2944/01/13 (J)
Chartered Accountant

Sandakan, Malaysia
27 July 2012

Statements of Comprehensive Income for the financial year ended 31 March 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	5	31,559,169	28,190,608	-	-
Cost of sales		(21,741,377)	(18,030,605)	-	-
Gross profit		9,817,792	10,160,003	-	-
Other items of income					
Interest income	6	6	3,364	-	-
Other income	7	140,955	205,360	-	-
Other items of expense					
Selling and distribution costs		(4,015,137)	(3,607,044)	-	-
Administrative expenses		(2,138,715)	(3,400,555)	(426,667)	(466,601)
Finance costs	8	(1,698,658)	(1,956,122)	-	-
Other expenses		(886,110)	(142,217)	(2,300,000)	(162,655)
Profit/(loss) before tax	9	1,220,133	1,262,789	(2,726,667)	(629,256)
Income tax expense	12	(128,368)	(1,067,678)	-	-
Profit/(loss) net of tax		1,091,765	195,111	(2,726,667)	(629,256)
Other comprehensive income					
Foreign currency translation		(35,794)	(21,488)	-	-
Total comprehensive income/ (expense) attributable to owners of the parent		1,055,971	173,623	(2,726,667)	(629,256)
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	0.32	0.06		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position as at 31 March 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Assets					
Non-current assets					
Property, plant and equipment	14	50,410,081	38,676,705	5,849	6,825
Land use rights	15	2,090,737	2,149,160	-	-
Intangible asset	16	20,799	65,496	-	-
Investments in subsidiaries	17	-	-	41,305,204	43,605,204
Biological assets	18	4,865,492	5,036,214	-	-
Other receivables	20	6,740,840	-	-	-
		64,127,949	45,927,575	41,311,053	43,612,029
Current assets					
Biological assets	18	32,294,315	26,676,938	-	-
Inventories	19	645,428	1,144,759	-	-
Trade and other receivables	20	15,395,971	23,669,385	10,260,326	1,645,484
Prepayments		347,450	928,366	54,501	54,120
Tax refundable		18,393	120,893	-	105,950
Cash and bank balances	21	298,491	465,480	4,349	12,149
		49,000,048	53,005,821	10,319,176	1,817,703
Total assets		113,127,997	98,933,396	51,630,229	45,429,732
Equity and liabilities					
Current liabilities					
Loans and borrowings	22	24,103,580	16,388,101	-	-
Trade and other payables	23	11,881,614	9,497,259	387,690	319,251
		35,985,194	25,885,360	387,690	319,251
Net current assets		13,014,854	27,120,461	9,931,486	1,498,452
Non-current liabilities					
Loans and borrowings	22	244,069	6,192,366	-	-
Deferred tax liabilities	24	3,176,231	3,047,863	-	-
		3,420,300	9,240,229	-	-
Total liabilities		39,405,494	35,125,589	387,690	319,251
Net assets		73,722,503	63,807,807	51,242,539	45,110,481

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Equity attributable to owners of the parent					
Share capital	25	35,000,000	33,000,000	35,000,000	33,000,000
Share premium	25	19,989,544	13,130,819	19,989,544	13,130,819
Foreign currency translation reserve	26	(90,888)	(55,094)	-	-
Retained earnings/(accumulated losses)		18,823,847	17,732,082	(3,747,005)	(1,020,338)
Total equity		73,722,503	63,807,807	51,242,539	45,110,481
Total equity and liabilities		113,127,997	98,933,396	51,630,229	45,429,732

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Equity, total RM	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Retained earnings RM
			← Non-Distributable		→	Distributable
Group						
At 1 April 2010		63,634,184	33,000,000	13,130,819	(33,606)	17,536,971
Total comprehensive income		173,623	-	-	(21,488)	195,111
At 31 March 2011		63,807,807	33,000,000	13,130,819	(55,094)	17,732,082
Total comprehensive income		1,055,971	-	-	(35,794)	1,091,765
Transactions with owners						
Issuance of ordinary shares	25	9,000,000	2,000,000	7,000,000	-	-
Share issuance expense	25	(141,275)	-	(141,275)	-	-
Total transactions with owners		8,858,725	2,000,000	6,858,725	-	-
At 31 March 2012		73,722,503	35,000,000	19,989,544	(90,888)	18,823,847

	Note	Equity, total RM	← Non-Distributable Share capital RM	Share premium RM →	Accumulated losses RM
Company					
At 1 April 2010		45,739,737	33,000,000	13,130,819	(391,082)
Total comprehensive expense		(629,256)	-	-	(629,256)
At 31 March 2011		45,110,481	33,000,000	13,130,819	(1,020,338)
Total comprehensive expense		(2,726,667)	-	-	(2,726,667)
Transactions with owners					
Issuance of ordinary shares	25	9,000,000	2,000,000	7,000,000	-
Share issuance expenses	25	(141,275)	-	(141,275)	-
Total transactions with owners		8,858,725	2,000,000	6,858,725	-
At 31 March 2012		51,242,539	35,000,000	19,989,544	(3,747,005)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows for the financial year ended 31 March 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities					
Profit/(loss) before tax		1,220,133	1,262,789	(2,726,667)	(629,256)
Adjustments for:					
Interest income	6	(6)	(3,364)	-	-
Amortisation of broodstocks	18	826,094	342,787	-	-
Amortisation of development costs	16	44,697	148,862	-	-
Amortisation of land use rights	15	58,423	58,424	-	-
Depreciation of property, plant and equipment	14	4,744,891	4,465,100	976	976
Finance costs	8	1,698,658	1,956,122	-	-
Loss /(gain) on disposal of property, plant and equipment	9	227,857	(39,944)	-	-
Loss on disposal of broodstock	9	-	106,339	-	-
Provision for impairment loss on investment in a subsidiary	9	-	-	2,300,000	-
Property written off	9	107,893	-	-	-
Unrealised loss/(gain) on foreign exchange		30,183	72,800	-	162,655
Total adjustments		7,738,690	7,107,126	2,300,976	163,631
Operating cash flows before changes in working capital		8,958,823	8,369,915	(425,691)	(465,625)
Changes in working capital					
Net changes in account with subsidiary companies		-	-	(8,614,842)	231,172
Decrease/(increase) in trade and other receivables		2,088,701	(2,833,829)	(381)	-
Increase in inventories		(5,118,046)	(8,557,140)	-	-
Increase in trade and other payables		2,384,355	7,519,704	68,439	234,632
Total changes in working capital		(644,990)	(3,871,265)	(8,546,784)	465,804
Cash flows from/(used in) operations		8,313,833	4,498,650	(8,972,475)	179
Interest received		6	3,364	-	-
Interest paid		(1,698,658)	(1,956,122)	-	-
Income taxes paid		(3,450)	(3,758)	-	-
Income tax refunded		105,950	-	105,950	-
Net cash flows from/(used in) operating activities		6,717,681	2,542,134	(8,866,525)	179

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Investing activities					
Proceed from disposal of broodstock		-	9,962	-	-
Proceed from disposal of motor vehicle and equipment		980,063	534,634	-	-
Purchase of property, plant and equipment		(17,693,331)	(3,451,392)	-	-
Additions of broodstocks		(563,563)	(777,639)	-	-
Net cash flows used in investing activities		(17,276,831)	(3,684,435)	-	-
Financing activities					
Repayment of loans and borrowings		(2,726,756)	(8,777,466)	-	-
Drawndown of obligations under finance lease		293,000	-	-	-
Repayment of obligations under finance leases		(104,125)	(179,049)	-	-
Proceed from issuance of share capital		9,000,000	-	9,000,000	-
Share issuance expense		(141,275)	-	(141,275)	-
Net cash flows from/(used in) financing activities		6,320,844	(8,956,515)	8,858,725	-
Net (decrease)/increase in cash and cash equivalents		(4,238,306)	(10,098,816)	(7,800)	179
Effect on foreign exchange rate changes		(53,746)	(25,874)	-	-
Cash and cash equivalents at 1 April		(13,029,597)	(2,904,907)	12,149	11,970
Cash and cash equivalents at 31 March	21	(17,321,649)	(13,029,597)	4,349	12,149

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Borneo Aqua Harvest Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities. The registered office of the Company is located at Lot 4, Block E, Bandar Nam Tung, Jalan Leila, 90000 Sandakan, Sabah. The principal places of business of the Company are located at the sea front of Pulau Palak in Sandakan, Pulau Silam and Pulau Saga in Lahad Datu, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

2. Fundamental accounting concept

During the financial year, one of its subsidiaries, Plentiful Harvest Sdn. Bhd. ('Plentiful') has defaulted on loan principal and interest payments. Plentiful experienced a temporary shortage of fund due to capital expenditure incurred on the expansion projects undertaken by the Group. Consequently, during the year ended 31 March 2012, the Group is unable to settle its liabilities within the credit period granted by its creditors. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent on the drawdown of the grant from the Ministry of Agriculture & Agro-Based Industry Malaysia which is amounting to RM24,846,000 where the Ministry of Agriculture & Agro-Based Industry Malaysia has awarded to Plentiful. As at the date of this report, Plentiful is in the process of formalising the agreement with the Ministry of Agriculture & Agro-Based Industry Malaysia as certain conditions have yet to be fulfilled. The directors are of the opinion that they should be able to fulfill these conditions.

In the event that the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. No such adjustments have been made to these financial statements.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 3.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies

The accounting policies adoptedare consistent with those of the previous financial year except as follows:

On 1 April 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS, Amendments to FRS and IC Interpretations	**Effective for annual periods beginning on or after**
FRS 3: Business Combination (revised)	1 July 2010
Amendments to FRS 127 : Consolidated and separate Financial Statements	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 : Service Concession Arrangments	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 15 : Agreements for the Construction of Real Estate	30 August 2010
Amendments to FRS 1 : Limited Exemption for First-Time Adopters	1 January 2011
Amendments to FRS 1 : Additional Exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4 : Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18 : Transfers of Assets from Customers	1 January 2011
Improvements to FRSs (2010)	1 January 2011

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Amendments to FRS 7 : Improving Disclosures about Financial Instruments

The amended standard required enhanced disclosure about fair value measurement and liquidity risk. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosure is not relevant to the Group and the Company. The liquidity risk disclosures are not significantly impact by the amendments and are presented in Note 30(b).

3. Summary of significant accounting policies (cont'd)

3.3 Standards and interpretations issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosure	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax - Recovery of Underlying Assets	1 January 2012
Amendments to FRS 9 (IFRS 9(2009), FRS 9 (IFRS 9(2010)), and FRS 7 - Mandatory Effective Date of FRS 9 and Transition Disclosures	1 March 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9 (IFRS 9(2009)): Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9 (IFRS 9(2010)): Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosures of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119(2011): Employee Benefits	1 January 2013
FRS 127(2011): Separate Financial Statements	1 January 2013
FRS 128(2011): Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Government Loans (Amendments to FRS 1)	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

a) Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

3. Summary of significant accounting policies (cont'd)

3.3 Standards and interpretations issued but not yet effective (cont'd)

b) FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

c) FRS 10: Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

d) FRS 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

e) FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

f) Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

g) Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

3. Summary of significant accounting policies (cont'd)

3.3 Standards and interpretations issued but not yet effective

Malaysian Financial Reporting Standards (MFRS Framework)

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2015. 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 2012 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 2015.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

3. Summary of significant accounting policies (cont'd)

3.4 Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3.8(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3.5 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. Summary of significant accounting policies (cont'd)

3.5 Foreign currency (cont'd)

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

3.6 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives as follows:

Long term leasehold land	Over remaining lease term of land
Buildings	10 - 15 years
Floating plateform, net and cages	10 years
Hatchery ponds	10 years
Heavy equipment	5 years
Live fish carrier vessels	15 years
Motor vehicles	5 years
Fish pond equipment, furniture, fittings and equipment	10 years

Capital construction-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

3. Summary of significant accounting policies (cont'd)

3.7 Biological assets

Biological assets are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10.

All costs incurred on immature broodstocks which are accumulated on a project basis, are capitalised until such time when the broodstocks commence breeding. Costs incurred on immature broodstocks consist of the acquisition cost of the mother fish, cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads.

Maintenance costs of broodstocks after commencement of breeding are recognised in the income statement.

The costs of broodstocks are amortised over the expected reproductive live span of the respective fish, which varies between 8 to 10 years, depending on the species.

Upon the disposal of broodstocks, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

3.8 Intangible assets

a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.5.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

3. Summary of significant accounting policies (cont'd)

3.8 Intangible assets (cont'd)

b) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over 5 years on a straight line basis.

3.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cashgenerating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

3. Summary of significant accounting policies (cont'd)

3.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. Summary of significant accounting policies (cont'd)

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.15 Inventories

a) Fishery Livestocks

Fishery livestocks are stated at the lower of cost (determined on a monthly weighted average basis) and net realisable value. Cost of fishery livestocks and fish fry-in-progress include the cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads accumulated on a project basis. In the case of internally bred live stocks, costs include cost of feeding, direct labour, other direct costs and an appropriate share of breeding overheads based on normal operating capacity.

Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

b) Consumable Stores

Consumable stores are stated at cost. Cost includes expenses incurred in bringing the items into stores and is computed using the weighted average method. Provision is made for all damaged, obsolete and slow-moving items.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Summary of significant accounting policies (cont'd)

3.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. Summary of significant accounting policies (cont'd)

3.20 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.21 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

3.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable:

a) Sale of fish, fish fry and fish eggs

Revenue from sale of fish, fish fry and fish eggs is recognised upon delivery of products to customers during the year less returns and discounts.

b) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3. Summary of significant accounting policies (cont'd)

3.23 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

3. Summary of significant accounting policies (cont'd)

3.23 Income taxes (cont'd)

b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

4. Significant accounting estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 15 years. These are common life expectancies applied in the aquaculture industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's plant and equipment at the reporting date is disclosed in Note 14. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 6% (2011: 35%) variance in the Group's profit for the year.

4. Significant accounting estimates (cont'd)

b) Amortisation of broodstocks

The cost of broodstocks is amortised on a straight-line basis over their estimated economic useful lives of the respective species of fish. Management estimates the expected reproductive life span to be within 8 to 10 years. Changes to these estimated reproductive life span could impact the future amortisation charges.

c) Biological assets (current)

Fish and fish fry inventory are recorded at the lower of cost and net realisable value. Cost includes the cost of eggs, direct labour, feed and applicable overheads. Net realizable value of live stocks is dependent upon many variables which are estimated at year end. These estimates include, among other items, quantities on hand, future mortalities which may arise from disease, predators and other causes, estimated future costs to harvest, expected growth of the fish and fluctuating sales market prices. Management expects to achieve a gross profit on the ultimate sale of the existing inventory. However, the uncertainties inherent in the estimates could have a material effect on the carrying value of inventory and ultimately on future net income.

d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying value of deferred tax assets of the Group at 31 March 2012 was RM1,405,642 (2011: RM1,270,727) and recognised tax losses and capital allowances at 31 March 2012 was RM5,622,568 (2011: RM5,082,908) and the unrecognised tax losses and capital allowances at 31 March 2012 was RM7,028,410 (2011: RM6,506,525).

5. Revenue

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Sale of:				
- Fish	10,376,668	11,343,780	-	-
- Fish fry	21,182,501	16,846,468	-	-
- Lobster	-	360	-	-
	31,559,169	28,190,608	-	-

6. Interest income

Interest income	6	3,364	-	-

7. Other income

Unrealised gain on foreign exchange	-	66,285	-	-
Realised gain on foreign exchange	92,938	1,965	-	-
Miscellaneous income	48,017	76,536	-	-
Hiring income	-	60,574	-	-
	140,955	205,360	-	-

8. Finance costs

Interest expense on:				
Bank overdrafts	1,220,062	416,525	-	-
Obligations under finance leases	22,274	10,484	-	-
Bank loans	456,322	1,529,113	-	-
	1,698,658	1,956,122	-	-

9. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Amortisation of land use rights (Note 15)	58,423	58,424	-	-
Auditors' remuneration				
- statutory audit	87,777	86,499	42,000	42,000
- other services	-	13,600	-	2,400
Amortisation of broodstocks (Note 18)	826,094	342,787	-	-
Amortisation of development expenditure (Note 16)	44,697	148,862	-	-
Employee benefits expenses (Note 10)	6,014,887	6,269,100	-	-
Depreciation of property, plant and equipment (Note 14)	4,744,891	4,465,100	977	976
Hire of scow	5,200	12,000	-	-
Loss/(gain) on foreign exchange				
- Realised	-	1,089,844	-	-
- Unrealised	30,183	139,085	-	162,655
Non-Executive Directors' remuneration (Note 11)	280,500	281,000	280,500	281,000
Provision for impairment loss on investment in a subsidiary	-	-	2,300,000	-
Property written off	107,893	-	-	-
Rental expenses	179,057	142,792	-	-
Loss /(gain) on disposal of property, plant and equipment	227,857	(39,944)	-	-
Loss on disposal of broodstock	-	106,339	-	-

10. Employee benefits expenses

Wages and salaries	5,412,501	5,347,977	-	-
Contributions to defined contribution plan	264,721	261,603	-	-
Social security contributions	25,319	26,140	-	-
Commissions paid	466,206	799,779	-	-
	6,168,747	6,435,499	-	-
Capitalised under:				
- biological assets	(153,860)	(166,399)	-	-
	6,014,887	6,269,100	-	-

Included in the employee benefits expenses of the Group are Executive Directors' remuneration amounting to RM815,716 (2011: RM895,701).

11. Directors' remuneration

The details of remuneration receivable by directors of the Group and Company during the year are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors of the Company				
Executive:				
Salaries	612,000	612,000	-	-
Other emoluments	61,920	61,920	-	-
Commissions paid	141,796	221,781	-	-
Total executive directors remuneration	815,716	895,701	-	-
Capitalised under biological assets	(60,216)	(68,891)	-	-
	755,500	826,810	-	-
Non-executive:				
Fees (Note 9)	268,500	270,000	268,500	270,000
Other emoluments	12,000	11,000	12,000	11,000
Total non-executive directors remuneration	280,500	281,000	280,500	281,000
Total Directors' remuneration	1,096,216	1,176,701	280,500	281,000
Directors of subsidiary companies				
Executive:				
Salaries	-	23,750	-	-
Other emoluments	-	2,852	-	-
	-	26,602	-	-

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deferred tax (Note 24):				
- Origination of temporary differences	128,368	1,067,678	-	-
Income tax expense recognised in profit or loss	128,368	1,067,678	-	-

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2012 and 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(loss) before tax	1,220,133	1,262,789	(2,726,667)	(629,256)
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	305,033	315,697	(681,667)	(157,314)
Different tax rates in other country	123,048	104,680	-	-
Adjustments:				
Effect of tax exemption on profit	(745,501)	(13,930)	-	-
Effect of expenses not deductible for tax purposes	132,273	436,402	681,667	157,314
Deferred tax assets not recognised during the year	313,515	224,829	-	-
Income tax expense for the year	128,368	1,067,678	-	-

12. Income tax expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Two subsidiary companies, namely Plentiful Harvest Sdn. Bhd. and Marine Terrace Sdn. Bhd., have been granted tax incentive under Section 127 of the Income Tax Act, 1967 whereby they are exempted from tax on statutory income from fish breeding, fish fry hatchery and fish rearing activities for a period of 10 years commencing 1 April 2004.

13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share is same as basic earnings per share.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 March:

	Group	
	2012	**2011**
	RM	**RM**
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	1,091,765	195,111
Weighted average number of ordinary shares for basic earnings per share computation	339,234,973	330,000,000
Basic earnings per share (sen)	0.32	0.06

14. Property, plant and equipment

	Long leasehold land RM	Buildings RM	Floating plateforms, net and cages RM	Hatchery ponds RM	Vessels and heavy equipment RM	Motor vehicles RM	Fish pond equipment, furniture, fitting and equipment RM	Construction work-in-progress RM	Total RM
Group									
Cost									
At 1 April 2010	308,554	9,146,600	13,913,174	7,853,000	7,375,227	645,864	5,168,171	7,848,681	52,259,271
Additions	-	67,370	71,559	-	-	44,640	1,606,449	1,661,374	3,451,392
Disposals	-	-	-	-	-	(12,750)	(3,283)	(481,591)	(497,624)
Reclassifications	-	1,065,221	2,323,759	1,447,798	-	-	-	(4,836,778)	-
Exchange differences	-	-	-	-	(162,655)	(38)	(3,068)	-	(165,761)
At 31 March and 1 April 2011	308,554	10,279,191	16,308,492	9,300,798	7,212,572	677,716	6,768,269	4,191,686	55,047,278
Additions	-	12,202	151,947	-	-	1,003	714,122	16,994,057	17,873,331
Disposals	-	-	(7,750)	-	(1,724,821)	-	(40,934)	-	(1,773,505)
Scrapped	-	(16,884)	-	-	-	-	-	(93,260)	(110,144)
Exchange differences	-	-	-	-	(32,895)	-	(621)	-	(33,516)
At 31 March 2012	308,554	10,274,509	16,452,689	9,300,798	5,454,856	678,719	7,440,836	21,092,483	71,003,444

14. Property, plant and equipment (cont'd)

Group	Long leasehold land RM	Buildings RM	Floating plateforms, net and cages RM	Hatchery ponds RM	Vessels and heavy equipment RM	Motor vehicles RM	Fish pond equipment, furniture, fitting and equipment RM	Construction work-in-progress RM	Total RM
Accumulated depreciation									
At 1 April 2010	7,695	2,094,355	3,680,737	2,502,652	1,076,542	440,947	1,999,567	-	11,802,495
Depreciation charge for the year	2,565	980,221	1,514,341	893,884	525,264	93,998	595,493	-	4,605,766
Disposals	-	-	-	-	-	(2,578)	(246)	-	(2,824)
Exchange differences	-	-	-	-	(34,039)	(2)	(823)	-	(34,864)
At 31 March and 1 April 2011	10,260	3,074,576	5,195,078	3,396,536	1,567,767	532,365	2,593,991	-	16,370,573
Depreciation charge for the year	2,565	1,026,904	1,637,499	930,080	441,238	78,776	719,638	-	4,836,700
Disposals	-	-	(581)	-	(588,108)	-	(13,323)	-	(602,012)
Scrapped	-	(2,251)	-	-	-	-	-	-	(2,251)
Exchange differences	-	-	-	-	(9,409)	-	(238)	-	(9,647)
At 31 March 2012	12,825	4,099,229	6,831,996	4,326,616	1,411,488	611,141	3,300,068	-	20,593,363
Net carrying amount									
At 31 March 2011	298,294	7,204,615	11,113,414	5,904,262	5,644,805	145,351	4,174,278	4,191,686	38,676,705
At 31 March 2012	295,729	6,175,280	9,620,693	4,974,182	4,043,368	67,578	4,140,768	21,092,483	50,410,081

14. Property, plant and equipment (cont'd)

	Furniture, fitting and equipment RM
Company	
Cost	
At 1 April 2010	9,760
Additions	-
At 31 March 2011 and 1 April 2011	9,760
Additions	-
At 31 March 2012	9,760
Accumulated depreciation	
At 1 April 2010	1,959
Depreciation charge for the year	976
At 31 March 2011 and 1 April 2011	2,935
Depreciation charge for the year	976
At 31 March 2012	3,911
Net carrying amount	
At 31 March 2011	6,825
At 31 March 2012	5,849

Capitalisation of depreciation

Depreciation of property, plant and equipment during the financial year was taken up in the financial statements as follows:

	Group	
	2012 RM	**2011 RM**
Recognised in profit or loss	4,744,891	4,465,100
Capitalised under biological assets	91,809	140,666
	4,836,700	4,605,766

14. Property, plant and equipment (cont'd)

Assets held under finance leases

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM180,000 (2011: Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM17,693,331 (2011: RM3,451,392).

The carrying amount of plant and equipment held under finance lease at the reporting date are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Heavy equipment	55,000	77,000
Fish pond equipment	579,207	165,953
	634,207	242,953

Assets pledged as security

In addition to assets held under finance leases, the Group's property, plant and equipment pledged as securities for the Group's bank loans (Note 22) are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Long term leasehold land	295,729	298,294
Buildings	6,167,796	7,192,976
Floating platforms, net and sea cages	8,555,649	9,847,234
Hatachery ponds	4,974,182	5,904,262
Heavy equipment	67,001	113,002
Motor vehicles	67,578	145,351
Fish pond equipment	4,015,803	3,993,541
Construction work-in-progress	21,092,483	4,108,719
	45,236,221	31,603,379

Approvals from authorities

The floating plateforms, staff quarters and fish rearing cages are constructed on the sea front of Pulau Bai and Pulau Palak in Sandakan, and Pulau Silam and Pulau Saga in Lahad Datu. The Group has obtained permission from the relevant authorities to undertake fish rearing activities on the sea front of Pulau Palak and Pulau Saga. However, written approval from the relevant authorities for undertaking of fish breeding, fish fry hatchery and fish rearing activities on the sea front of Pulau Silam is in the final stages of being obtained. The Directors are confident that the said approval will be obtained in due course.

Carrying amount of temporarily idle plant and equipment

The carrying amount of temporarily idle plant and equipment of the Group amounted to RM5,836,918 (2011: Nil).

15. Land use rights

	Group 2012 RM	Group 2011 RM
Cost		
At 1 April and 31 March	2,370,738	2,370,738
Accumulated amortisation		
At 1 April	221,578	163,154
Amortisation for the year (Note 9)	58,423	58,424
At 31 March	280,001	221,578
Net carrying amount	2,090,737	2,149,160
Amount to be amortised:		
- Not later than one year	58,423	58,424
- Later than one year but not later than five years	233,692	233,696
- Later than five years	1,798,622	1,857,040
	2,090,737	2,149,160

The land use rights of the Group is pledged for borrowings as disclosed in Note 22 to the financial statements.

16. Intangible asset

	Group 2012 RM	Group 2011 RM
Development Expenditure		
Cost		
At 1 April and 31 March	813,554	813,554
Accumulated amortisation		
At 1 April	748,058	599,196
Amortisation charge for the year	44,697	148,862
At 31 March	792,755	748,058
Net carrying amount		
At 31 March	20,799	65,496

This represents expenditure incurred on development of techniques for improvement of operational efficiencies of fish fry hatchery and fish rearing activities.

17. Investments in subsidiaries

	Company 2012 RM	Company 2011 RM
Unquoted shares at cost		
At beginning of year	43,605,204	43,605,204
Less: Provision for impairment loss on investment in a subsidiary	(2,300,000)	-
At end of year	41,305,204	43,605,204

The particulars of subsidiary companies are:

Name	Country of incorporation	Principal Activities	Proportion (%) of ownership interest 2012	Proportion (%) of ownership interest 2011
Held by the Company				
Plentiful Harvest Sdn. Bhd.	Malaysia	Fish breeding, operation of a fish hatchery and fish rearing	100	100
Marine Terrace Sdn. Bhd.	Malaysia	Fish rearing	100	100
Held through a subsidiary				
Salient Horizon Sdn. Bhd.	Malaysia	Live fish transportation services	100	100
Well Sky Logistics Limited #	Hong Kong	Dormant	100	100

Audited by firm of auditors other than Ernst & Young.

18. Biological assets

	Broodstocks RM	Fishery livestocks and fish fry RM	Total RM
Group			
At 31 March 2012			
At 1 April 2011	5,036,214	26,676,938	31,713,152
Additions	655,372	20,050,446	20,705,818
Amortisation charge for the year	(826,094)	-	(826,094)
Sold	-	(14,433,069)	(14,433,069)
At 31 March 2012	4,865,492	32,294,315	37,159,807
Non-current	4,865,492	-	4,865,492
Current	-	32,294,315	32,294,315
	4,865,492	32,294,315	37,159,807
At cost	4,865,492	30,305,450	35,170,942
At net realisable value	-	1,988,865	1,988,865
	4,865,492	32,294,315	37,159,807
At 31 March 2011			
At 1 April 2010	4,576,997	18,941,025	23,518,022
Additions	918,305	19,954,920	20,873,225
Amortisation charge for the year	(342,787)	-	(342,787)
Sold	(116,301)	(12,219,007)	(12,335,308)
At 31 March 2011	5,036,214	26,676,938	31,713,152
Non-current	5,036,214	-	5,036,214
Current	-	26,676,938	26,676,938
	5,036,214	26,676,938	31,713,152
At cost	5,036,214	24,333,625	29,369,839
At net realisable value	-	2,343,313	2,343,313
	5,036,214	26,676,938	31,713,152

Maintenance expenditure of immature broodstocks capitalised during the financial year included depreciation charge of RM91,809 (2011: RM140,666).

18. Biological assets (cont'd)

The Group is exposed to a number of risks related to its broodstocks, fishing livestocks and fish fry:

Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of fishery livestocks and fish fry. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to manage the breeding program.

Climate and other risks

The Group's broodstocks, fishery livestocks and fish fry are exposed to the risk of damage and fatalities from climatic changes, disease and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry disease surveys.

19. Inventories

	Group	
	2012 RM	**2011 RM**
At cost		
Fuel and oil	247,373	149,661
Feeds	346,255	879,399
Chemicals	51,800	115,699
	645,428	1,144,759

There were no inventories stated at net realisable value as at 31 March 2012 and 2011.

During the year, amount of inventories recognised as an expense in cost of sales of the Group was RM9,230,402 (2011: RM15,159,169).

20. Trade and other receivables

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Current				
Trade receivables				
Third parties	14,012,987	22,629,804	-	-
Other receivables				
Amounts due from subsidiaries	-	-	10,259,826	1,644,984
Deposits	48,766	352,166	500	500
Sundry receivables	954,175	341,767	-	-
Advances to contractors	380,043	345,648	-	-
	1,382,984	1,039,581	10,260,326	1,645,484
	15,395,971	23,669,385	10,260,326	1,645,484

20. Trade and other receivables (cont'd)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-current				
Advances to construction contractors	4,033,046	-	-	-
Deposit paid and incidental cost in acquiring of a vessel	2,707,794	-	-	-
	6,740,840	-	-	-
Total trade and other receivables (current and non-current)	22,136,811	23,669,385	10,260,326	1,645,484
Add: Cash and bank balances (Note 21)	298,491	465,480	4,349	12,149
Total loans and receivables	22,435,302	24,134,865	10,264,675	1,657,633

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2011: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at balance sheet date, the Group has significant concentration of credit risk relating to 1 (2011: 1) customer representing approximately 57% (2011: 38%) of trade receivables.

Aging analysis trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012	2011
	RM	RM
Neither past due nor impaired	10,594,117	14,117,235
1 to 30 days past due not impaired	1,029,182	6,348,444
31 to 60 days past due not impaired	1,741,434	2,164,125
61 to 90 days past due not impaired	648,254	-
	3,418,870	8,512,569
	14,012,987	22,629,804

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,418,870 (2011: RM8,512,569) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

The Directors have reviewed the recoverability of the receivables and are of the opinion that no provision is required in respect of these debts.

(b) Amounts due from subsidiary companies

The amounts are unsecured, interest-free and have repayable on demand.

21. Cash and bank balances

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash at banks and on hand	298,491	465,480	4,349	12,149

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	298,491	465,480	4,349	12,149
Bank overdrafts (Note 22)	(17,620,140)	(13,495,077)	-	-
Cash and cash equivalents	(17,321,649)	(13,029,597)	4,349	12,149

22. Loans and borrowings

	Group	
	2012	**2011**
	RM	**RM**
Current		
Secured:		
Obligations under finance leases (Note 28(b))	210,196	63,336
Bank overdrafts (Note 21)	17,620,140	13,495,077
Revolving credit	-	2,000,000
RM loan at COF + 2.5% p.a.	6,273,244	829,688
	24,103,580	16,388,101
Non-current		
Secured:		
Obligations under finance leases (Note 28(b))	244,069	22,054
RM loan at COF + 2.5% p.a.	-	6,170,312
	244,069	6,192,366
Total loans and borrowings	24,347,649	22,580,467

The remaining maturities of the loans and borrowings as at 31 March 2012 and 2011 are as follows:

	2012	**2011**
	RM	**RM**
On demand or within one year	24,103,580	16,388,101
More than 1 year and less than 2 years	164,731	902,915
More than 2 years and less than 5 years	79,338	2,982,173
5 years or more	-	2,307,278
	24,347,649	22,580,467

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 28(b)). The average discount rate implicit in the leases is 7.53% p.a. (2011: 6.19% p.a.).

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest ranging from BLR + 1.5% p.a. and 1.75% p.a. and are secured by:

i) legal charges over all the fixed and floating, present and future assets of a subsidiary;
ii) debenture incorporating fixed and floating, present and future charges over all the property, plant and equipment of a subsidiary;
iii) corporate guarantee by the Company; and
iv) joint and several guarantees by certain Directors of the Company.

22. Loans and borrowings (cont'd)

Revolving credits

Revolving credits are rollovered on a monthly basis subject to bank's review and bore interests at COF + 2.5% p.a. and secured by:

i) legal charges over all the fixed and floating, present and future assets of a subsidiary;
ii) debenture incorporating fixed and floating, present and future charges over all the property, plant and equipment of a subsidiary;
iii) corporate guarantee by the Company; and
iv) joint and several guarantees by certain Directors of the Company.

RM bank loan at COF + 2.5% p.a.

This loan is secured by:

i) legal charges over all the fixed and floating, present and future assets of a subsidiary;
ii) debenture incorporating fixed and floating, present and future charges over all the property, plant and equipment of a subsidiary;
iii) corporate guarantee by the Company; and
iv) joint and several guarantees by certain Directors of the Company.

The Group has defaulted on principal and interest payments of RM204,520 on bank borrowing carried at RM6,273,244 at the reporting date. The Group experienced a temporary shortage of fund. The principal and interest payable of RM204,520 which has been overdue at the reporting date had been settled as at the date when these financial statements were approved. However, principal and interest payable of RM306,780 which has been overdue since May 2012 remained unpaid as at the date when these financial statements were approved by directors.

The bank has not requested for immediate repayment of the outstanding loan amount as of the date the financial statements were authorised for issue. The management has not renegotiate the loan agreement term.

23. Trade and other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade payables				
Third parties	5,447,551	6,709,991	-	-
Other payables				
Amounts due to directors	2,897,562	1,077,325	1,115	-
Accruals	1,186,545	789,260	213,498	211,331
Sundry payables	1,578,616	920,683	173,077	107,920
Retention amount	771,340	-	-	-
	6,434,063	2,787,268	387,690	319,251
Total trade and other payables	11,881,614	9,497,259	387,690	319,251
Add: Loans and borrowings (Note 22)	24,347,649	22,580,467	-	-
Total financial liabilities carried at amortised cost	36,229,263	32,077,726	387,690	319,251

23. Trade and other payables (cont'd)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on an average term of 2 months (2011: average term of 2 months).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 6 months (2011: average term of 6 months).

(c) Amounts due to directors

These amounts are unsecured, non-interest bearing and are repayable on demand.

(d) Financial guarantees

The fair value of financial guarantees provided by the Company to the banks to secure banking/credit facilities granted to a subsidiary as disclosed in Note 22 with nominal amount of RM22,000,000 (2011: RM22,000,000) are negligible as the probability of the financial guarantees being called upon is remote due to the outstanding loans and borrowings are adequately secured by a debenture incorporating fixed and floating, present and future assets all the subsidiary which their market values upon realisation are higher than the outstanding loan and borrowing amounts.

24. Deferred Tax

	As at 1 April 2010 RM	Recognised in profit or loss (Note 12) RM	As at 31 March 2011 RM	Recognised in profit or loss (Note 12) RM	As at 31 March 2012 RM
Deferred tax liabilities:					
Property, plant and equipment	2,842,444	1,104,601	3,947,045	(67,855)	3,879,190
Fishery livestocks	227,638	143,907	371,545	331,138	702,683
	3,070,082	1,248,508	4,318,590	263,283	4,581,873
Deferred tax assets:					
Unabsorbed capital and agriculture allowances	(934,643)	(191,109)	(1,125,752)	(146,920)	(1,272,672)
Unutilised tax losses	(155,254)	10,279	(144,975)	12,005	(132,970)
	(1,089,897)	(180,830)	(1,270,727)	(134,915)	(1,405,642)
	1,980,185	1,067,678	3,047,863	128,368	3,176,231

Unrecognised tax losses and capital allowances:

At the reporting date, the Group has tax losses and capital allowances of approximately RM7,028,000 (2011: RM6,567,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of it recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under Income Tax Act, 1967 and guidelines issued by the tax authority.

25. Share capital and share premium

	Number of ordinary shares of RM0.10 each	Amount		
	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM
At 1 April 2010 and 31 March 2011	330,000,000	33,000,000	13,130,819	46,130,819
Issue of ordinary shares	20,000,000	2,000,000	7,000,000	9,000,000
Share issuance expense	-	-	(141,275)	(141,275)
At 31 March 2012	350,000,000	35,000,000	19,989,544	54,989,544

	Number of ordinary shares of RM0.10 each 2012	2011	Amount 2012 RM	2011 RM
Authorised share capital				
At beginning and end of year	500,000,000	500,000,000	50,000,000	50,000,000

During the financial year, the Company issued 20,000,000 new ordinary shares of RM0.10 each through a private placement at an issue price of RM0.45 per share for cash, for additional working capital purposes. The share premium arising of RM7,000,000 arising from the issuance of ordinary shares and the share issue costs of RM141,275 have been included in the share premium account. The new ordinary shares rank pari passu in all respect with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

26. Foreign currency translation reserve

The foreign currency translation reserve represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

27. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2012 RM	2011 RM
Group		
Remuneration for employment services provided by close members of the family of Directors:		
Salaries, wages and bonuses	130,738	75,000
Contributions to defined contribution plan	16,019	9,000
Social security contributions	1,418	775
	148,175	84,775

(b) Compensation of key management personnel

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short-term employee benefits	880,500	905,750	268,500	270,000
Other emoluments	73,920	75,772	12,000	11,000
Breeding commissions	141,796	221,781	-	-
	1,096,216	1,203,303	280,500	281,000
Included in the total key management personnel are:				
Directors' remuneration	1,096,216	1,203,303	280,500	281,000

28. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2012 RM	2011 RM
Approved and contracted for:		
Construction of fish net	46,990	-
Construction of labour quarter	227,789	-
Purchase of vessel	3,487,095	-
	3,761,874	-

28. Commitments (cont'd)

(a) Capital commitments (cont'd)

Capital expenditure as at the reporting date is as follows: (cont'd)

	Group 2012 RM	Group 2011 RM
Approved but not contracted for:		
Construction of fish net	-	138,887
Construction of ponds and cages	37,695,047	600,000
Construction of office building with training centre, fish fry packing and distribution centre and a jetty	35,123,133	772,393
Construction of building	1,050,000	-
	73,868,180	1,511,280
Total	77,630,054	1,511,280

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2012 RM	Group 2011 RM
Minimum lease payments:		
Not later than 1 year	235,449	66,364
Later than 1 year and not later than 2 years	177,012	22,505
Later than 2 years and not later than 5 years	80,924	-
Total minimum lease payments	493,385	88,869
Less: Amounts representing finance charges	(39,120)	(3,479)
Present value of minimum lease payments	454,265	85,390
Present value of payments:		
Not later than 1 year	210,196	63,336
Later than 1 year and not later than 2 years	164,731	22,054
Later than 2 years and not later than 5 years	79,338	-
Present value of minimum lease payments	454,265	85,390
Less: Amount due within 12 months (Note 22)	(210,196)	(63,336)
Amount due after 12 months (Note 22)	244,069	22,054

29. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current and non-current)	20
Trade and other payables (current)	23
Loans and borrowings (current)	22
Loans and borrowings (non-current)	22

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from subsidiaries and finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

30. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Finance Department overseen by an Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

30. Financial risk management objectives and policies (cont'd)

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of Managing Director.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of RM22,000,000 (2011: RM22,000,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to a subsidiary.

Credit risk concentration profile

At the reporting date, almost 57% (2011: 38%) of the Group's trade receivables were due from overseas customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 99% (2011: 73%) of the Group's loans and borrowings (Note 22) will mature in less than one year based on the carrying amount reflected in the financial statements.

30. Financial risk management objectives and policies (cont'd)

b) Liquidity risk

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2012		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial assets:			
Trade and other receivables	22,136,811	-	22,136,811
Total cash and bank balances	298,491	-	298,491
Total undiscounted financial assets	22,435,302	-	22,435,302
Financial liabilities:			
Trade and other payables	11,881,614	-	11,881,614
Loans and borrowings	25,525,088	257,936	25,783,024
Total undiscounted financial liabilities	37,406,702	257,936	37,664,638
Total net undiscounted financial liabilities	(14,971,400)	(257,936)	(15,229,336)
Company			
Financial assets:			
Trade and other receivables	10,260,326	-	10,260,326
Total cash and bank balances	4,349	-	4,349
Total undiscounted financial assets	10,264,675	-	10,264,675
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	387,690	-	387,690
Total undiscounted financial liabilities	387,690	-	387,690
Total net undiscounted financial assets	9,876,985	-	9,876,985

30. Financial risk management objectives and policies (cont'd)

b) Liquidity risk (cont'd)

	2011 On demand or within one year RM	One to five years RM	Total RM
Group			
Financial assets:			
Trade and other receivables	23,669,385	-	23,669,385
Total cash and bank balances	465,480	-	465,480
Total undiscounted financial assets	24,134,865	-	24,134,865
Financial liabilities:			
Trade and other payables	9,497,259	-	9,497,259
Loans and borrowings	16,788,561	7,385,225	24,173,786
Total undiscounted financial liabilities	26,285,820	7,385,225	33,671,045
Total net undiscounted financial liabilities	(2,150,955)	(7,385,225)	(9,536,180)
Company			
Financial assets:			
Trade and other receivables	1,645,484	-	1,645,484
Total cash and bank balances	12,149	-	12,149
Total undiscounted financial assets	1,657,633	-	1,657,633
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	319,251	-	319,251
Total undiscounted financial liabilities	319,251	-	319,251
Total net undiscounted financial assets	1,338,382	-	1,338,382

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

30. Financial risk management objectives and policies (cont'd)

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM37,084 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency translation risk arising from its net investment in a Hong Kong subsidiary. The Group's net investment in Hong Kong is not hedged as currency position in Hong Kong Dollar is considered to be long-term in nature.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group, primarily RM, Hong Kong Dollar ("HKD") and Renminbi ("RMB").

Approximately 32% (2011: 39%) of the Group's sales are denominated in foreign currencies. The Group's trade receivable balances at the reporting date have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in HKD) amounted to RM7,613 (2011: RM172,881).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the RMB and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			2012 RM Profit net of tax
RMB/RM	-	strengthened 5% (2011: 5%)	(72,106)
	-	weakened 5% (2011: 5%)	72,106
HKD/RM	-	strengthened 5% (2011: 5%)	(29,559)
	-	weakened 5% (2011: 5%)	29,559

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2012 and 31 March 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptable level. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM**	**RM**	**RM**	**RM**
Loans and borrowings	22	24,347,649	22,580,467	-	-
Trade and other payables	23	11,881,614	9,497,259	387,690	319,251
Less: Cash and bank balances	21	(298,491)	(465,480)	(4,349)	(12,149)
Net debt		35,930,772	31,612,246	383,341	307,102
Equity attributable to the owners of the parent		73,722,503	63,807,807	51,242,539	45,110,481
Total Capital		73,722,503	63,807,807	51,242,539	45,110,481
Capital and net debt		109,653,275	95,420,053	51,625,880	45,417,583
Gearing ratio		33%	33%	0.7%	0.7%

32. Segmental Information

The Group has only one reportable operating segment which is sale of fish and fish fry.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Malaysia	21,234,552	16,889,479	61,024,192	44,427,583
Hong Kong	7,566,394	11,301,129	379,547	1,499,992
China	2,758,223	-	2,724,210	-
	31,559,169	28,190,608	64,127,949	45,927,575

32. Segmental Information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2012 RM	2011 RM
Property, plant and equipment	50,410,081	38,676,705
Land use right	2,090,737	2,149,160
Intangible assets	20,799	65,496
Biological assets	4,865,492	5,036,214
Other receivables	6,740,840	-
	64,127,949	45,927,575

Information about major customers

Revenue from three (2011: four) major customers amount to RM29,924,342 (2011: RM24,008,629) arising from sale of fish and fish fry.

33. Event occurring after the reporting date

On 4 July 2012, Plentiful Harvest Sdn. Bhd. ("Plentiful"), one of its subsidiary companies of the Group received a grant offer letter from Department of Agriculture & Agro-based Industry Malaysia offering Plentiful a grant amounting to RM24,846,000 to part finance its construction of hatching and nursery centres. The Group will be receiving 70% of the grant amounting to RM17,392,200 upon signing of the agreement.

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 27 July 2012.

35. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	7,643,279	14,997,381	(3,747,005)	(857,683)
- Unrealised	3,206,414	3,120,663	-	(162,655)
	10,849,693	18,118,044	(3,747,005)	(1,020,338)
Less: Consolidation adjustments	7,974,154	(385,962)	-	-
Retained earnings as per financial statements	18,823,847	17,732,082	(3,747,005)	(1,020,338)

List of Properties

The summary of the information on landed properties owned by our Group is as follows:

Address	Description of Property / Existing Use	Status / Registered Owner	Audited Net Book Value as at 31 March 2012 RM	Approximate age of Building (Years) / CF Status	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Built-up Area Sq. ft.
CL 075402256 Airport Road, District of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	68,745	Not applicable	99 years leasehold land expiring on 31.12.2080	3.69 acres
CL 075371087 Kampung Sungai Kayu, District of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	513,361	Not applicable	99 years leasehold land expiring on 31.12.2078	13.38
NT 073026472 Kampung Sungai Kayu, District of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently used for hatchery operation	Subleased / Datuk Lo Fui Ming	420,148	Not applicable	Sublease for 30 years expiring on 22.12.2035	13.00
CL 075487053 Kampung Sungai Kayu, District of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently vacant	Owned / Plentiful Harvest Sdn Bhd	204,472	Not applicable	99 years leasehold land expiring on 31.12.2095	10.14
CL 075382106 Kampung Sungai Kayu, District of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently vacant	Owned / Plentiful Harvest Sdn Bhd	301,112	Not applicable	99 years leasehold land expiring on 31.12.2079	15.15
CL 075375665 Kampung Sungai Kayu, District of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	105,512	Not applicable	99 years leasehold land expiring on 31.12.2077	5.32
TL 077537092 Lot 4, Block E, Bandar Nam Tung, Jalan Leila, 90000 Sandakan, Sabah.	An intermedate 4-storey shophouse which is currently used for Borneo Aqua's office	Owned / Plentiful Harvest Sdn Bhd	205,206	31 years	999 years freehold expiring on 02.09.2911	1,200 sq ft

Address	Description of Property / Existing Use	Status / Registered Owner	Audited Net Book Value as at 31 March 2012 RM	Approximate age of Building (Years) / CF Status	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Built-up Area Sq. ft.
NT113077026 KG. Terusan, District of Lahad Datu, Lahad Datu, Sabah	A parcel of aquaculture land which is currently used for nursery	Subleased / Datuk Lo Fui Ming	260,000	Not applicable	Sublease for 30 years expiring on 30.11.2037	3.28 acres
NT073026150 Kampung Sungai Kayu, District of Sandakan, Sandakan, Sabah.	A parcel of aquaculture land which is currently used for nursery operation	Subleased / Jalini Bte Intang	385,739	Not applicable	Sublease for 30 years expiring on 31.07.2038	8,789

Analysis of Shareholdings

Authorised Capital : RM50,000,000
Issued and Fully Paid-Up Capital : RM35,000,000
Classes of shares : Ordinary Shares of 10 sen each fully paid
Voting Rights : One vote per share

ANALYSIS BY SIZE OF HOLDINGS AS AT 02/07/2012
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1 - 99	19	1.98	689	0.00
100 - 1,000	65	6.78	45,117	0.01
1,001- 10,000	396	41.29	2,362,102	0.67
10,001 - 100,000	327	34.10	12,544,561	3.58
100,001 - 17,499,999 (*)	147	15.33	194,315,131	55.52
17,500,000 AND ABOVE (**)	5	0.52	140,732,400	40.21
TOTAL	959	100.00	350,000,000	100.00

REMARK : * - LESS THAN 5% OF ISSUED HOLDINGS
** - 5% AND ABOVE : OF ISSUED HOLDINGS

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 2 JULY 2012

	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Dato' Seri Md Kamal bin Bilal	2,180,000	0.62	-	-
2	Datuk Lo Fui Ming	89,831,502	25.67	60,000 (1)	0.02
3	Lo Ken Hin	2,451,396	0.70	-	-
4	Lo Teck Yong	3,291,330	0.94	-	-
5	Dora Chiu Kui Tzu	118,000	0.03	8,000 (2)	-
6	Chong Khing Chung	40,000	0.01	-	-
7	Akinori Hotani	382,000	0.11	-	-
8	YB Mejar (K) Datuk Samsudin Bin Yahya	-	-	-	-
9	Hendry Sukendy	-	-	-	-

Note:

(1) Deemed interest by virtue of his child's interest pursuant to Section 134 of the Companies Act, 1965.

(2) Deemed interest by virtue of her child's interest pursuant to Section 134 of the Companies Act, 1965.

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 JULY 2012

	Name	No. of Shares Indirect	%	No. of Shares Indirect	%
1	Datuk Lo Fui Ming	89,831,502	25.67	-	-
2	Leong Kam Heng	42,112,900	12.03	-	-
3	Lembaga Tabung Haji	31,957,400	9.13	-	-
4	Joymore Capital Investment Ltd	21,000,000	6.00	-	-
5	Musman Holdings Sdn. Bhd.	20,000,000	5.71	-	-

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 02/07/2012 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	HOLDER NAME	NO OF HOLDINGS	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING*	34,769,900	9.93
2	LEMBAGA TABUNG HAJI	31,957,400	9.13
3	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (M&A)*	29,999,900	8.57
4	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG*	24,005,200	6.86
5	MUSMAN HOLDINGS SDN.BHD.	20,000,000	5.71
6	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH(A/C CLIENTS-FGN)*	14,813,100	4.23
7	MARIA SHERRY SUKENDY	14,068,988	4.02
8	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT)*	12,751,100	3.64
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG*	10,000,000	2.86
10	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHAM HING KOK*	8,424,500	2.41
11	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES LO FUI MING (CHIN)*	7,500,000	2.14
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR LO FUI MING (MY0033)*	7,062,400	2.02

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 02/07/2012

	HOLDER NAME	NO OF HOLDINGS	%
13	HDM NOMINEES (ASING) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR JOYMORE CAPITAL INVESTMENT LIMITED*	6,583,100	1.88
14	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (SFC)*	6,398,000	1.83
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN YOO*	6,270,000	1.79
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG (473525)*	5,559,300	1.59
17	LIM NYUK SANG @ FREDDY LIM	5,003,500	1.43
18	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD *PLEDGED SECURITIES ACCOUNT FOR YONG LOONG CHEN (SFC)*	3,800,800	1.09
19	FONG YOKE LIN	3,800,000	1.09
20	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (CHAM)*	3,565,000	1.02
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO TECK YONG (8040429)*	3,140,000	0.90
22	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)*	3,000,000	0.86
23	ECML NOMINEES (TEMPATAN) SDN. BHD *LIBRA INVEST BERHAD FOR TAN KONG HAN (SKIM P. AHLI 2-EP0509)*	2,900,000	0.83
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO KEN HIN (8040201)*	2,282,300	0.65
25	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIN LIH LIH*	2,254,900	0.64
26	MD KAMAL BIN BILAL	2,180,000	0.62
27	CIMSEC NOMINEES (ASING) SDN BHD *BANK OF SINGAPORE LIMITED FOR JARSUMA INVESTMENTS LTD*	2,021,300	0.58
28	GOH KEAT HIN	2,000,000	0.57
29	HDM NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE NYUN JIN (M02)*	2,000,000	0.57
30	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG*	1,927,800	0.55
	TOTAL	280,038,488	80.01
	TOTAL ISSUED HOLDINGS	350,000,000	

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Four Points by Sheraton Sandakan, Sandakan Harbour Square, Level 12, Sukau Room, 90000 Sandakan, Sabah on Wednesday, 29 August 2012 at 11.30 a.m. to transact the following businesses:

	AGENDA	**Ordinary Resolution No.**
1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2011 together with the Directors' and Auditors' Reports thereon.	
2.	To re-elect the following Directors retiring in accordance with Company's Articles of Association: a. Mr. Chong Khing Chung (Article 93) b. Mr. Akinori Hotani (Article 93) c. Mr. Hendry Sukendy (Article 99)	 1 2 3
3.	To appoint Messrs PKF Malaysia, Chartered Accountants to hold office as Auditors in place of the retiring auditors and to authorise the Directors to fix their remuneration. Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 as attached to the Annual Report 2012, has been received by the Company of the intention to propose the following Ordinary Resolution: "THAT Messrs PKF Malaysia, be and are hereby appointed Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."	4
4.	As Special Business to consider and if thought fit, to pass the following resolution, with or without modifications: **ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES** "THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."	5
5	As Special Business to consider and if thought fit, to pass the following resolution, with or without modifications: **SPECIAL RESOLUTION - PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** "THAT the amendments to the Articles of Association of the Company in the manner detailed in Appendix A attached to the Annual Report 2012 be and are hereby approved."	Special Resolution 1
6.	To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.	

BY ORDER OF THE BOARD

CHONG TZU KHEN
KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya
6 August 2012

Notes:-

(a) *Only members whose names appear on the Record of Depositors as at 22 August 2012 shall be entitled to attend, speak and vote at the Eleventh Annual General Meeting.*

(b) *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or at the hand of an officer or attorney duly authorised.*

(c) *The instrument of proxy shall be deposited at the Company's Share Registrar's Office at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting*

EXPLANATORY NOTE ON SPECIAL BUSINESS

ORDINARY RESOLUTION 5

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

As at the date of this Notice, 20,000,000 new shares in the Company were issued pursuant to the authority granted to the Directors at the Seventh Annual General Meeting held on 26 August 2011 via a private placement on 11 October 2011 and the said authority will lapse at the conclusion of the Eighth Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

SPECIAL RESOLUTION 1

The proposed Special Resolution 1 is made to comply with the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Amendments to the Articles of Association of the Company is set out in Appendix A of this Annual Report.

Ho Soung Ket

P.O.Box No. 1571,
90717, Sandakan,
Sabah.

Date : 23 July 2012

PKF Malaysia
Lot 23-1 & 25-1,
1st Floor, Lintas Plaza,
Lorong Lintas Plaza,
88300, Kota Kinabalu,
Sabah, Malaysia.

Dear Sirs

BORNEO AQUA HARVEST BERHAD ("BAHVEST")

- NOMINATION AS AUDITORS

I, being a shareholder of BAHVEST, wish to nominate your firm as auditors of BAHVEST in place of the retiring Auditors, Messrs. Ernst & Young.

In this connection, please let me have your consent to act as auditors of the Company pursuant to Section 9(6) of the Companies Act, 1965.

Yours faithfully

Ho Soung Ket

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

It is proposed that the Articles of Association of the Company be amended in the following manner:

1. **Article 2**

a) THAT the existing definition of "Approved Market Place" in Article 2 which reads as follows:

"Approved Market Place	…	A stock exchange which is specified to be an approved market place pursuant to an exemption order made under Section 62A of the Central Depositories Act."

be and is hereby deleted in its entirety.

b) THAT the existing definition of "Listing Requirements" in Article 2 which reads as follows:

"Listing Requirements	…	Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market including any amendments to the Listing Requirements that may be made from time to time."

be and is hereby amended by deleting the definition of "Listing Requirements" in its entirety and substituting with the following:

"Listing Requirements	**…**	**Bursa Securities Listing Requirements including any amendment to the Listing Requirements that may be made from time to time, including Guidance Notes and other relevant requirements issued by Bursa Securities from time to time."**

c) THAT the following additional definition be and is hereby inserted under Article 2 after the definition of "Deposited Security" in Article 2:

"Exempt Authorised Nominee	**…**	**An authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act."**

2. **Article 31**

THAT the existing Article 31 and its heading which reads as follows:

"Transmission of securities from Foreign Register

(1) Where: -

(a) the securities of the Company are listed on the Approved Market Place; and

(b) such company is exempted from compliance with section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register") to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

2. **Article 31** (cont'd)

(2) For the avoidance of doubt, no company which fulfils the requirements of subparagraphs 1(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register."

be and is hereby amended by deleting existing heading and Article 31 in their entirety and substituting with the following:

"Transmission of securities

Where: -

(a) the securities of the Company are listed on another stock exchange; and

(b) such company is exempted from compliance with section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities."

3. **Article 74**

THAT the existing Article 74 which reads as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings or Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person present who is a Member or representative or proxy of a Member shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative who has the right to vote shall have one (1) vote for each share he holds."

be and is hereby amended by inserting **"A proxy shall be entitled to vote on a show of hands on any question at any general meeting. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting."** at the end of Article 74 and that the amended Article shall read as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings or Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person present who is a Member or representative or proxy of a Member shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative who has the right to vote shall have one (1) vote for each share he holds. **A proxy shall be entitled to vote on a show of hands on any question at any general meeting. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting."**

4. **Article 77(1)**

THAT the existing Article 77(1) which reads as follows:

"The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company."

4. **Article 77(1)** (cont'd)

be and is hereby amended by inserting the sentence **"There shall be no restriction as to the qualification of the proxy."** before the last sentence of Article 77(1) and that the amended Article 77(1) shall read as follows:

"The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor. **There shall be no restriction as to the qualification of the proxy.** A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company."

5. **Article 77(4)**

THAT the following additional subparagraph (4) be and is hereby inserted to Article 77 after the existing subparagraph (3):

"(4) Exempt Authorised Nominee

Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting."

6. **Article 86**

THAT the existing subparagraph (b) of Article 86 which reads as follows:

"(b) Salaries payable to executive directors may not include a commission on or percentage of turnover;"

be and is hereby deleted in its entirety and that subparagraphs (c) and (d) of Article 86 be and are hereby re-numbered as (b) and (c).

7. **Article 148**

THAT the existing Article 148 which reads as follows:

"In addition to the requirements set out in Section 31 of the Act, the Company shall not delete, amend or add to any of the Articles contained herein unless prior written approval has been sought and obtained from the Stock Exchange for such deletion, amendment or addition."

be and is hereby amended by deleting the existing Article 148 in its entirety and substituting with the following:

The Company shall comply with the provisions of the relevant governing statutes, regulations and rules as may be amended, modified or varied from time to time, or any other directive or requirement imposed by Bursa Securities, the other stock exchange, the Depository and other appropriate authorities to the extent required by law, notwithstanding any provisions in these Articles to the contrary."

Borneo
Aqua Harvest Berhad

Form of Proxy

No of Shares Held

I/We ____(BLOCK LETTERS)

NIRC No./Company No ____

of ____

being (a) Member(s) of BORNEO AQUA HARVEST BERHAD (649504-D) hereby appoint ________________________

____

of ____

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Four Points by Four Points by Sheraton Sandakan, Sandakan Harbour Square, Level 12, Sukau Room, 90000 Sandakan, Sabah on Wednesday, 29 August 2012 at 11.30 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
SPECIAL RESOLUTION 1		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this __________day of ________________2012

____
Signature of Shareholder(s)

Notes:

(a) *Only members whose names appear on the Record of Depositors as at 22 August 2012 shall be entitled to attend, speak and vote at the Eleventh Annual General Meeting.*

(b) *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or at the hand of an officer or attorney duly authorised.*

(c) *The instrument of proxy shall be deposited at the Company's Share Registrar's Office at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting* fold here

Affix
stamp
here

BORNEO AQUA HARVEST BERHAD
(649504-D)
c/o Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

fold here