Borneo

Aqua Harvest Berhad (849504-D)

婆罗洲海产养殖有限公司

Annual Report **2014**





Contents

Corporate Profile

Borneo Aqua Harvest Berhad ("Borneo Aqua") was incorporated on 16 April 2004 in Malaysia as a private limited company and was subsequently converted into a public company on 20 May 2004. Borneo Aqua was listed on the ACE Market of Bursa Malaysia Securities Berhad (previously known as MESDAQ Market of Bursa Malaysia Securities Berhad) on 5 September 2005. During the financial year ended 31 March 2014, Borneo Aqua had acquired an indirect wholly-owned subsidiary Plentiful Earnings Sdn Bhd ("Plentiful Earnings") and the Group now has 5 wholly-owned subsidiaries, namely Plentiful Harvest Sdn Bhd ("Plentiful"), Marine Terrace Sdn Bhd ("Marine"), Salient Horizon Sdn Bhd ("Salient"), Well Sky Logistics Limited ("Well Sky") and Plentiful Earnings Sdn Bhd ("Plentiful Earnings").

Plentiful was established with the focus on marine fish breeding, hatchery and rearing of marine fish. In an effort to expand the Group's operations and to remain as pioneers in the aquaculture industry in Malaysia, and during the year, Plentiful acquired a wholly own subsidiary Plentiful Earnings; Marine are principally involved in the rearing of marine fish whilst Salient owns two live fish carriers for the transportation of the Group's live fish to its customers in Hong Kong, Southern China and other part of Asia Pacific, if required. Well Sky is currently dormant.

For more than 10 years since Borneo Aqua Group commenced operation in year 2004, Borneo Aqua Group has become an integrated aquaculture Group which is involved 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 and distribution of fish products.

With the dedication of its experienced management team together with the comprehensive R&D programs, 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 in the forefront of marine fish breeding in the Asia Pacific region, with particular emphasis on the Grouper species, in line with the Government's aspiration of self sustainability in this sector. In addition, a successful and sustainable aquaculture industry will contribute to Malaysia's economic growth by creating employment, reducing import of marine fish fry and fish and foreign currency earnings.

Borneo Aqua is certified by Skim Pensijilan Ladang Akuakultur Malaysia ("SPLAM"), a voluntary scheme managed by the Department of Fisheries, Malaysia with the purpose of promoting responsible and eco-friendly aquaculture practices. One of the important elements incorporated in the scheme is ISO 9002.

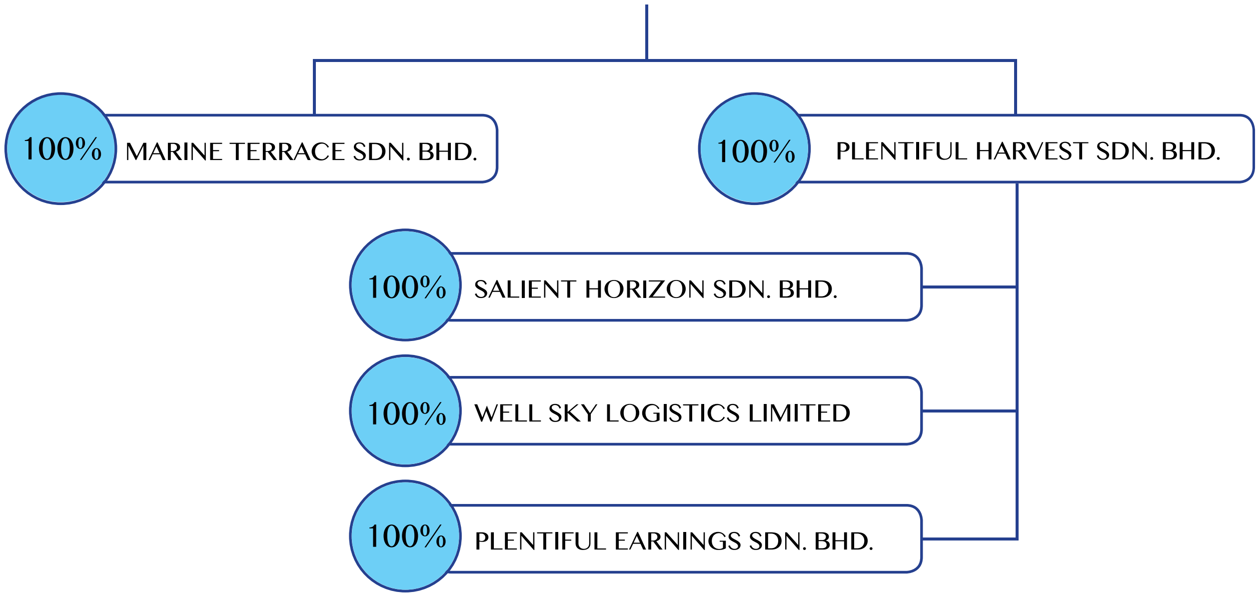
From 18 January 2014 to 17 January 2017, Borneo Aqua has continued been granted the International ISO 9001:2008 Standards for the whole production process and distribution of Grouper species under UKAS Management Systems (from SGS UK LTD) and Standards of Malaysia (from Accredited Certification Body), as well as obtaining the HACCP Codex Alimentarius certification.

To-date, our research and development (R&D) team has achieved 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 commercialization. Other than that, through extensive R&D, the Group has also succeeded in producing cross-bred Grouper species; Sabah Giant Grouper, Sabah Coral Rockcod, Sabah Camouflage, Sabah Giant Camouflage, and Sabah Giant Rockcod. The Group will continuously carried out its R&D activities in the breeding of other high value marine fish and cross breeding of various species.

Currently, Borneo Aqua Group trades its fish products in Hong Kong and China by distributing fish fry and live adult fish to the distributors. In order to promote our products, the management of Borneo Aqua Group is planning to extend further downstream to deliver our products directly to the end consumers instead of only through distributors. On 17 October 2011, Plentiful Earnings had obtained approval from Malaysia Finance Minister pursuant to the Income Tax Act, 1967, to carry out sea cages fish farming project ("Project"). Under the approval, Plentiful Earnings is granted exemption of income tax at 100% on its statutory income for a period of 10 years commencing on the first year Plentiful Earnings having its first statutory income from the Project.

Corporate Structure

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



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 downstream 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 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.

Corporate Information

BOARD OF DIRECTORS

Dato' Sri Dr. Md Kamal Bin Bilal
Independent Non-Executive Chairman

Datuk Lo Fui Ming
Managing Director/Chief Executive Officer

Lo Teck Yong
Executive Director

Akinori Hotani
Executive Director

Mau Kam Wai
Executive Director

Chong Khing Chung
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' Sri Dr. Md Kamal Bin Bilal
Member

YB Mejar (K) Datuk Samsudin Bin Yahya
Member

NOMINATING COMMITTEE
Dato' Sri Dr. Md Kamal Bin Bilal
Chairman

YB Mejar (K) Datuk Samsudin Bin Yahya
Member

Chong Khing Chung
Member

REMUMERATION COMMITTEE
YB Mejar (K) Datuk Samsudin Bin Yahya
Chairman

Dato' Sri Dr. Md Kamal Bin Bilal
Member

Chong Khing Chung
Member

REGISTERED OFFICE
802, 8th Floor, Block C,
Kalana Square,
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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.
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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
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
PKF (AF: 0911)
Chartered Accountants
Lot 23 1 & 25 1, 1st Floor,
Lintas Plaza,
Lorong Lintas Plaza,
88300 Kota Kinabalu, 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 to you the 2014 Annual Report and Audited Financial Statements of Borneo Aqua Harvest Berhad and its Subsidiaries ("Group") for the financial year ended 31 March 2014 ("FYE 2014").

Business and Financial Review

For the financial year ended 31 March 2014 ("FYE 2014"), the Group recorded a revenue and loss before taxation of RM23.023 million and RM3.272 million respectively. The revenue of RM23.023 million represents a decrease of 24.8% as compared to RM30.629 million recorded in the financial year 2013 ("FYE 2013"). The decrease in revenue is mainly due to the Groups' recently adopted strategy to rear part of its grouper species to above 6 kgs before selling them as they may be able to generate higher revenue for the Group in the future.

The Group incurred a loss before taxation of RM3.272 million for FYE 2014 as compared to a loss before taxation of RM2.968 million for FYE 2013. The increase was mainly due to the reason stated above, coupled with additional cost of RM0.537 million for prospecting and exploration of minerals pursuant to the Co-operative Agreement signed with our business associate, as well as non-cash employee benefit cost of RM6.506 million arising from fair value accounting adopted for shares options granted to eligible employees and directors pursuant to an Employees' Share Option Scheme ("ESOS") implemented by the Company. However, should the non-cash employee benefits cost of RM6.506 million and RM0.537 million for the prospecting and exploration cost incurred for mining for FYE be excluded, the Group would record a profit before taxation of RM3.771 million for the FYE 2014

On 6 January 2014, Plentiful Harvest Sdn Bhd, a wholly owned subsidiary of Borneo Aqua Harvest Bhd ("Borneo Aqua") had entered into a Joint Venture Agreement ("JVA") with City Harvest Aquaculture Sdn Bhd ("City Harvest") for the purpose of letting City Harvest to utilise the whole of 1 parcel of land situated at Pulau Palak, 3 parcels of land situated at Mile 7, Jalan Airport, Sandakan and whatever facilities thereon for Oyster Project. City Harvest is principally engaged in carrying on the business of import and export, supplies and distribution of oyster aquaculture and other related aquaculture products.

On 24 January 2014, Plentiful Harvest Sdn Bhd, acquired the entire issued and paid-up capital of Plentiful Earnings Sdn Bhd ("Plentiful Earnings") of RM100,000 divided into 100,000 ordinary shares of RM1.00 each, for a cash consideration of RM100,000. With the acquisition of Plentiful Earnings the Group would be able to expand its rearing activities and also to diversify the Group's rearing risks by expanding its current rearing sites to the new site. Other than that, Plentiful Earnings has also been granted approval on 29 September 2011 by Malaysia Finance Minister to carry out sea cages fish farming project. Under this approval, Plentiful Earnings is granted 100% exemption of income tax on its statutory income for a period of 10 years commencing on the first year of its statutory income.

Southsea Gold Sdn Bhd has agreed on 8 July 2014 to extend the Co-operative Agreement signed between Borneo Aqua and Southsea Gold on the 21 June 2013 for another 12 months commencing from 21 June 2014. The extension is to enable Borneo Aqua to continue with the due process of determining whether the mining site at Bukit Mantri, Tawau, Sabah contains commercially justifiable mineral resources for commercial mining.

Research and Development ("R&D") Updates

The Group has always emphasized its R&D division to improve on its broodstock management by having a R&D team comprising experts from Japan, South Korea and Malaysia. The Group not only purchase high value species broodstock from local market and other countries but also continuously conducts R&D for breeding new cross-breed marine fish species in order to be competitive in the market.

Current capacity and expansion plans

The Group currently has about 4,239 tails of broodstocks of over 20 high value species. In FYE 2014, the R&D team has commended that all hybrid groupers are fast growing species especially when they reach the size of 2.0 kg and above, which is in line with the group recently adopted strategy to rear part of its culture groupers from 2.0 kg to 6.0 kgs and above before selling them. The Group is confident that with this strategy, it will be able to generate higher revenue for the Group in the future. The Group will continue its construction of hatchery and nursery to cope with its increase in production which is in line with its expansion plan and also in line with the conditions of the Government grant.

Trends in Fish Consumption and Aqua-culture Industry Outlook

The world fish demand is estimated to increase in line with the growth of the population, income and standard of living. The increase in demand is also due to greater awareness that fish is a good source of protein.

The importance of aquaculture grows each year because of increased demand for seafood, overall population growth and diminishing natural seafood supplies. Today, more than 1 million people rely on fish as a source of animal protein. In addition, 150 million people around the world depend on the fish industry for employment. Fish is also one of the highly traded aquaculture commodities with nearly 40% of fish production traded internationally. Aquaculture has been proven to be efficient in increasing farmers' income and improving food supply while protecting water resources and natural fishery resource. The United Nations Foods Agriculture Organisation ("FAO") reports that international trade in fishery commodities has exceeded United State Dollar ("USD") 50 billion a year in recent years and is approaching USD55 billion a year.

Market Prospects

In South and Southeast Asia, the demand is expected to increase correspondingly to the rising population and income which will boost intra-regional trade, both for high-commercial valued and low-commercial valued fishery products. Currently, the Group is exporting its live marine fish by its own vessels to Hong Kong and Southern China. As the demand will continuously increase, the Group will improve the marketing strategy and focus on the markets in Hong Kong and Southern China.

A Note of Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation to the management and the staff of the Group for their continued efforts commitments and contributions in executing 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 their 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' Sri Dr. Md Kamal Bin Bilal
Chairman of the Board of Borneo Aqua Harvest Berhad

Directors' Profiles

DATO' SRI DR. MD KAMAL BIN BILAL

Malaysian aged 52, 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 was appointed the Chairman of the Nominating Committee and member of Remuneration Committee on 20 February 2014.

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' Sri Dr. 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' Sri Dr. Md Kamal Bin Bilal attended all six (6) Board Meetings of the Company held during the financial year.

DATUK LO FUI MING

Malaysian aged 58, 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. He is also an Executive Director of Southsea Gold Sdn Bhd.

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 aspects 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 30 years of experience in the business sector, he is the driving force of the Group.

Datuk Lo Fui Ming is 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 all six (6) Board Meetings of the Company held during the financial year.

LO TECK YONG

Malaysian aged 33, 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 daily operations of the Group's fish farms, primarily responsible for overseeing the nurseries for fish fries and the rearing centre for adult fish in the operation site. He is also an Executive Director of Southsea Gold Sdn Bhd.

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. 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 all six (6) Board Meetings of the Company held during the financial year.

Directors' Profiles (cont'd)

AKINORI HOTANI

Japanese aged 40, 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 all (6) Board Meetings of the Company held during the financial year.

MAU KAM WAI

Malaysian aged 50, is an Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 20 February 2014. He has obtained his Bachelor in Business administration awarded by National University of Singapore. Mr Mau has extensive experience in trading stock markets globally, financial futures, foreign exchange and private equity. His twenty-six years tenure in stock broking was with Nomura Singapore Limited, Solomon Smith Barney HG Asia Pte Ltd and DBS Vickers Securities (S) Pte Ltd. He is performance driven and possesses an insightful and proven ability in assessing clients and managing expectations. His development expertise has built him a solid client base of more than 400 investors which comprised high net worth individuals and public companies. He has invested in a number of Chinese solar and wind companies and private equity fund.

Except for holding directorship with Eastland Equity Berhad, he does not have any family relationship with any other director or major shareholders of the Company. He had 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.

CHONG KHING CHUNG

Malaysian aged 47, 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 and a member of Remuneration Committee on 20 February 2014.

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 of a stockbroking company in Sabah.

He also worked as Executive Director and Chief Financial officer of various public listed companies in Malaysia, Singapore and Hong Kong. He is also a Finance Director of Macromac PLC, a company traded on the AIM market of London Stock Exchange, United Kingdom.

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 six (6) Board Meetings of the Company held during the financial year.

YB MEJAR (K) DATUK SAMSUDIN BIN YAHYA

Malaysian aged 59, 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 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 was one of the Board of Directors for Lembaga Kemajuan Ikan Malaysia (LKM). He is currently the Chairman of Cement Industries Sabah and Ramajuta 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 five (5) out of six (6) Board Meetings of the Company held during the financial year.

Statement of Corporate Governance

The Board of Directors ("Board") of Borneo Aqua Harvest Berhad ("Borneo Aqua") recognizes the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 ("Code") as a key factor towards achieving optimal governance framework and processes in the management of Borneo Aqua group of companies' ("Group") businesses and operational activities. While working towards full compliance with the principles and best practices of the Code, the Board commits to the establishment of various policies and procedures for the enhancement of the Group's governance practices.

In relation to the principles and recommendations of the Code, the Board is pleased to provide the following statement in which the Group has applied the Principles of the Code and the extent of compliance with best practices advocated therein.

1. THE BOARD OF DIRECTORS

1.1 Roles and Principal Duties

The Board takes full responsibility for the performance of the Group and guides the Company on its short and long-terms goals, providing advices and directions on strategy as well as business development matters while at the same time, providing a balance view to the management of the Group. All Board members bring with them independent judgment on issues of strategic, performance, resources and standard of conduct.

The Board's responsibilities includes, but not limited to the following:

- Reviews and adopts strategic plans for the Group;
- Oversees the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifies principal risks and ensures the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Develops and implements investor relation program or shareholders' communication policy for the Group; and
- Reviews the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has adopted a Board Charter which among others, provide guidance to the Board in discharging its roles, responsibilities and duties. The Charter also inter-alia outlines the composition and balance of the Board, the authorities of the Board, the setting-up of various Board Committees to assist the Board, as well as the processes and procedures while convening Board Meetings.

1.2 Board Composition and Balance

The Board headed by the Senior Independent Non-Executive Chairman currently consists of seven (7) members comprising of four (4) Executive Directors and three (3) Independent Non-Executive Directors. Each Director brings with him a wide range of business and financial experiences that are relevant to the Group. Pages 7 to 9 outlined briefly the background of each Director.

Independent Non-Executive Chairman	Dato' Sri Dr. Md Kamal Bin Bilal
Managing Director / Chief Executive Director	Datuk Lo Fui Ming
Executive Directors	Lo Teck Yong
	Akinori Hotani
	Mau Kam Wai (appointed on 20/02/2014)
Independent Non-Executive Directors	YB Mejar (K) Datuk Samsudin Bin Yahya
	Chong Khing Chung
	Chiu Kui Tzu @ Dora (resigned on 23/12/2013)

1. THE BOARD OF DIRECTORS (cont'd)

1.2 Board Composition and Balance (cont'd)

The roles of the Independent Non-Executive Directors are to instill independence and objectivity into the Board's decisions making process, providing constructive challenges whilst actively participate in the development of the Group's business strategies. The Independent Non-Executive Directors are persons of high caliber and integrity, and they collectively possess rich experience and bring varied commercial experience to the Board. Their presence also provide an effective check and balance mechanism in any Board's proceedings while ensuring that no single individual has unrestricted authority or influence over any Board decisions. All the Non-Executive Directors do not participate in any decision making, business transaction or have any relationship with the management of the group. Any concerns may be conveyed to Dato' Sri Dr. Md Kamal Bin Bilal, who is the Group's Independent Non-Executive Chairman.

The Company is in compliance 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 as Independent Directors.

The Board recognizes the Code's recommendation on the service tenure of an independent director, which should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

Mr. Chong Khing Chung is an Independent Non-Executive Director and Audit Committee Chairman of Borneo Aqua since 9 May 2005, and as such his tenure of service has exceeded a cumulative term of nine (9) years. The Board has reviewed and recommended that Mr. Chong shall continue to act as an Independent Non-Executive Director based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements and thus he would be able to bring an element of objectivity to the Board;
- He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders;
- He has continued to exercise his independence and due care during his tenure of service; and
- He has shown great integrity and independence, and had not entered into any related party transactions with the Group.

The Board's 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 responsibility to oversee the Group's business and its operations. The clear segregation of responsibilities between these roles will ensure a balance of power and authority. It is however noted that achieving gender diversity in the industry of which the Group is operating in is challenging. Nevertheless, the Board will strive towards introducing female Board members when suitable candidates are identified.

1. THE BOARD OF DIRECTORS (cont'd)

1.3 Appointments and Re-elections 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, through recommendation from the Nominating Committee, with due consideration given to the mix and range of expertise and experience required for an effective Board.

New appointees will be considered and evaluated by the Nominating Committee. The Nominating Committee will thereafter recommend the candidates for the Board's approval. Company Secretary will subsequently ensure that all appointments as approved by the Board are properly made, all information obtained, and that all legal and regulatory conditions are fulfilled.

In accordance with Article 93 of 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. The Directors to retire in each year shall be those who have been longest in office since their last election. An election of Directors shall take place each year and the Directors retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

Article 99 of the Company's Articles of Association also stated that any newly appointed Director shall only hold office until the next following Annual General Meeting and then shall be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation pursuant to Article 93. At the forthcoming 10th Annual General Meeting of the Company, Mr. Mau Kam Wai shall retire in accordance with Article 99, while Datuk Lo Fui Ming and Lo Teck Yong shall retire in accordance with Article 93 of the Company's Article of Association and all being eligible, offer themselves for re-election.

1.4 Committees of Directors

In line with the Best Practices of the Code, the Company has established three (3) Committees of Directors ("Committees") to assist in the performance of certain duties of the Board under specific terms of reference. The Committees compose of all Independent Non-Executive Directors and they collectively possess rich experience and bring varied commercial experience to the Board. The Board receives reports of the Committees' proceedings and deliberations. The Committees have the authority to examine specific issues and report back to the Board with their recommendations. The ultimate responsibilities for the final decision on all matters, however, lie with the entire Board.

The Committees established are as follows:

(i) Audit Committee

(a) The Audit Committee comprises all Independent Non-Executive Directors as follows:

- Chairman : Chong Khing Chung
- Members : Dato' Sri Dr. Md Kamal Bin Bilal
  : YB Mejar (K) Datuk Samsudin Bin Yahya

(b) The Terms of Reference of the Audit Committee together with the Audit Committee Report is presented on pages 20 to 23 of this Annual Report.

1. THE BOARD OF DIRECTORS (cont'd)

1.4 Committees of Directors (cont'd)

(ii) Nominating Committee

(a) The Nominating Committee comprises all Independent Non-Executive Directors as follows:

- Chairman : Dato' Sri Dr. Md Kamal Bin Bilal
- Members : Chong Khing Chung
  : YB Mejar (K) Datuk Samsudin Bin Yahya

(b) Primary Responsibilities and Functions

- Recommends to the Board the nomination of a person or persons to be a Board member(s) by shareholder(s) or Director(s);
- Recommends to the Board, Directors to fill the seats on Board Committees;
- Assesses the effectiveness of the Board as a whole, the Committees of the Board and contribution of each existing individual Director and thereafter, recommends its findings to the Board;
- Reviews the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and thereafter, recommends its findings to the Board; and
- Based on the yearly assessment conducted, recommends to the Board and shareholders the director(s) whom are subject to re-election at the next Annual General Meeting.

(c) The current Chairman of the Nominating Committee is Dato' Sri Dr. Md Kamal Bin Bilal, a Senior Independent Director of the Company and also the Independent Non-Executive Chairman of the Board.

(d) As all members of the Nominating Committee are Independent Directors, the assessment of the Nominating Committee is conducted by the Board as a whole.

(e) Full details of the nomination and election process of Board members can be found at the Company's website at www.borneoaqua.com.my.

(f) The activities of the Nominating Committee during the year were as follows:

- Reviews the profile and made recommendation to the Board on the appointment of a new Director;
- Reviews the performance and effectiveness of all the Directors; and
- Reviews and recommends to the Board on the re-election of Directors retiring at the Annual General Meeting.

(iii) Remuneration Committee

(a) The Remuneration Committee comprises all Independent Non-executive Directors as follows:

- Chairman : YB Mejar (K) Datuk Samsudin Bin Yahya
- Members : Dato' Sri Dr. Md Kamal Bin Bilal
  : Chong Khing Chung

1. **THE BOARD OF DIRECTORS (cont'd)**

1.4 Committees of Directors (cont'd)

(iii) Remuneration Committee (cont'd)

(b) Primary Responsibilities and Functions (cont'd)

- Conducts appropriate annual assessment of Directors;
- Establishes remuneration policy and procedures. This policy and procedures can be found at the Company's website at www.borneoaqua.com.my;
- Reviews and recommends to the Board the remuneration packages of the Executive Directors; and
- Assesses the remuneration packages of Non-Executive Directors based on their experience and level of responsibilities undertaken by them.

The Remuneration Committee is responsible to recommend to the Board a remuneration framework for Directors with the objective of ensuring that the Company attracts and retains the Directors needed to manage the Group successfully. It is the ultimate responsibility of the full Board to approve the remuneration of the Executive Directors with the respective Directors abstaining from decisions in respect of their own remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board with the individual Directors abstaining from decision in respect of their own remuneration.

(c) The Employee Share Option Scheme ("ESOS") Committee was established to administer the ESOS of the Group in accordance with the objectives, Rules and Regulations thereof and to determine the participation eligibility, option offers and shares allocation and to attend to such other matters as may be required. The Committee comprises of the Group Managing Directors / Chief Executive Officer, the Finance Manager, and the Group Accountant.

(d) Summary of Reports
For the financial year ended 31 March 2014, a total sum of RM3,613,053 was paid and payable to the Directors of the Group, including services received as an expense pursuant to the ESOS. Details movement of Director's shares option during the financial year ended 31 March 2014 is presented on page 26 of this Annual Report. The details of the Directors' remuneration for the financial year ended 31 March 2014, which are inclusive of the director whom has resigned during the financial year are as follow:

	Salaries and other emoluments RM	Fee RM	Breeding Commissions RM	Services received as an expense RM	Total RM
Executive Directors	546,909	-	83,986	1,971,294	2,602,189
Non-Executive Directors	-	261,500	-	749,364	1,010,864

1. **THE BOARD OF DIRECTORS (cont'd)**

1.4 Committees of Directors (cont'd)

(iii) Remuneration Committee (cont'd)

(d) Summary of Reports (cont'd)

The number of Directors of the Company whose remuneration and fees received from the Group for the financial year ended 31 March 2014, fall into the following bands:

Range of remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	1	1
RM50,001 – RM200,000	-	2
RM200,001 – RM350,000	-	-
RM350,001 – RM500,000	-	1
RM500,001 and above	3	1

The Board has considered disclosure details of the remuneration of each Director and is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately disclosed by the "range disclosure" as required by the listing requirements.

1.5 **Board Meetings**

The Board meets regularly and at least quarterly 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 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 of the Group.

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

The Board held six (6) Board Meetings during the financial year ended 31 March 2014. The summary of attendance of each individual Director is as follows:

Director	Meetings Attended
Dato' Sri Dr. Md Kamal Bin Bilal	6/6
Datuk Lo Fui Ming	6/6
Lo Teck Yong	6/6
Akinori Hotani	6/6
Mau Kam Wai (appointed on 20 Feb 2014)	-
YB Mejar (K) Datuk Samsudin Bin Yahya	5/6
Chong Khing Chung	6/6
Chiu Kui Tzu @ Dora (resigned wef. 23 Dec 2013)	5/5

All the Directors, except for Mr. Mau Kam Wai who was appointed on 20 February 2014, have complied with the minimum 50% attendance requirement in respect of Board meetings, as prescribed by the ACE Market Listing Requirements.

1. THE BOARD OF DIRECTORS (cont'd)

1.6 Supply of Information

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. The Directors may engage independent professionals at the Group's expense on specialized issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

Along with good governance practices and to enhance transparency and accountability, the Board has put in place the following policies and procedures and they are made available at the Company's website at www.borneoaqua.com.my:

- Board Charter
- Shareholder's Rights relating to General Meeting
- Whistleblowing Policy
- Sustainability Policy and Corporate Social Responsibility ("CSR")

1.7 Number of Directorship in Other Companies

Director, prior to accepting new directorship in other public companies, must inform the Chairman of the Board of such appointment and an indication of the time the Director will spend on the new appointment.

The following Directors of the Company also hold directorships in other public listed companies:

Directors	Name of Company	Directorship
Dato' Sri Dr. Md Kamal Bin Bilal	The Store Corporation Bhd	Independent Non-Executive Chairman
Mau Kam Wai	Eastland Equity Bhd	Executive Directors
Chong Khing Chung	Macromac PLC	Finance Director

1.8 Directors' Training

The Board recognizes the importance of training as a continuous knowledge development for Directors in order to ensure that the Directors stay updated of the latest development and changes in law and regulations and business environment to enable them to fulfill their responsibilities as Director and to act in the best interest of the Group and shareholders.

Every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself to enhance their knowledge and effectively contribute his duties to the Board.

For newly appointed director, they are encouraged to visit the Company's hatchery, nursery and rearing centers to enhance their knowledge and understanding of the Group's operation in which they would assist the Board to make effective decisions later.

1. THE BOARD OF DIRECTORS (cont'd)

1.8 Directors' Training (cont'd)

At the date of this report, the Directors of the Company have collectively or individually attended the following seminars with relevant topics as follows:

- Strengthening the Board of Directors and Enhancing Financial Governance: Focal Point for Corporate Governance System
- Audit Committee Conference 2014
- The Corporate Governance Guide
- Accounting For Agriculture
- Bursatra Sdn Bhd Mandatory Accreditation Program for Directors of Public Listed Companies
- Board Leadership & Value Systems (The Tone At The Top)

2. CORPORATE DISCLOSURE

The Company is aware of its responsibilities and obligations to continue in its implementation of a corporate disclosure policy to ensure timely, accurate, clear and complete disclosure of all material information necessary for informed investing decisions and also to take reasonable steps to ensure that all investors in the Company's securities have equal access to such information to avoid any individual or selective disclosure.

3. SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

The Company is committed to maintaining effective communication with its shareholders and other stakeholders. The Group has been making timely announcements to the public with regards to the Group's corporate proposals, financial results, other regulatory announcements as well as information which would be of interest to the investors and members of the public. The Company has implemented a number of formal channels to communicate timely with its shareholders as below:

(i) Annual Report;

(ii) 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 www.bursamalaysia.com or can be viewed from the Company's website at www.borneoaqua.com.my;

(iii) Company's website at www.borneoaqua.com.my which provides another vital communication channel for investors and shareholders to access corporate information and news related to the Group; and

(iv) The Group's Annual General Meeting ("AGM"), which is an important forum where communications with shareholders are effectively conducted. The Board ensures that each item of special business included in the notices of the AGM is accompanied by a full explanation of the effects of any proposed resolution. Shareholders are encouraged to participate in the proceedings and question and answer session.

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.

4. SUSTAINABILITY POLICY

The combination of economic, environmental and social issues in the way we plan, execute and monitor our business is critical to the growth and success of the Group. Our efforts over the last few years define the way we manage sustainability. We have set the structure from which to outline our plan and continuously improve, both in performance and evolution of our overall approach to sustainability.

We will grow and protect our stakeholders' value by incorporating sustainability into our core business strategy, risk management and operational performance. Sustainability helps us to conduct business responsibly and provides a platform for innovation, operational efficiency and management of emerging sustainability risks.

The Group's Sustainability Policy can be found at the Company's website at www.borneoaqua.com.my.

5. ACCOUNTABILITY AND AUDIT

5.1 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. The Board has adopted suitable accounting policies in the preparation of the financial statements and applied them consistently as well as making judgments that are prudent and reasonable.

The quarterly and annual financial statements, as well as the Chairman's Statement in the Annual Report, are reviewed by the Audit Committee and subsequently approved by the Board, before release for announcement to Bursa Malaysia Securities Berhad.

5.2 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 as well as risk management to safeguard shareholders' investments and the Group's assets. The Board also recognizes 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 Statement on Risk Management and Internal Control which is prepared by the Board is on Pages 24 to 25 of this Annual Report.

5.3 Relationships with the Auditors

The Company has always maintained a transparent and formal relationship with its auditors, both internal and external, in seeking professional advice and ensuring compliance with reporting standards in Malaysia. The Audit Committee has a direct communication channel with the internal and external auditors. During the financial year, the Audit Committee had a meeting with the external auditors without the presence of the Executive Directors and management.

The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on Pages 20 to 23 of this Annual Report.

5.4 Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of their financial performance and cash flows for the financial year then ended.

5. ACCOUNTABILITY AND AUDIT (cont'd)

5.4 Statement of Directors' Responsibility for Preparing the Financial Statements (cont'd)

In preparing the financial statements, the Directors have:

- ensured that selected appropriate accounting policies are being applied consistently;
- made judgement and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed;
- ensured that the provisions of the Companies Act, 1965 and the ACE Market Listing Requirements have been applied; and
- prepared the financial statements on a going-concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

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.

6. CORPORATE SOCIAL RESPONSIBILITY

The Board believes the improvement in the conditions surrounding our stakeholders, employees, society and the environment is equally vital to the growth of the Group as with financial achievements. The Board also realizes that acting in a responsible and sustainable manner creates new opportunities, enhances investors' value, and improves social and environmental returns.

The Group has therefore established a Corporate Social Responsibility ("CSR") Policy which can be found at the Company's website at www.borneoaqua.com.my.

Audit Committee Report

INTRODUCTION

The Audit Committee was established to provide assistance to the Board of Directors ("Board") in fulfilling its fiduciary responsibilities in the area of corporate governance, risk management, systems of internal control and financial reporting practices of the Company and the Group. The role of the Audit Committee can be further elaborated as:

- improving the Group's business efficiency and the quality of financial reporting, systems of internal control and auditing function, thereby strengthening the public's confidence in the Group's reported results;
- maintaining a direct line of communication between the Board and the external and internal auditors through regularly scheduled meetings;
- enhancing the independence of both the external and internal auditors' functions through active participation in the audit process; and
- acting upon any request of the Board to investigate and report on any issues or concerns pertaining to the Group's operations.

Members of the Committee

- Chairman : Chong Khing Chung (Independent Non-Executive Director)
- Members : Dato' Sri Dr. Md Kamal Bin Bilal (Independent Non-Executive Chairman)
  : YB Mejar (K) Datuk Samsudin Bin Yahya (Independent Non-Executive Director)

Summary of Terms of Reference

1. **Composition**

   The composition of the Audit Committee shall comprise no fewer than three (3) members and majority of the members shall be Independent Non-Executive Directors, among which an Audit Committee Chairman shall be appointed to oversee the activities of the Committee. Furtherance, at least one member of the Audit Committee must be either:

   (i) a member of the Malaysian Institute of Accountants; or
   (ii) 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
   (ii) a person who has fulfilled such other requirements as prescribed or approved by Bursa Securities.

2. **Responsibilities and Functions**

   The primary responsibilities and functions of the Audit Committee are to review and report to the Board with regards to the Group's external audit function, internal audit function, financial reporting practices, related parties transaction, annual reporting and investigation. The following outlines the some key responsibilities and functions of the Audit Committee:

   2.1 **External audit function**

   - To review with the external auditors the following and report the same to the Board:
     - o the external audit planning memorandum;
     - o the evaluation of the Group's system of internal control; and
     - o the external audit report;
   - To consider the nomination and recommend the appointment of the external auditors and the agreement of audit fees;
   - To review the scope of audit and the general extent of the external auditors coverage;
   - To review the assistance provided by the Group's employees to the external auditor and to provide a communication channel between the Board and the external auditors;
   - To monitor the effectiveness of the external auditors' performance and their independence and objectivity;

Summary of Terms of Reference (cont'd)

2. Responsibilities and Functions (cont'd)

2.1 External audit function (cont'd)

- To review all the significant issues raised by the external auditors during the interim and final audit and management's responses, including updates on the management's response to recommendations raised from previous audit
- To review any letter of resignation from the external auditors of the Company and investigate on the rationale of resignation; and
- To review whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.

2.2 Internal audit function

There is no in-house internal audit team and hence the Group has outsourced its internal audit function to an independent professional service firm which reports directly to the Audit Committee. The Audit Committee will perform the following:-

- ensure the objectivity and independence of the appointed internal auditor and take cognizance of resignation or termination of audit firm;
- ensure the adequacy of the scope, functions, competency and availability of resources and necessary independence authority to carry out its internal audit works;
- review internal audit plan and program, audit processes or investigations undertaken and the result of the internal audit findings;
- review the coordination of the external audit with internal audit;
- review the internal audit report and evaluate the adequacy and effectiveness of the Group's system of internal control and whether appropriate and prompt remedial actions are taken by the management based on the recommendations; and
- ensure major issues raised from the internal audit findings are brought to the Board's attention and to ensure that the issues are resolved.

2.3 Financial reporting practices

Prior to the approval of the Board, the Audit Committee will review the quarterly results and annual financial statements of the Group to ensure the following:-

- that the financial statements are prepared in accordance with the Approved Reporting Standard and other legal requirements;
- that the extent and materiality of any significant adjustments arising from the audit that could affect the results of the financial statement are discussed and evaluated; and
- that the going concern assumption and any revaluation of the Group's assets are assessed.

2.4 Related party transaction

The Audit Committee will review any related party transactions and conflicts of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions about the integrity of the management, and report the same to the Board.

2.5 Annual reporting to the Board

The Audit Committee will report to the Board the activities that it has conducted during the financial year vide its Audit Committee Report.

2.6 Investigation

The Audit Committee will review the Company's general policies and procedures and act upon any request of the Board to investigate and report on any issues or concerns pertaining to the management of the Group.

Summary of Terms of Reference (cont'd)

3. Authority

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

(i) investigate any matter within its Terms of Reference;
(ii) request and be granted the resources required to perform its duties;
(iii) have full and unrestricted access to all information and documents relevant to its activities from all employees of the Group and all employees are directed to cooperate fully with the Committee;
(iv) have direct communication channels with the external auditors and the internal auditors;
(v) obtain independent/ external professional advice and to engage external party having relevant experience and expertise as it considers necessary to assist the Committee; and
(vi) be able to convene meetings with the external and internal auditors or both, with the exclusion of the other executive directors, senior management and employees of the Group, whenever deemed necessary.

4. Conduct of Meetings

4.1 Number of meetings

The Committee shall meet at least four (4) times a year. The Chairman Shall also convene a meeting of the Committee if requested to do so by any committee member, Board of Directors, the management or the internal or external auditors to consider any significant issues raised which are within the scope and responsibilities of the Committee where immediate discussion and remedial action is required.

4.2 Procedures at meetings

The Committee may regulate its own procedures, in particular:

(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of the minutes; and
(e) the custody, production and inspection of such minutes.

4.3 Quorum and attendance of meetings

- The quorum for the meeting shall be by majority of the members who are Independent Directors;
- The Company Secretary shall attend the meetings of the Committee and keep written minutes of all proceedings;
- Other Board members, senior management personnel, external and internal auditors may be invited to attend the meetings for discussion of those matters on the agenda for the meeting which fall within their specific scope of responsibility;
- During the financial year 2014 the Audit Committee held a total of five (5) meetings. The attendance by each member at the Committee meetings during the financial year was as follows:

Name	Status of Directorship	Meetings Attended
Chairman		
Chong Khing Chung	Independent Non-Executive Director	5/5
Member		
Dato' Sri Dr. Md Kamal Bin Bilal	Independent Non-Executive Chairman	5/5
YB Mejar (K) Datuk Samsudin Bin Yahya	Independent Non-Executive Director	4/5

Summary of Terms of Reference (cont'd)

5. Internal Audit Function

The Group outsourced its internal audit function to an independent professional service firm who undertakes the necessary activities to enable the Committee to discharge its duties effectively. The duty of the internal auditor is to provide the Audit Committee with independent and objective reports on the adequacy and effectiveness of the systems of internal control and recommending ways to rectify shortfalls (if any) and improve the existing control environment in relation to the Group's operations.

Internal audit reviews have been performed during the financial year and the internal auditors' findings and recommendations with regard to the operational system and control weaknesses noted during the course of their audit, together with the management's responses were included in their audit reports which were submitted to the Audit Committee and the Board for notation and further action. The costs incurred by the Group for the internal audit function during the period amounted to RM22,852.00.

6. Summary of Activities

During the financial year and up to the date of this report, the Audit Committee has carried out its duties in accordance with its terms of reference. The summary of the main activities carried out by the Audit Committee were as follows:

(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 re-appointment 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) held private meetings with the external auditors without the presence of the management;
(v) reviewed with the outsourced internal auditors the Internal Audit Plan, the scope of work and fees and thereafter recommended to the Board for their approval;
(vi) reviewed the status report, updates and recommendations for corrective actions (if any) submitted by the outsourced internal auditors and received updates of the implementation by the management;
(vii) reviewed related party transactions within the Company and the Group, including any transactions, procedures or course of conducts that raises any questions of management integrity;
(viii) reviewed the Group's Standard Operating Procedures for Accounts Department, Capital Expenditure Guidelines and Tender Committee's Terms of Reference, and recommended the same for the Board's approval;
(ix) reviewed with the 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
(x) reviewed the status of compliance of the Company with the Malaysian Code on Corporate Governance 2012 for the purpose of issuing the Corporate Governance Statement pursuant to the requirement of Rule 15.25 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

7. Allocation of Employees' Share Option Scheme ("ESOS") Options

The Audit Committee had reviewed and verified that the allocation of options during the year under the Company's ESOS is in compliance with the allocation criteria determined by the ESOS Committee and in accordance with the by-laws of the ESOS.

Statement On Risk Management And Internal Control

This statement is in line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated by the Malaysian Code on Corporate Governance 2012. The Board recognizes the importance of risk management framework and having a sound internal control system in order to safeguard shareholders' investments and the Group's assets. This Statement outlines the nature and scope of the risk management and internal control of the Group during the financial year ended 31 March 2014.

BOARD'S RESPONSIBILITY

The Board aims to achieve the highest standards of professionalism in its conducts, ethics and accountability while at the same time, striving to govern itself in accordance to the relevant laws and regulations so as to maximize shareholders' value and develop a sustainable growth path for the Group.

The Board is overall responsible for the Group's system of internal control, risk management and for reviewing the adequacy and integrity of this system. The system of internal control can only provide a reasonable but 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.

RISK MANAGEMENT AND INTERNAL CONTROL

(1) Risk Management

The Board recognizes that effective risk management is critical for continuous profitability to enhance shareholders value and good corporate governance and therefore, has in place a risk management policy in demonstrating the Group's Commitment to effective risk management. The management has been entrusted to continuously monitor the principal risks of the Group that have been identified, evaluate existing controls and formulate necessary action plans with their respective process owners.

The following key risk management mechanisms are in place in the governance of the Group's operations:

(i) The Board has delegated some of its responsibilities to the Audit Committee, Nominating Committee and Remuneration Committee which their responsibilities are represented on pages 12 to 15 of this Annual Report;
(ii) The Board reviews the report prepared by Committees and immediate remedial action is implemented where any significant risk is identified;
(iii) The Board has established a well-defined organizational structure that is aligned to the Group's 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;
(iv) Periodic meetings are held to assess and monitor the Group's risk as well as identify, discuss, deliberate and resolve issues associated with strategic, financial and operational facets of the Group. Significant matters raised during these meetings are highlighted to the Board;
(v) The Board has implemented the Group's Standard Operating Procedures (SOPs) which provides guidelines in compliance to the internal control system. These documents will be kept updated in accordance with changes in operating environment;
(vi) The Board reviews of quarterly and annual financial results approved by Audit Committee; and
(vii) ISO 9001:2008 Standards for the whole production process and distribution of Grouper species under UKAS Management Systems and Standards of Malaysia, as well as HACCP Codex Alimentarius certificate, which are subject to regular review and improvement, continually manage and control the quality requirement of the Group's products.

(2) **Internal Control**

The Board has the responsibility for monitoring a sound system of internal controls which provides reasonable assessment of the effectiveness and efficiency of its operations, internal controls and compliance with the relevant laws and regulations.

The Board has engaged an independent professional service firm to carry out the internal audit function of the Group. The functions of the internal auditors are to ensure that adequate system of internal control exist to assist the management to manage the operational, regulatory and financial risks.

The Audit Committee has reviewed the activities and evaluated the performance of the outsourced internal audit services and confirmed the appointed outsourced internal auditors have adequate resources, professionalism and skills in performing their works.

During the financial year 2014, the Board and the management also received timely, relevant and reliable internal audit recommendations with regard to the system, operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently presented by the internal auditors to the Audit Committee and the Board.

The costs incurred for the internal audit function for the financial year ended 31 March 2014 were RM22,852.00.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board, with the assurance given by the Group's Managing Director / Chief Executive Officer, confirms that the Group's risk management and internal control system are operating adequately and effectively in all material aspects throughout the financial year under review and up to the date of approval of the Annual Report. A number of internal control weaknesses have been brought up by the external auditors and the internal auditors during the financial year, all of which have been, or are in the process of being addressed by the Board and the Management.

Review of the statement by External Auditors

In compliance to Rule 15.23 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 March 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes the Board have adopted in the review of the adequacy and integrity of internal controls within the Group.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 18 July 2014.

Additional Compliance Information

1. **Share Buy-back**

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

2. **Options, Warrant or Convertible Securities**

   The options offered to take up unissued ordinary shares of RM.10 each and the exercise prices are as follows:

		Number of options over ordinary shares of RM0.10 each				
Date of Offer	**Exercise price**	**At 1.4.2013**	**Granted**	**Exercised**	**Forfeited**	**At 31.3.2014**
15.01.2013	RM0.70	99,500,000	-	(14,720,750)	(2,427,150)	82,352,100
17.08.2013	RM1.22	-	1,500,000	-	-	1,500,000
		99,500,000	1,500,000	(14,720,750)	(2,427,150)	83,852,100

Further details of the options granted to directors and senior management during the financial year ended 31 March 2014 and since commencement of the ESOS are as follow:

	Aggregate maximum allocation in percentage to Directors and senior management	**Actual percentage granted to Directors & Senior Management**
Since commencement of the ESOS and during the financial year ended 31 March 2014	85% of ordinary shares of RM0.10 each available under the ESOS	77% of ordinary shares of RM0.10 each available under the ESOS

Further breakdown of the options granted to Executive and Non Executive Directors since the commencement of the ESOS and during the financial year ended 31 March 2014 are as follow:

	Number of options over ordinary shares of RM0.10 each		
	Since Commencement	**Exercised**	**Balance**
Dato' Sri Dr. Md Kamal Bin Bilal	2,500,000	(531,500)	1,968,500
Datuk Lo Fui Ming	10,500,000	(2,195,000)	8,305,000
Lo Teck Yong	10,500,000	(2,400,000)	8,100,000
Chong Khing Chung	8,000,000	(1,270,000)	6,730,000
Akinori Hotani	10,500,000	(2,080,000)	8,420,000
YB Mejar (K) Datuk Samdudin Bin Yahya	1,500,000	(76,400)	1,423,600

3. Utilisations of Proceeds

Bursa Malaysia Securities Berhad had approved the listing and quotation of up to 35,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares") representing up to 10% of issued and paid-up share capital of the Company (excluding treasury shares) on 18 March 2013.

The Company's Private Placement of 35,000,000 new ordinary shares was completed on 20 May 2013. On 10 December 2013, The Company had made an announcement to Bursa Malaysia Securities Berhad to re-allocate the unutilized balance of the placement proceeds of RM1,877,300 and RM96,000 being amount of unutilized refurbishment cost for live fish vessel and private placement expenses respectively for use as working capital. The status of utilization of the proceed from the private placement as at 31 March 2014 are as follows:

	Proceeds Raised RM'000	Amounts Utilised RM'000	Transfer RM'000	Amounts Unutilised RM'000
Capital expenditure:				
a) New nursery and hatchery centres				
- Construction of one unit of nursery centre and one unit of hatchery centre	3,255	-	(3,255)	-
- Construction of access roads to nursery and hatchery centre	800	-	(800)	
- Electricity supply infrastructure	2,000	-	(2,000)	
b) Refurbishment cost for a live fish vessel	3,000	(1,123)	(1,877)	
c) Nursery centres under construction				
- Payment for settlement of contractors' fee for the construction of three nursery centres	3,491	(3,491)	-	
Working capital	15,154	(16,575)	8,028	6,607
Private Placement expenses	300	(204)	(96)	-
Total	**28,000**	**(21,393)**	**-**	**6,607**

Note : Part of the unutilized amounting to RM5.0 million are placed with licensed bank in the form of REPO, and the balance of RM1,607 million are at the current account of licensed banks.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt 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, PKF.

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 2014.

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' interest during the financial year ended 31 March 2014 other than the Co-operative Agreement entered into with Southsea Gold Sdn Bhd, in which Datuk Lo Fui Ming and Mr. Lo Teck Yong have interest.

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 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 Group may consider providing permanent position to those fresh graduates if job vacancy is available.

Financial Statements

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

Principal activities
The principal activity of the Company is investments holding.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 March 2014.

Results	**Group**	**Company**
	RM	**RM**
Total comprehensive loss for the financial year	4,283,515	16,330,387

Reserves and provisions
There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

Dividends
No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend any dividends for the current financial year ended 31 March 2014.

Directors
Directors who served since the date of the last report are:

Dato' Sri Dr. Md Kamal Bin Bilal
Datuk Lo Fui Ming
Lo Teck Yong
Akinori Hotani
Chong Khing Chung
YB Mejar (K) Datuk Samsudin Bin Yahya
Mau Kam Wai *(Appointed on 20 February 2014)*
Chiu Kui Tzu @ Dora *(Resigned on 23 December 2013)*

Directors' interests in shares
The holdings and deemed holdings in the ordinary shares and options over ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 134 of the Companies Act, 1965 are as follows:

	Number of ordinary shares of RM0.10 each			
Direct interest:	**At 1.4.2013**	**Bought**	**Sold**	**At 31.3.2014**
Dato' Sri Dr. Md Kamal Bin Bilal	2,180,000	531,500	-	2,711,500
Datuk Lo Fui Ming	57,431,502	695,000	(5,850,000)	52,276,502
Lo Teck Yong	3,291,330	2,400,000	(2,030,000)	3,661,330
Akinori Hotani	-	2,080,000	(2,050,000)	30,000
Chong Khing Chung	1,040,000	270,000	(1,150,000)	160,000
YB Mejar (K) Datuk Samsudin Bin Yahya	-	76,400	-	76,400

Directors' interests in shares (cont'd)

	Number of ordinary shares of RM0.10 each			
Indirect interest:	**At 1.4.2013**	**Bought**	**Sold**	**At 31.3.2014**
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of shareholding of his child	60,000	1,900,000	(1,560,000)	400,000

	Number of options over ordinary shares of RM0.10 each			
Direct interest:	**At 1.4.2013**	**Granted**	**Exercised**	**At 31.3.2014**
Dato' Sri Dr. Md Kamal Bin Bilal	2,500,000	-	(531,500)	1,968,500
Datuk Lo Fui Ming	9,000,000	-	(695,000)	8,305,000
Lo Teck Yong	10,500,000	-	(2,400,000)	8,100,000
Akinori Hotani	10,500,000	-	(2,080,000)	8,420,000
Chong Khing Chung	7,000,000	-	(270,000)	6,730,000
YB Mejar (K) Datuk Samsudin Bin Yahya	1,500,000	-	(76,400)	1,423,600
Indirect interest:				
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of his child	8,000,000	-	(1,900,000)	6,100,000

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

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares and options over ordinary shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 30 to the Financial Statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate apart from the issue of the Employees Share Options Scheme.

Issues of shares and debentures
During the financial year, the Company issued:

(i) 35,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.80 per ordinary share via a private placement to eligible investors for cash, for capital expenditure and additional working capital purposes.

(ii) 14,720,750 new ordinary shares of RM0.10 each for cash arising from the exercise of employees' share options at an exercise price of RM0.70 per ordinary share for working capital purposes.

There were no other changes in the authorised and issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares
No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees Share Options Scheme ("ESOS").

At an extraordinary general meeting held on 3 January 2013, the Company's shareholders approved the establishment of an ESOS of not more than 30% of the issued and paid-up share capital of the Company or 105,000,000 new ordinary shares, whichever is higher, to eligible Directors and employees of the Group.

The salient features of the ESOS scheme are, inter alia, as follows:

(i) Eligible Directors or employees of the Group are those who have fulfilled the following conditions:

- attained the age of Eighteen (18) years on the date of offer;
- employed for a continuous period of at least One (1) year (which shall include any probation period) by the Company and/or a subsidiary within the Group and his employment as an eligible participant must have been confirmed on the date of offer, unless he was transferred to a subsidiary within the Group, in which case he must have been employed for a continuous period of at least One (1) year in that subsidiary incorporated in Malaysia;
- if the employee or Director is employed by a company incorporated in Malaysia which is acquired, and becomes a subsidiary of the Company upon such acquisition during the duration of the ESOS, the employee or Director must have completed service for a continuous period of at least One (1) year in that subsidiary following the date that such company becomes or is deemed to be a subsidiary of the Group; and
- if the employee or Director, whether Malaysian citizen or non-Malaysian citizen, is serving the Company or a subsidiary within the Group on a full-time basis and whose contribution is vital to such companies and who on the date of offer is employed under a contract for service for a term of not less than Three (3) years (including any period of employment which the person has already served), the employee or Director is eligible to participate in the ESOS, subject to the provisions of the By-Laws provided always that employees of the subsidiaries of the Company, which are dormant, shall not be eligible to participate in the ESOS.

(ii) The selection of any eligible participants for participation in the ESOS and maximum number of shares under the ESOS exercisable by an option holder in a particular year shall be at the discretion of the ESOS committee and the decision of the ESOS committee shall be final and binding.

(iii) No eligible participant shall participate at any time in more than one ESOS implemented by any company within the Group.

(iv) Not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible participant, who either singly or collectively through persons connected with him holds 20% or more of the issued and paid-up share capital of the Company.

Options granted over unissued shares (cont'd)

(v) Not more than 85% of the new shares of the Company available under the ESOS shall be allocated in aggregate to the Directors and senior management of the Company and its subsidiaries, which are not dormant.

(vi) The aggregate number of shares to be issued under the ESOS shall not exceed 30% of the total issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

(vii) The ESOS shall be valid for a duration of Five (5) years from the effective date (the date of full compliance with all relevant requirements of the Listing Requirements), and may if the Board of Directors deems fit, upon the recommendation of the ESOS Committee, be extended for a further Five (5) years, subject to an aggregate of Ten (10) years from the effective date of the implementation of the ESOS.

(viii) The price payable for the exercise of an option under the ESOS shall be determined by the ESOS committee at its discretion based on the Five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer with a discount of not more than 10%, if deemed appropriate, or the par value of the shares of the Company of RM0.10, whichever is higher.

(ix) Any new shares to be allotted and issued upon exercise of the ESOS granted will, upon allotment, issuance and full payment, rank pari passu in all respects with the then existing issued and paid-up share capital of the Company except that the new shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which precedes the date of issuance of such new shares.

(x) An eligible Director of the Group who is a non-executive Director must not sell, transfer or assign any new shares obtained through the exercise of the ESOS options granted to him pursuant to the ESOS within One (1) year from the date of grant of such ESOS options.

The options offered to take up unissued ordinary shares of RM0.10 each and the exercise prices are as follows:

		Number of options over ordinary shares of RM0.10 each				
Date of offer	**Exercise price**	**At 1.4.2013**	**Granted**	**Exercised**	**Forfeited**	**At 31.3.2014**
15 January 2013	RM0.70	99,500,000	-	(14,720,750)	(2,427,150)	82,352,100
17 August 2013	RM1.22	-	1,500,000	-	-	1,500,000
		99,500,000	1,500,000	(14,720,750)	(2,427,150)	83,852,100

Options granted over unissued shares (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options have been granted during the financial year and details of their holdings as required under Section 169(11) of the Companies Act, 1965, for persons who have been granted options to subscribe for less than 5,230,000 ordinary shares of RM0.10 each. The names of persons to whom options have been granted to subscribe for 5,230,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

				Number of options over ordinary shares of RM0.10 each			
Name	**Grant date**	**Expiry date**	**Exercise price**	**At 1.4.2013**	**Granted**	**Exercised**	**At 31.3.2014**
Chong Tzu Khen	15 January 2013	14 January 2018	RM0.70	10,500,000	-	(2,100,000)	8,400,000
Lo Choon Fung @ Michelle	15 January 2013	14 January 2018	RM0.70	8,000,000	-	(1,900,000)	6,100,000
Wong Yin Fa	15 January 2013	14 January 2018	RM0.70	9,000,000	-	(600,000)	8,400,000
Ho Soung Ket	15 January 2013	14 January 2018	RM0.70	5,800,000	-	(360,000)	5,440,000
Hiew Vun Pui	15 January 2013	14 January 2018	RM0.70	5,700,000	-	(470,000)	5,230,000
	17 August 2013	14 January 2018	RM1.22	-	1,500,000	-	1,500,000
Lee Kyoung Hee	15 January 2013	14 January 2018	RM0.70	10,500,000	-	(2,000,000)	8,500,000

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Details on options granted to Directors are disclosed in the section on Directors' interests in shares in this report.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

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

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

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATUK LO FUI MING
Director

LO TECK YONG
Director

Sandakan

Dated 18 July 2014

Statement by Directors
pursuant to section 169 (15) of the companies act, 1965

In the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 37 to the financial statements has 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,

DATUK LO FUI MING
Director

LO TECK YONG
Director

Sandakan

Dated 18 July 2014

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 to the best of my knowledge and belief, the accompanying financial statements are 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 18 July 2014)

CHONG TZU KHEN

Before me,

HAMZAH HJ.ABDULLAH (S-088)
Commissioner for Oaths
Lot 6, Blok 23, Lebuh Dua,
90009 Sandakan, Sabah.

Report of the Independent Auditors

to the member of Borneo Aqua Harvest Berhad

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 2014 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 102.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible 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 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 judgment, 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 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 give a true and fair view of the financial position of the Company as of 31 March 2014 and of its financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia

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.

(b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements.

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

(d) The auditors' reports of the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

PKF
AF 0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
2525/03/16(J)
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 18 July 2014

Statements of Comprehensive Income

for the financial year ended 31 March 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	3	23,022,887	30,628,982	-	-
Cost of sales		(11,458,586)	(13,299,527)	-	-
Gross profit		11,564,301	17,329,455	-	-
Interest income	4	212,310	6	-	-
Other operating income	5	1,460,868	675,704	8,245	30
Selling and distribution expenses		(5,933,777)	(5,564,956)	-	-
Administrative expenses		(9,324,430)	(13,687,811)	(16,338,632)	(2,230,139)
Finance costs	6	(1,251,227)	(1,720,487)	-	-
Loss before taxation	7	(3,271,955)	(2,968,089)	(16,330,387)	(2,230,109)
Income tax expense	10	(1,011,476)	(1,811,679)	-	-
Loss for the financial year		(4,283,431)	(4,779,768)	(16,330,387)	(2,230,109)
Other comprehensive loss					
Exchange differences on translation of foreign operation		(84)	(4,129)	-	-
Other comprehensive loss for the financial year, net of tax		(84)	(4,129)	-	-
Total comprehensive loss for the financial year		(4,283,515)	(4,783,897)	(16,330,387)	(2,230,109)
Loss attributable to owners of the Company		(4,283,431)	(4,779,768)	(16,330,387)	(2,230,109)
Total comprehensive loss attributable to owners of the Company		(4,283,515)	(4,783,897)	(16,330,387)	(2,230,109)
Loss per share attributable to owners of the Company (sen per share)					
Basic	11	(1.09)	(1.40)		
Diluted	11	(1.00)	(1.39)		

Statements of Financial Position

as at 31 March 2014

		Group		Company	
		2014	2013	2014	2013
ASSETS	**Note**	**RM**	**RM**	**RM**	**RM**
Non-current assets					
Property, plant and equipment	12	57,283,762	60,768,877	3,897	4,873
Land use rights	13	1,973,890	2,032,314	-	-
Intangible assets	14	32,176	1,750	-	-
Investments in subsidiary companies	15	-	-	56,975,265	51,218,456
Biological assets	16	5,166,017	3,825,196	-	-
Amounts due from subsidiary companies	17	-	-	34,515,170	-
		64,455,845	66,628,137	91,494,332	51,223,329
Current assets					
Biological assets	16	52,438,709	37,400,078	-	-
Inventories	18	407,555	459,163	-	-
Trade and non-trade receivables	19	33,692,924	22,936,639	385,217	122,021
Amounts due from subsidiary companies	17	-	-	898,415	13,830,969
Tax recoverable		75,604	28,712	-	-
Cash and bank balances	20	5,851,433	546,956	5,763	2,069
		92,466,225	61,371,548	1,289,395	13,955,059
TOTAL ASSETS		156,922,070	127,999,685	92,783,727	65,178,388
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	40,522,075	35,550,000	40,522,075	35,550,000
Share premium	21	61,337,683	24,627,694	61,337,683	24,627,694
Other reserve	22	13,050,396	10,125,866	13,145,497	10,220,883
Retained profits/ (Accumulated losses)		9,760,648	14,044,079	(22,307,501)	(5,977,114)
Total equity		124,670,802	84,347,639	92,697,754	64,421,463
Non-current liabilities					
Loans and borrowings	23	3,641,620	4,457,995	-	-
Deferred income	24	7,515,824	8,018,375	-	-
Deferred tax liabilities	25	5,999,386	4,987,910	-	-
		17,156,830	17,464,280	-	-
Current liabilities					
Loans and borrowings	23	12,102,482	14,408,480	-	-
Trade and non-trade payables	26	2,991,956	11,779,286	85,973	756,925
		15,094,438	26,187,766	85,973	756,925
Total liabilities		32,251,268	43,652,046	85,973	756,925
TOTAL EQUITY AND LIABILITIES		156,922,070	127,999,685	92,783,727	65,178,388

Statements of Changes in Equity

for the financial year ended 31 March 2014

Group	Note	Share capital RM	Share premium RM	Other reserve RM	Retained profits RM	Total equity RM
		Attributable to owners of the Company				
		Non-distributable			Distributable	
At 1 April 2012		35,000,000	19,989,544	(90,888)	18,823,847	73,722,503
Loss for the financial year		-	-	-	(4,779,768)	(4,779,768)
Other comprehensive loss		-	-	(4,129)	-	(4,129)
Total comprehensive loss for the financial year		-	-	(4,129)	(4,779,768)	(4,783,897)
Contributions by owners of the Company						
- Share-based payment transactions	8	-	-	11,559,033	-	11,559,033
- Share options exercised	8	550,000	4,638,150	(1,338,150)	-	3,850,000
Total transactions with owners of the Company		550,000	4,638,150	10,220,883	-	15,409,033
At 31 March 2013		35,550,000	24,627,694	10,125,866	14,044,079	84,347,639
Loss for the financial year		-	-	-	(4,283,431)	(4,283,431)
Other comprehensive loss		-	-	(84)	-	(84)
Total comprehensive loss for the financial year		-	-	(84)	(4,283,431)	(4,283,515)
Contributions by owners of the Company						
- Issuance of ordinary shares	21	3,500,000	24,500,000	-	-	28,000,000
- Share issuance expense	21	-	(204,020)	-	-	(204,020)
- Share-based payment transactions	8	-	-	6,506,173	-	6,506,173
- Share options exercised	8	1,472,075	12,414,009	(3,581,559)	-	10,304,525
Total transactions with owners of the Company		4,972,075	36,709,989	2,924,614	-	44,606,678
At 31 March 2014		40,522,075	61,337,683	13,050,396	9,760,648	124,670,802

Company	Note	Share capital RM	Share premium RM	Other reserve RM	Retained profits RM	Total equity RM
		Attributable to owners of the Company				
		Non-distributable			Distributable	
At 1 April 2012		35,000,000	19,989,544	-	(3,747,005)	51,242,539
Total comprehensive loss for the financial year		-	-	-	(2,230,109)	(2,230,109)
Contributions by owners of the Company						
- Share-based payment transactions	8	-	-	11,559,033	-	11,559,033
- Share options exercised	8	550,000	4,638,150	(1,338,150)	-	3,850,000
Total transactions with owners of the Company		550,000	4,638,150	10,220,883	-	15,409,033
At 31 March 2013		35,550,000	24,627,694	10,220,883	(5,977,114)	64,421,463
Total comprehensive loss for the financial year		-	-	-	(16,330,387)	(16,330,387)
Contributions by owners of the Company						
- Issuance of ordinary shares	21	3,500,000	24,500,000	-	-	28,000,000
- Share issuance expense	21	-	(204,020)	-	-	(204,020)
- Share-based payment transactions	8	-	-	6,506,173	-	6,506,173
- Share options exercised	8	1,472,075	12,414,009	(3,581,559)	-	10,304,525
Total transactions with owners of the Company		4,972,075	36,709,989	2,924,614	-	44,606,678
At 31 March 2014		40,522,075	61,337,683	13,145,497	(22,307,501)	92,697,754

Statements of Cash Flow

for the financial year ended 31 March 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from operating activities					
Loss before taxation		(3,271,955)	(2,968,089)	(16,330,387)	(2,230,109)
Adjustments for:					
Allowance for impairment on non-trade receivable		124,033	-	-	-
Allowance for impairment on trade receivable		53,142	-	-	-
Amortisation of broodstocks		892,671	802,602	-	-
Amortisation of development expenditure		1,750	19,049	-	-
Amortisation of government grant		(891,851)	(348,625)	-	-
Amortisation of land use rights		58,424	58,423	-	-
Bad debts written off		4,178	26,404	-	-
Broodstocks written off		-	245,485	-	-
Depreciation of property, plant and equipment		7,563,317	5,734,159	9,220	976
Equity-settled share-based payment transactions		6,506,173	11,559,033	749,364	1,611,051
Fair value adjustment on amount due from subsidiary company		-	-	14,458,369	-
Gain on disposal of plant and equipment		(58,243)	(75,051)	(8,244)	-
Interest expenses		1,251,227	1,720,487	-	-
Interest income		(212,310)	(6)	-	-
Impairment loss on investments in subsidiary companies		-	-	-	34,730
Property, plant and equipment written off		232,019	-	-	-
Unrealised foreign exchange loss		114,696	40,488	-	-
Operating profit/(loss) before working capital changes		12,367,271	16,814,359	(1,121,678)	(583,352)
Increase in amounts due from subsidiary companies		-	-	(36,040,985)	(3,571,143)
Increase in inventories		(14,987,023)	(4,919,498)	-	-
Increase in receivables		(10,998,748)	(365,512)	(263,196)	(67,020)
(Decrease)/Increase in payables		(8,943,384)	(213,938)	(670,952)	369,235

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Cash (used in)/generated from operations		(22,561,884)	11,315,411	(38,096,811)	(3,852,280)
Income tax paid		(79,390)	(29,067)	-	-
Income tax refunded		32,498	18,748	-	-
Interest paid		(1,251,227)	(1,720,487)	-	-
Interest received		212,310	6	-	-
Net cash (used in)/generated from operating activities		(23,647,693)	9,584,611	(38,096,811)	(3,852,280)
Cash flows from investing activities					
Acquisition of property, plant and equipment	27	(4,079,366)	(16,217,749)	(256,203)	-
Proceeds from disposal of plant and equipment		306,203	199,845	256,203	-
Acquisition of subsidiary, net of cash acquired	15	(100,000)	-	-	-
Addition of broodstocks		(2,233,492)	(7,791)	-	-
Net cash flows used in investing activities		(6,106,655)	(16,025,695)	-	-
		(29,754,348)	(6,441,084)	(38,096,811)	(3,852,280)
Cash flows from financing activities					
Drawndown of revolving credit		-	2,000,000	-	-
Proceeds from exercise of employees share options		10,304,525	3,850,000	10,304,525	3,850,000
Proceeds from government grant		389,300	8,367,000	-	-
Proceeds from issuance of shares		28,000,000	-	28,000,000	-
Repayment of hire purchase payables		(211,471)	(210,196)	-	-
Repayment of term loan		(882,396)	(1,012,190)	-	-
Share issuance expense		(204,020)	-	(204,020)	-
Net cash flows generated from financing activities		37,395,938	12,994,614	38,100,505	3,850,000
Net increase/(decrease) in cash and cash equivalents		7,641,590	6,553,530	3,694	(2,280)
Effect of exchange rate fluctuations on cash held		5,241	(46,277)	-	-
Cash and cash equivalents at beginning of financial year		(10,814,396)	(17,321,649)	2,069	4,349
Cash and cash equivalents at end of financial year	28	(3,167,565)	(10,814,396)	5,763	2,069

1. Basis of preparation

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company are prepared on the historical cost convention, other than as disclosed in the notes to the financial statements, and in accordance with the Financial Reporting Standards ("FRSs") issued by Malaysian Accounting Standards Board ("MASB") and the Companies Act, 1965 in Malaysia.

On 19 November 2011, the 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 subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, 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 Three (3) years Consequently, adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 their first MFRS financial statements for the financial year ended 31 March 2016. In presenting their first MFRS financial statements, the Group and the Company 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.

As at the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between FRSs 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 financial year ended 31 March 2014 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 in the financial year ended 31 March 2016.

The financial statements are prepared in Ringgit Malaysia (RM) which is the Group's and the Company's functional currency.

(a) Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 April 2013, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 April 2013.

FRSs and Amendments to FRSs

- FRS 10 *Consolidated Financial Statements*
- FRS 11 *Joint Arrangements*
- FRS 12 *Disclosure of Interests in Other Entities*
- FRS 13 *Fair Value Measurement*
- FRS 119 (2011) *Employee Benefits*
- FRS 127 (2011) *Separate Financial Statements*
- FRS 128 (2011) *Investment in Associates and Joint Ventures*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

1. Basis of preparation (cont'd)

(a) Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd)

FRSs and Amendments to FRSs (cont'd)

- Amendments to FRSs :
  - FRS 1 *First-time Adoption of Financial Reporting Standards – Government Loans*
  - FRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
  - FRS 10 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
  - FRS 11 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
  - FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
  - FRS 101 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- Improvements to FRSs issued in 2012:
  - FRS 1 *First-time Adoption of Financial Reporting Standards*
  - FRS 101 *Presentation of Financial Statements*
  - FRS 116 *Property, Plant and Equipment*
  - FRS 132 *Financial Instruments: Presentation*
  - FRS 134 *Interim Financial Reporting*
  - IC Interpretation 2 *Members' Shares in Co-operative Entities & Similar Instruments*

Adoption of the above FRSs and Interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those disclosed below:

(i) FRS 13 *Fair Value Measurement*

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group and the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group and of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

(ii) Amendments to FRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time have to be presented separately from items that will not be reclassified. The amendments have no significant impact to the Group's and the Company's financial position or performance.

(iii) FRS 127(2011) *Separate Financial Statements*

As a consequence of the new FRS 10 and FRS 12, FRS 127(2011) is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

(iv) FRS 128(2011) *Investment in Associates and Joint Ventures*

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investment in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

(b) Standards 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:

FRSs, Amendments to FRSs and Interpretations	Effective date
• FRS 9 *Financial Instruments (IFRS 9 issued by IASB in November 2009)*	1 January 2015
• FRS 9 *Financial Instruments (IFRS 9 issued by IASB in October 2010)*	1 January 2015
• IC Interpretation 21 *Levies*	1 January 2014
• Amendments to FRSs :	
- FRS 10 *Consolidated Financial Statements – Investment Entities*	1 January 2014
- FRS 12 *Disclosure of Interests in Other Entities – Investment Entities*	1 January 2014
- FRS 127 (2011) *Separate Financial Statements – Investment Entities*	1 January 2014
• Amendments to FRSs :	
- FRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*	1 January 2014
- FRS 136 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
- FRS 139 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014

The adoption of the above FRSs and Interpretations upon their effective dates is not expected to have any significant impact on the financial statements of the Group and of the Company in the period of initial application except as mentioned below:

(i) FRS 9 *Financial Instruments*

FRS 9 addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset classified as fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group and the Company are currently examining the impact of adopting FRS 9.

(ii) FRS 132 *Financial instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 132 clarify the criteria for offsetting financial assets and financial liabilities.

The Group and the Company plan to apply the above-mentioned standards and interpretations:

- from the annual period beginning on 1 April 2014 for those standards, amendments and interpretations that will be effective for annual periods beginning on or after 1 April 2014; and

- from the annual period beginning on 1 April 2015 for those standards, amendments and interpretations that will be effective for annual periods beginning on or after 1 April 2015,

except for changes arising from the adoption of IC Interpretation 21 which is not relevant to the Group's and the Company's operations.

1. Basis of preparation (cont'd)

(c) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and machinery 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 development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Exploration and evaluation expenditure

The application of the Group's and the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Group and the Company either from future development or sale. The deferral of exploration and evaluation expenditure requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. If, after exploration and evaluation expenditure is capitalised, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Group and the Company carry out an impairment test at the cash generating unit or group of cash generating units level in the financial year the new information becomes available.

(iii) Income tax

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the Statements of Comprehensive Income in the period in which actual realisation and settlement occurs.

1. Basis of preparation (cont'd)

(c) Critical accounting estimates and judgements (cont'd)

(v) Carrying value of investments in subsidiary companies

Investments in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(n)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiary companies.

(vi) 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 economic egg production lives to be within 8 to 10 years. Changes to these estimated economic egg production lives could impact the future amortisation charges.

(vii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(viii) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(ix) Biological assets (current)

Fish and fish fry livestocks are recorded at the lower of cost and net realisable value. Cost includes the cost of eggs, direct labour, feed and applicable overheads. Net realisable value of livestocks 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 livestocks. However, the uncertainties inherent in the estimates could have a material effect on the carrying value of livestocks and ultimately on future net income.

(x) Impairment of trade and non-trade receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

1. Basis of preparation (cont'd)

(c) Critical accounting estimates and judgements (cont'd)

(xi) Fair value estimates for certain financial assets and liabilities
The Group and the Company carry certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

2. Significant accounting policies

(a) 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. The consolidated financial statements as at the reporting date also include joint operation.

(i) Subsidiaries
Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted FRS 10 *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's Statement of Financial Position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any-controlling interests and the other components of equity related to the former subsidiary from the consolidated Statement of Financial Position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (cont'd)

b) Foreign currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising in the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

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.

Foreign operations

The functional currency of the Company and the presentation currency of the consolidated financial statements is Ringgit Malaysia (RM). The assets and liabilities of Group's foreign operation are translated to Ringgit Malaysia (RM) using exchange rates at period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of a foreign operation is treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation, the accumulated exchange differences of that operation, which is attributable to the Group are recognised in profit or loss.

The closing rates used in the translation for foreign currency monetary assets and liabilities are as follows:

	2014 **RM**	**2013** **RM**
1 Renminbi	0.5250	0.4970
1 Hong Kong Dollar	0.4204	0.3978
1 United States Dollar	3.2615	3.0885

2. Significant accounting policies (cont'd)

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably.

Revenue from sale of adult fish and fish fry is recognised upon delivery of goods to customers, net of returns and discounts.

(d) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), and the risk-free interest rate (base on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(e) Exploration and evaluation expenditure

Expenditure on exploration and evaluation of mining areas of interest is charged to profit or loss as incurred until such time as an area of interest reaches the stage where such expenditure is considered to be capable of being recouped through development or sale.

2. Significant accounting policies (cont'd)

(e) Exploration and evaluation expenditure (cont'd)

Where a mining area of interest is expected to proceed to commercial development or where its value is capable of recoupment through sale, the deferred expenditure relating to the expenditure incurred is credited to profit or loss to the extent it reflects the present estimate of the recoverable value of the area of interest concerned. The accumulated expenditure attributable to an area of interest that is no longer considered to have any commercial value is written off against the deferred expenditure.

(f) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary diferrences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to eligible Directors and employees of the Group.

2. Significant accounting policies (cont'd)

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is decrecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Leasehold land with lease period of equal or less than Fifty (50) years is classified as short leasehold land whereas leasehold land with lease period of more than Fifty (50) years is classified as long leasehold land. Leasehold land is amortised over the period of the lease term.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives.

The principal annual rates of depreciation used are as follows:

	Years
Buildings	10
Floating platforms, net and cages	10
Hatchery ponds	10
Heavy equipment	5
Vessels	15
Motor vehicles	5
Fish pond equipment, furniture, fittings and equipment	10

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the term of property, plant and equipment.

Construction work-in-progress is not depreciated as these assets are not available for use. Depreciation will commence on these assets when they are ready for their intended use.

Property, plant and equipment are 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 profit or loss.

(i) 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.

2. Significant accounting policies (cont'd)

(j) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditure 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 Five (5) years on straight line basis.

(k) Biological assets

Broodstocks are stated at cost less accumulated amortisation and impairment losses, if any.

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 profit or loss.

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

Upon disposal of the broodstocks, the difference between the net disposal proceeds and the net carrying amount is recognised in the Statements of Comprehensive Income.

(l) 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.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale-financial assets.

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

2. Significant accounting policies (cont'd)

(l) Financial assets (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within Twelve (12) months after the reporting date which are classified as current.

(iii) 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 Twelve (12) months after the reporting date which are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

2. Significant accounting policies (cont'd)

(l) Financial assets (cont'd)

(iv) Available-for-sale financial assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within Twelve (12) months after the reporting date.

A financial asset is derecognised when 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.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(m) Inventories

(i) Fishery livestocks

Fishery livestocks are measured at the lower of cost and net realisable value.

The cost of fishery livestocks and fish fry-in-progress are measured based on monthly weighted average cost formula, and includes the cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads accumulated on a project basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ii) Consumable stores

Consumable stores are measured at the lower of cost and net realisable value.

The cost of consumable stores is measured based on weighted average cost formula, and includes expenses incurred in bringing the items into stores. Provision is made for all damaged, obsolete and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(n) Cash and cash equivalents

Cash comprises cash in hand and at banks. Cash equivalents are highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

2. Significant accounting policies (cont'd)

(o) Impairment

(i) 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. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset of the Group and the Company that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments. The probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

- **Trade and non-trade 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 considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

  For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based in similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

  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.

- **Unquoted equity securities carried at cost**

  If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Significant accounting policies (cont'd)

(o) Impairment (cont'd)

(ii) Impairment of non-financial assets

The Group and the Company assess 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 and the Company make 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 (cash-generating 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 except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 that 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.

(p) Equity instruments

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 classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(q) Borrowings 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 borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2. Significant accounting policies (cont'd)

(r) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the Statements of Financial Position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating leases – the Group as lessee

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note (h).

(s) Government grant

Government grant is recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and is then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grant that compensate the Group for expenses incurred is recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

2. Significant accounting policies (cont'd)

(t) 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 Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade payables, non-trade payables and loans and borrowings.

Trade and non-trade 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 and the Company have an unconditional right to defer settlement of the liability for at least Twelve (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.

2. Significant accounting policies (cont'd)

(u) 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 transaction costs. Subsequent to initial recognition, financial guarantee contracts are reognised 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.

(v) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

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 resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current per-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(w) 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 events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the Statements of Financial Position of the Group.

(x) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(y) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement in based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. Significant accounting policies (cont'd)

(y) Fair value measurement (cont'd)

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Revenue

	Group		Company	
	2014	2013	2014	2013
Sale of:	RM	RM	RM	RM
- Adult fish	14,086,338	14,081,329	-	-
- Fish fry	8,936,549	16,547,653	-	-
	23,022,887	30,628,982	-	-

4. Interest income

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Interest income	212,310	6	-	-

5. Other operating income

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amortisation of government grant	891,851	348,625	-	-
Foreign exchange gain				
- Realised	414,054	106,887	-	-
Gain on disposal of plant and equipment	58,243	75,051	8,244	-
Hiring income	60,000	115,000	-	-
Investment income	20,381	-	-	-
Miscellaneous income	16,339	30,141	1	30
	1,460,868	675,704	8,245	30

6. Finance costs

	Group		Company	
Interest expenses:	2014 RM	2013 RM	2014 RM	2013 RM
- Bank overdrafts	764,282	1,251,792	-	-
- Hire purchase	26,947	25,254	-	-
- Revolving credit	115,274	23,992	-	-
- Term loan	344,724	419,449	-	-
	1,251,227	1,720,487	-	-

7. Loss before taxation

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loss before taxation is arrived at after charging:				
Allowance for impairment on non-trade receivable (Note 19)	124,033	-	-	-
Allowance for impairment on trade receivable (Note 19)	53,142	-	-	-
Amortisation of broodstocks	892,671	802,602	-	-
Amortisation of development expenditure	1,750	19,049	-	-
Amortisation of land use rights	58,424	58,423	-	-
Auditors' remuneration				
- Statutory audit				
- Current year	99,890	91,872	44,000	44,000
- Under provision in prior year	4,800	-	-	-
Bad debts written off	4,178	26,404	-	-
Broodstocks written off	-	245,485	-	-
Depreciation of property, plant and equipment (Note 12)	7,563,317	5,734,159	9,220	976
Employees benefits expense (Note 8)	9,885,848	14,414,938	7,468	-
Fair value adjustment on amount due from subsidiary company	-	-	14,458,369	-
Foreign exchange loss				
- Realised	-	-	628	-
- Unrealised	114,696	40,488	-	-
Impairment loss on investments in subsidiary companies	-	-	-	34,730
Non-executive Directors' remuneration (Note 9)	1,010,864	1,892,051	1,010,864	1,892,051
Property, plant and equipment written off	232,019	-	-	-
Rental expenses				
- Distribution centre	-	170,170	-	-
- Fish stall	19,426	16,798	-	-
- Land	4,550	3,850	-	-
- Quarter	105,813	139,283	-	-

8. Employee benefits expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries and wages	3,567,750	3,579,709	6,538	-
Contributions to defined contribution plan	189,645	198,227	851	-
Social security contributions	13,717	14,257	79	-
Commissions paid	357,927	674,763	-	-
Services received as an expense	5,756,809	9,947,982	-	-
	9,885,848	14,414,938	7,468	-

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM2,603,331 (2013: RM4,196,515) and RM7,468 (2013: RMNil) respectively.

Share-based payment arrangements

Share option programme (equity-settled)
On 15 January 2013, the Group granted share options to eligible Directors and employees of the Group to acquire shares in the Company under the Employees Share Options Scheme approved by the shareholders of the Company on 3 January 2013. On 17 August 2013, the Group further granted share options on similar terms (except for exercise price) to eligible employee. In accordance with this programme, holders of vested options are entitled to acquire shares at the market price of the shares at the date of grant. All options are to be settled by physical delivery of shares.

The terms and conditions related to grants of the share option programme are as follows:

Grant date/employees entitled	Number of options	Vesting conditions	Contractual life of options
Options granted to Directors and employees on 15 January 2013	105,000,000	Vested on the grant date	5 years
Options granted to employee on 17 August 2013	1,500,000	Vested on the grant date	4 years
Total share options	106,500,000		

8. Employee benefits expense (cont'd)

Share-based payment arrangements (cont'd)

Share option programme (equity-settled) (cont'd)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2014 RM	Number of options 2014	Weighted average exercise price 2013 RM	Number of options 2013
Outstanding at 1 April	0.70	99,500,000	-	-
Granted during the financial year	1.22	1,500,000	0.70	105,000,000
Exercised during the financial year	0.70	(14,720,750)	0.70	(5,500,000)
Forfeited during the financial year	0.70	(2,427,150)	-	-
Outstanding at 31 March	0.71	83,852,100	0.70	99,500,000
Exercisable at 31 March	0.71	21,227,100	0.70	15,500,000

The options outstanding at 31 March 2014 have an exercise price in the range of RM0.70 to RM1.22 (2013: RM0.70) and a weighted average contractual life of 5 years (2013: 5 years).

During the financial year, 14,720,750 (2013: 5,500,000) share options were exercised with weighted average exercise price of RM0.70 (2013: RM0.70).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black-Scholes model, with the following inputs:

	2014	2013
Fair value of share options and assumptions		
Fair value at grant date	RM0.39	RM0.24

	2014	2013
Share price at grant date	RM1.35	RM0.80
Exercise price of options	RM1.22	RM0.70
Expected volatility	23.80%	18.02%
Options life	4 years	5 years
Risk-free interest rate (based on Malaysian government bonds)	3.22%	3.31%

8. Employee benefits expense (cont'd)

Share-based payment arrangements (cont'd)

Share option programme (equity-settled) (cont'd)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Value of employee services received for issue of share options				
Share options granted in 2013	6,355,692	11,559,033	749,364	1,611,051
Share options granted in 2014	150,481	-	-	-
Total expense recognised as share-based payments	6,506,173	11,559,033	749,364	1,611,051

An amount of RM5,756,809 (2013: RM9,947,982) has been re-charged to the subsidiaries benefiting from the services of the employees.

9. Directors' remuneration

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors' remuneration (Note 8)				
- Salaries	498,538	532,000	6,538	-
- Other emoluments	49,512	53,589	930	-
- Breeding commissions	83,986	150,397	-	-
- Services received as an expense	1,971,295	3,460,529	-	-
	2,603,331	4,196,515	7,468	-
Non-executive Directors' remuneration (Note 7):				
- Fees	253,500	270,000	253,500	270,000
- Other emoluments	8,000	11,000	8,000	11,000
- Services received as an expense	749,364	1,611,051	749,364	1,611,051
	1,010,864	1,892,051	1,010,864	1,892,051
Total Directors' remuneration	3,614,195	6,088,566	1,018,332	1,892,051

10. Income tax expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current taxation	-	-	-	-
Deferred tax liabilities (Note 25)	1,011,476	1,811,679	-	-
	1,011,476	1,811,679	-	-

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loss before taxation	(3,271,955)	(2,968,089)	(16,330,387)	(2,230,109)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(867,573)	(738,173)	(4,082,597)	(557,527)
Effect of tax rate in foreign jurisdiction at 16.5% (2013: 16.5%)	32,955	(2,522)	-	-
Non-tax deductible expenses	2,368,030	3,430,423	4,082,597	557,527
Non-taxable income	(205,039)	(87,156)	-	-
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	273,105	-	-	-
Effect of tax exemption on profits	(467,894)	(750,213)	-	-
Tax benefits arising from previously unrecognised temporary differences	(122,108)	(40,680)	-	-
	1,011,476	1,811,679	-	-

Two (2) 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 Ten (10) years commencing 1 April 2004. Plentiful Earnings Sdn. Bhd., a subsidiary company, has also been granted tax incentive under Section 127 of the Income Tax Act, 1967 for exemption of tax on statutory income from fish rearing activities for a period of Ten (10) years commencing 1 April 2013.

11. Loss per share

(a) Basic

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

	Group	
	2014	**2013**
	RM	**RM**
Loss net of tax attributable to owners of the Company	(4,283,431)	(4,779,768)
Weighted average number of ordinary shares in issue	393,359,158	340,521,918

	2014	**2013**
	Sen	**Sen**
Basic loss per share	(1.09)	(1.40)

(b) Diluted

Diluted loss per share amounts are calculated by dividing loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

	Group	
	2014	**2013**
	RM	**RM**
Loss net of tax attributable to owners of the Company	(4,283,431)	(4,779,768)
Weighted average number of ordinary shares in issue (basic)	393,359,158	340,521,918
Effect of share options on issue	35,884,322	3,891,879
Weighted average number of ordinary shares in issue (diluted)	429,243,480	344,413,797

	2014	**2013**
	Sen	**Sen**
Diluted loss per share	(1.00)	(1.39)

12. **Property, plant and equipment**

Group **2014** **Cost**	**Long term leasehold land RM**	**Buildings RM**	**Floating platforms, net and cages RM**	**Hatchery ponds RM**	**Heavy equipment RM**	**Vessels RM**	**Motor vehicles RM**	**Fish pond equipment, furniture, fittings and equipment RM**	**Construction work-in-progress RM**	**Total RM**
At 1 April 2013	308,554	32,957,456	16,360,284	9,300,798	343,000	13,356,441	452,123	7,607,683	6,069,194	86,755,533
Addition	-	705,966	440,500	-	-	-	436,184	922,438	1,888,126	4,393,214
Disposal	-	-	-	-	-	-	(125,000)	(256,203)	-	(381,203)
Written off	-	(316,879)	(784,064)	-	-	-	-	(725,516)	-	(1,826,459)
Reclassification	-	1,584,741	2,009,265	953,000	-	-	-	-	(4,547,006)	-
Acquisition of a subsidiary (Note 15)	-	30,000	154,000	-	-	-	-	-	-	184,000
At 31 March 2014	308,554	34,961,284	18,179,985	10,253,798	343,000	13,356,441	763,307	7,548,402	3,410,314	89,125,085
Accumulated depreciation										
At 1 April 2013	15,390	6,004,565	8,310,507	5,256,696	309,998	1,613,690	451,399	4,024,411	-	25,986,656
Charge for the financial year (Note 7)	2,565	3,322,995	1,587,211	945,374	22,000	890,430	76,437	716,305	-	7,563,317
Written back	-	-	-	-	-	-	(124,999)	(8,244)	-	(133,243)
Written off	-	(242,537)	(688,623)	-	-	-	-	(663,280)	-	(1,594,440)
Acquisition of a subsidiary (Note 15)	-	250	18,783	-	-	-	-	-	-	19,033
At 31 March 2014	17,955	9,085,273	9,227,878	6,202,070	331,998	2,504,120	402,837	4,069,192	-	31,841,323
Net book value										
At 31 March 2014	290,599	25,876,011	8,952,107	4,051,728	11,002	10,852,321	360,470	3,479,210	3,410,314	57,283,762

12. Property, plant and equipment

Group 2013 Cost	Long term leasehold land RM	Buildings RM	Floating platforms, net and cages RM	Hatchery ponds RM	Heavy equipment RM	Vessels RM	Motor vehicles RM	Fish pond equipment, furniture, fittings and equipment RM	Construction work-in-progress RM	Total RM
At 1 April 2012	308,554	10,274,509	16,452,689	9,300,798	343,000	5,111,856	678,719	7,440,836	21,092,483	71,003,444
Addition	-	191,442	9,441	-	-	8,244,585	-	116,367	7,655,914	16,217,749
Disposal	-	-	(239,064)	-	-	-	(226,596)	-	-	(465,660)
Reclassification	-	22,491,505	137,218	-	-	-	-	50,480	(22,679,203)	-
At 31 March 2013	308,554	32,957,456	16,360,284	9,300,798	343,000	13,356,441	452,123	7,607,683	6,069,194	86,755,533
Accumulated depreciation										
At 1 April 2012	12,825	4,099,229	6,831,996	4,326,616	275,999	1,135,490	611,141	3,300,067	-	20,593,363
Charge for the financial year (Note 7)	2,565	1,905,336	1,620,448	930,080	33,999	478,200	39,187	724,344	-	5,734,159
Written back	-	-	(141,937)	-	-	-	(198,929)	-	-	(340,866)
At 31 March 2013	15,390	6,004,565	8,310,507	5,256,696	309,998	1,613,690	451,399	4,024,411	-	25,986,656
Net book value										
At 31 March 2013	293,164	26,952,891	8,049,777	4,044,102	33,002	11,742,751	724	3,583,272	6,069,194	60,768,877

12 Property, plant and equipment (cont'd)

Company	Furniture, fittings and equipment	
Cost	**2014 RM**	**2013 RM**
At 1 April	9,760	9,760
Addition	256,203	-
Disposal	(256,203)	-
At 31 March	9,760	9,760
Accumulated depreciation		
At 1 April	4,887	3,911
Charge for the financial year (Note 7)	9,220	976
Written back	(8,244)	-
At 31 March	5,863	4,887
Net book value		
31 March	3,897	4,873

Plant and equipment of the Group acquired under hire purchase arrangements are as follows:

Group 2014	At cost RM	Accumulated depreciation RM	Net book value RM
Motor vehicles	376,184	(72,237)	303,947
Fish pond equipment	640,460	(189,345)	451,115
	1,016,644	(261,582)	755,062
2013			
Fish pond equipment	640,460	(125,299)	515,161

12 Property, plant and equipment (cont'd)

Included in property, plant and equipment of the Group are the following costs of fully depreciated assets which are still in use:

	Group	
	2014	**2013**
	RM	**RM**
Buildings	51,465	64,560
Floating platforms, net and cages	378,642	375,942
Hatchery ponds	391,999	-
Heavy equipment	233,000	233,000
Motor vehicles	326,121	451,121
Fish pond equipment, furniture, fittings and equipment	421,024	544,652
	1,802,251	1,669,275

Property, plant and equipment of the Group pledged to secure the loans and borrowings granted to the Group as disclosed in Note 23 to the financial statements are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Long term leasehold land	290,599	293,164
Buildings	25,846,761	26,949,257
Floating platforms, net and cages	8,291,962	7,261,057
Hatchery ponds	4,051,728	4,044,102
Heavy equipment	11,002	33,002
Motor vehicles	360,470	724
Fish pond equipment, furniture, fittings and equipment	3,001,066	3,424,695
Construction work-in-progress	3,410,314	6,069,194
	45,263,902	48,075,195

Tugboat of the Group at cost of RMNil (2013: RM42,000) was registered under the name of a third party.

Motor vehicles of the Group at cost of RM267,534 (2013: RMNil) and RM108,650 (2013: RMNil) were held in trust under the name of third parties and a person connected to certain Directors of the Company respectively.

The floating platforms, staff quarters and fish rearing cages are constructed on the sea front of Pulau Palak in Sandakan, 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. 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 Saga and Pulau Silam is in the final stages of being obtained. The Directors are confident that the said approval will be obtained in due course.

The carrying amount of temporarily idle plant and equipment of the Group amounted to RMNil (2013: RM14,052,624).

13. Land use rights

	Group	
	2014	2013
Cost	RM	RM
At 1 April/31 March	2,370,738	2,370,738
Accumulated amortisation		
At 1 April	338,424	280,001
Charge for the financial year	58,424	58,423
At 31 March	396,848	338,424
Net book value		
At 31 March	1,973,890	2,032,314

The land use rights of the Group are pledged to secure the loans and borrowings granted to the Group as disclosed in Note 23 to the financial statements.

	Group	
	2014	2013
	RM	RM
Amount to be amortised:		
- Within one year	58,423	58,423
- Between one to five years	233,694	233,692
- More than five years	1,681,773	1,740,199
	1,973,890	2,032,314

14. Intangible assets

Group

2014		Development	
	Goodwill	expenditure	Total
Cost	RM	RM	RM
At 1 April 2013	-	813,554	813,554
Acquisition of a subsidiary (Note 15)	32,176	-	32,176
At 31 March 2014	32,176	813,554	845,730
Accumulated amortisation			
At 1 April 2013	-	811,804	811,804
Charge for the financial year	-	1,750	1,750
At 31 March 2014	-	813,554	813,554
Net book value			
At 31 March 2014	32,176	-	32,176

14. Intangible assets (cont'd)

Group

2013 Cost	Goodwill RM	Development expenditure RM	Total RM
At 1 April 2012/31 March 2013	-	813,554	813,554
Accumulated amortisation			
At 1 April 2012	-	792,755	792,755
Charge for the financial year	-	19,049	19,049
At 31 March 2013	-	811,804	811,804
Net book value			
At 31 March 2013	-	1,750	1,750

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

The amortisation of development expenditure is allocated to the cost of fish fry-in-progress and is recognised in cost of sales as fish fry is sold.

Included in intangible assets of the Group are the following costs of fully amortised asset which are still in use:

	Group	
	2014 RM	2013 RM
Development expenditure	813,554	761,054

15. Investments in subsidiary companies

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost	59,309,995	53,553,186
Less: Impairment loss	(2,334,730)	(2,334,730)
	56,975,265	51,218,456

15. Investments in subsidiary companies (cont'd)

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %	Principal activities
Held by the Company				
Plentiful Harvest Sdn. Bhd.	Malaysia	100	100	Fish breeding, operation of a fish hatchery and fish rearing
Marine Terrace Sdn. Bhd.	Malaysia	100	100	Fish rearing
Held through a subsidiary				
Plentiful Earnings Sdn. Bhd.*	Malaysia	100	-	Fish rearing
Salient Horizon Sdn. Bhd.	Malaysia	100	100	Live fish transportation services
Well Sky Logistics Limited*^	Hong Kong	100	100	Dormant

* Audited by firm of auditors other than PKF.

^ The auditors' report of this subsidiary company for the financial year ended 31 March 2014 issued an unmodified opinion with emphasis of matter in view of the going concern consideration.

Acquisition of a subsidiary

On 24 January 2014, the Group acquired 100,000 ordinary shares of RM1 each, representing 100% equity interest in Plentiful Earnings Sdn. Bhd., for a total cash consideration of RM100,000. As a result of that, Plentiful Earnings Sdn. Bhd. became a subsidiary of the Group. The acquisition of Plentiful Earnings Sdn. Bhd., which has been granted tax incentive under Section 127 of the Income Tax Act, 1967 for exemption of tax on statutory income from fish rearing activities for a period of Ten (10) years commencing 1 April 2013 has further expanded the Group's fish rearing operation.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Property, plant and equipment	164,967	164,967
Non-trade receivables	21,080	21,080
Trade and non-trade payables	(118,223)	(118,223)
Share of net assets acquired	67,824	67,824
Goodwill on consolidation (Note 14)	32,176	
Cash flow on acquisition, net of cash acquired	100,000	

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing fish rearing business.

16. Biological assets

Group 2014	Broodstocks RM	Fishery livestocks and fish fry RM	Total RM
At 1 April 2013	3,825,196	37,400,078	41,225,274
Addition	2,233,492	29,299,459	31,532,951
Amortisation charge for the financial year	(892,671)	-	(892,671)
Sold	-	(14,260,828)	(14,260,828)
At 31 March 2014	5,166,017	52,438,709	57,604,726
Non-current	5,166,017	-	5,166,017
Current	-	52,438,709	52,438,709
	5,166,017	52,438,709	57,604,726
At cost	5,166,017	52,337,036	57,503,053
At net realisable value	-	101,673	101,673
	5,166,017	52,438,709	57,604,726

Group 2013	Broodstocks RM	Fishery livestocks and fish fry RM	Total RM
At 1 April 2012	4,865,492	32,294,315	37,159,807
Addition	7,791	12,804,940	12,812,731
Amortisation charge for the financial year	(802,602)	-	(802,602)
Sold	-	(7,699,177)	(7,699,177)
Written off	(245,485)	-	(245,485)
At 31 March 2013	3,825,196	37,400,078	41,225,274
Non-current	3,825,196	-	3,825,196
Current	-	37,400,078	37,400,078
	3,825,196	37,400,078	41,225,274
At cost	3,825,196	37,018,173	40,843,369
At net realisable value	-	381,905	381,905
	3,825,196	37,400,078	41,225,274

Included in biological assets was fishery livestocks in transit amounted to RMNil (2013: RM345,092).

16. Biological assets (cont'd)

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

(a) 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.

(b) Climate and other risks

The Group's broodstocks, fishery livestocks and fish fry are exposed to the risk of damage and fatalities from climate 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.

17. Amounts due from subsidiary companies

	Company	
Non-current	**2014 RM**	**2013 RM**
Amount due from subsidiary company	48,973,539	-
Less: Fair value adjustment	(14,458,369)	-
Amount due from subsidiary company, net	34,515,170	-
Current		
Amounts due from subsidiary companies	898,415	13,830,969
Total amounts due from subsidiary companies	35,413,585	13,830,969

Amounts due from subsidiary companies are unsecured and interest free.

Except for amount due from Plentiful Harvest Sdn. Bhd. of RM34,515,170 (2013: RMNil) for which the Company has rescheduled the terms of repayment from repayable on demand to repayable in full in 2019 during the financial year, the amounts due from other subsidiary companies are repayable on demand.

18. Inventories

	Group	
Cost	**2014 RM**	**2013 RM**
Fuel and oil	106,129	140,478
Feeds	271,386	298,284
Chemicals	30,040	20,401
	407,555	459,163

The amount of inventories recognised as an expenses in cost of sales of the Group was RM5,950,417 (2013: RM6,572,982).

19. Trade and non-trade receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
Third parties	30,667,560	20,529,635	-	-
Less: Allowance for impairment	(53,142)	-	-	-
Trade receivables, net	30,614,418	20,529,635	-	-
Non-trade receivables				
Deposits	367,874	75,331	500	500
Prepayments	887,598	391,107	54,502	121,521
Other receivables	915,143	1,099,858	330,215	-
Advances to contractors	1,031,924	840,708	-	-
	3,202,539	2,407,004	385,217	122,021
Less: Allowance for impairment	(124,033)	-	-	-
Non-trade receivables, net	3,078,506	2,407,004	385,217	122,021
Total trade and non-trade receivables	33,692,924	22,936,639	385,217	122,021

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 30 to 270 days (2013: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at reporting date, the Group has significant concentration of credit risk in the form of outstanding balance due from 1 (2013: 1) overseas customer representing 95% (2013: 90%) of total trade receivables.

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

Group	**Gross amount**	**Individual impairment**	**Carrying value**
2014	**RM**	**RM**	**RM**
Not past due	17,152,164	-	17,152,164
Past due:			
- less than 30 days	2,076,800	-	2,076,800
- between 31 to 60 days	659,851	-	659,851
- between 61 to 90 days	9,141,835	-	9,141,835
- more than 90 days	1,636,910	(53,142)	1,583,768
	13,515,396	(53,142)	13,462,254
	30,667,560	(53,142)	30,614,418

19. Trade and non-trade receivables (cont'd)

The ageing analysis of the Group's trade receivables as at the reporting date is as follows (cont'd):

Group **2013**	**Gross amount RM**	**Individual impairment RM**	**Carrying value RM**
Not past due	15,034,070	-	15,034,070
Past due:			
- less than 30 days	2,722,961	-	2,722,961
- between 31 to 60 days	770,665	-	770,665
- between 61 to 90 days	-	-	-
- more than 90 days	2,001,939	-	2,001,939
	5,495,565	-	5,495,565
	20,529,635	-	20,529,635

	Group	
Movement in allowance account for trade receivables:	**2014 RM**	**2013 RM**
At 1 April	-	-
Charge for the financial year (Note 7)	53,142	-
At 31 March	53,142	-

Trade receivables that are neither past due nor impaired are creditworthy receivables 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.

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group has trade receivables amounting to RM13,462,254 (2013: RM5,495,565) that are past due but not impaired at the reporting date. 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.

	Group	
Movement in allowance account for non- trade receivables:	**2014 RM**	**2013 RM**
At 1 April	-	-
Charge for the financial year (Note 7)	124,033	-
At 31 March	124,033	-

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

20. Cash and bank balances

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash in hand	135,111	185,094	2	31
Cash at banks	716,322	361,862	5,761	2,038
Deposit with a licensed bank	5,000,000	-	-	-
	5,851,433	546,956	5,763	2,069

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

The effective interest rate of deposit with a licensed bank at the end of the financial year of the Group is 2.25% (2013: Nil%) per annum.

Deposit with a licensed bank of the Group has a maturity of 11 (2013: Nil) days.

21. Share capital and share premium

	Group/Company	
Authorised:	2014 RM	2013 RM
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000

Issued and fully paid:

	Group/Company		
405,220,750 ordinary shares of RM0.10 each	Share capital RM	Share premium RM	Total share capital and share premium RM
At 1 April 2012	35,000,000	19,989,544	54,989,544
Issued under ESOS	550,000	4,638,150	5,188,150
At 31 March 2013	35,550,000	24,627,694	60,177,694
Issued under private placement	3,500,000	24,500,000	28,000,000
Share issuance expense	-	(204,020)	(204,020)
Issued under ESOS	1,472,075	12,414,009	13,886,084
At 31 March 2014	40,522,075	61,337,683	101,859,758

21. Share capital and share premium (cont'd)

During the financial year, the Company issued 35,000,000 new ordinary shares of RM0.10 each through a private placement at an issue price of RM0.80 per share for cash, for capital expenditure and additional working capital purposes. The share premium arising of RM24,500,000 arising from the issuance of ordinary shares and the share issue costs of RM204,020 have been included in the share premium account. The Company also issued 14,720,750 new ordinary shares of RM0.10 each arising from the exercise of employees' share options at an exercise price of RM0.70 per share for cash, for additional working capital purposes during the financial year. The share premium arising of RM12,414,009 from the issuance of ordinary shares under the employees' share options scheme has been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company except that the new ordinary shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which precedes the date of issuance of such new ordinary shares.

The holders of all other ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share without restrictions at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

22. Other reserve

Group	Foreign currency translation reserve RM	Share options reserve RM	Total RM
At 1 April 2013	(95,017)	10,220,883	10,125,866
Share-based payment transactions	-	6,506,173	6,506,173
Share options exercised	-	(3,581,559)	(3,581,559)
Exchange differences on translation of foreign operation	(84)	-	(84)
At 31 March 2014	(95,101)	13,145,497	13,050,396
At 1 April 2012	(90,888)	-	(90,888)
Share-based payment transactions	-	11,559,033	11,559,033
Share options exercised	-	(1,338,150)	(1,338,150)
Exchange differences on translation of foreign operation	(4,129)	-	(4,129)
At 31 March 2013	(95,017)	10,220,883	10,125,866

	Share options reserve	
Company	**2014 RM**	**2013 RM**
At 1 April	10,220,883	-
Share-based payment transactions	6,506,173	11,559,033
Share options exercised	(3,581,559)	(1,338,150)
At 31 March	13,145,497	10,220,883

22. Other reserve (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

Share options reserve

The share options reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained profits. Share options are disclosed in Note 8 to the financial statements.

23. Loans and borrowings

	Group	
	2014	2013
Current	RM	RM
Secured:		
Bank overdrafts	9,018,998	11,361,352
Hire purchase payables	126,362	164,732
Revolving credit	2,000,000	2,000,000
Term loan	957,122	882,396
	12,102,482	14,408,480
Non-current		
Secured:		
Hire purchase payables	220,084	79,337
Term loan	3,421,536	4,378,658
	3,641,620	4,457,995
Total loans and borrowings		
Secured:		
Bank overdrafts	9,018,998	11,361,352
Hire purchase payables	346,446	244,069
Revolving credit	2,000,000	2,000,000
Term loan	4,378,658	5,261,054
	15,744,102	18,866,475
Maturity structure of loans and borrowings		
Within one year	12,102,482	14,408,480
Between one to two years	1,081,305	1,036,459
Between two to five years	2,510,203	3,319,721
More than five years	50,112	101,815
	15,744,102	18,866,475

23. Loans and borrowings (cont'd)

The interest rate structures are as follows:

	Nominal interest rate		Effective interest rate	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Bank overdrafts	BLR+1.50%	BLR+1.50%	8.10%	8.10%
	BLR+1.75%	BLR+1.75%	8.35%	8.35%
Hire purchase payables	2.77%	4.03%	5.20%	7.57%
Revolving credit	COF+2.50%	COF+2.50%	6.14%	6.11%
Term loan	COF+2.50%	COF+2.50%	6.00%	6.00%

The loans and borrowings are secured by the followings:

Bank overdrafts

(i) legal charges over all the fixed and floating, present and future assets of a subsidiary company;
(ii) debenture incorporating all the fixed and floating, present and future assets of a subsidiary company;
(iii) corporate guarantee on RM10,650,000 by the Company;
(iv) 80% guarantee on RM500,000 by the Government of Malaysia; and
(v) joint and several guarantees by Directors of the Company.

Hire purchase payables

(i) plant and equipment acquired under hire purchase arrangements as disclosed in Note 12 to the financial statements.

Revolving credit

(i) second legal charge over all the fixed and floating, present and future assets of a subsidiary company;
(ii) debenture incorporating all the fixed and floating, present and future assets of a subsidiary company;
(iii) corporate guarantee on RM2,000,000 by the Company; and
(iv) joint and several guarantees by Directors of the Company.

Term loan

(i) second legal charge over all the fixed and floating, present and future assets of a subsidiary company;
(ii) debenture incorporating all the fixed and floating, present and future assets of a subsidiary company;
(iii) corporate guarantee on RM7,000,000 by the Company; and
(iv) joint and several guarantees by Directors of the Company.

24. Deferred income

	Group	
	2014 RM	2013 RM
Government grant	8,756,300	8,367,000
Less: Accumulated amortisation	(1,240,476)	(348,625)
	7,515,824	8,018,375

On 5 September 2012, a subsidiary of the Company, namely, Plentiful Harvest Sdn. Bhd. entered into an agreement with Ministry of Agriculture & Agro-based Industry Malaysia to receive a government grant of RM24,846,000 which is conditional upon its construction of hatchery and nursery centres. The grant is being amortised over the useful life of the buildings. During the financial year, RM891,851 (2013: RM348,625) has been amortised and recognised as other operating income in profit or loss.

25. Deferred tax liabilities

	Group	
	2014 RM	2013 RM
At 1 April	4,987,910	3,176,231
Recognised in profit or loss (Note 10)	1,011,476	1,811,679
At 31 March	5,999,386	4,987,910
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	8,163,060	7,032,550
Deferred tax assets	(2,163,674)	(2,044,640)
	5,999,386	4,987,910

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group **Deferred tax liabilities:**	**Broodstocks RM**	**Property, plant and equipment RM**	**Total RM**
At 1 April 2013	495,988	6,536,562	7,032,550
Recognised in profit or loss	598,660	531,850	1,130,510
At 31 March 2014	1,094,648	7,068,412	8,163,060
At 1 April 2012	702,683	3,879,190	4,581,873
Recognised in profit or loss	(206,695)	2,657,372	2,450,677
At 31 March 2013	495,988	6,536,562	7,032,550

25. Deferred tax liabilities (cont'd)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (cont'd):

Group Deferred tax assets:	Unabsorbed capital and agriculture allowances RM	Unutilised tax losses RM	Total RM
At 1 April 2013	(1,927,562)	(117,078)	(2,044,640)
Recognised in profit or loss	(140,940)	21,906	(119,034)
At 31 March 2014	(2,068,502)	(95,172)	(2,163,674)
At 1 April 2012	(1,272,672)	(132,970)	(1,405,642)
Recognised in profit or loss	(654,890)	15,892	(638,998)
At 31 March 2013	(1,927,562)	(117,078)	(2,044,640)

The unabsorbed capital and agriculture allowances and unutilised tax losses of the Group amounting to RM3,118,214 (2013: RM1,942,642) and RM3,872,606 (2013: RM3,660,311) respectively are available for offsetting against future taxable profits of the respective subsidiaries for which no deferred asset is recognised due to uncertainty of its recoverability, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

26. Trade and non-trade payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables				
Third parties	2,249,624	7,622,336	-	-
Non-trade payables				
Accruals	444,265	1,244,495	69,202	461,827
Other payables	229,708	2,202,248	16,736	291,881
Retention amount	-	-	-	-
Amounts due to Directors	68,359	710,207	35	3,217
	742,332	4,156,950	85,973	756,925
Total trade and non- trade payables	2,991,956	11,779,286	85,973	756,925

Trade and non-trade payables are non-interest bearing and the normal credit terms granted to the Group are Two (2) months and Six (6) months respectively.

Included in other payables of the Group and of the Company are amounts of RM1,669 (2013: RM2,254) and RM4,470 (2013: RMNil), and RMNil (2013: RMNil) and RM4,470 (2013: RMNil) due to a person connected with certain Directors of the Company and a company which has common Directors with the Company and in which certain Directors of the Company have financial interests respectively.

Amount due to a related party is unsecured, interest free and repayable on demand.

Amounts due to Directors are unsecured, interest free and repayable on demand.

27. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,393,214 (2013: RM16,217,749) of which RM313,848 (2013: RMNil) were financed by hire purchase arrangements.

28. Cash and cash equivalents

Cash and cash equivalents included in the Statements of Cash Flows comprise the followings:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Cash in hand	135,111	185,094	2	31
Cash at banks	716,322	361,862	5,761	2,038
Deposit with a licensed bank	5,000,000	-	-	-
Bank overdrafts	(9,018,998)	(11,361,352)	-	-
	(3,167,565)	(10,814,396)	5,763	2,069

29. Interest in joint operation

The Group has a 50% (2013: Nil%) ownership interest in a joint operation entered into by a subsidiary, Plentiful Harvest Sdn. Bhd. with City Harvest Aquaculture Sdn. Bhd. during the financial year to undertake the business of import and export, supply and distribution of oyster aquaculture and other related aquaculture products which are strategic to the Group's future growth. The principal place of business of the joint operation is in Malaysia.

30. Significant related party transactions

(a) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows:

Group		Transaction value		Balance outstanding as at 31 March	
Name of related party	**Type of transaction**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
With Directors:					
Datuk Lo Fui Ming	Payment on behalf	174,159	2,845,561	54,239	393,054
Lo Teck Yong	Payment on behalf	27,864	21,479	14,085	5,525
Akinori Hotani	-	-	-	-	308,411
Chong Khing Chung	Payment on behalf	29,635	11,140	35	2,219
YB Mejar (K) Datuk Samsudin Bin Yahya	Payment on behalf	-	998	-	998

30. Significant related party transactions (cont'd)

(a) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows (cont'd):

Company		**Transaction value**		**Balance outstanding as at 31 March**	
Name of related party	**Type of transaction**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
With subsidiary companies:					
Plentiful Harvest Sdn. Bhd.	Fair value adjustment	14,458,369	-	34,515,170	13,079,141
	Advance	37,159,270	3,850,000		
	Payment on behalf	1,264,872	480,093		
Marine Terrace Sdn. Bhd.	Payment on behalf	146,587	201,236	898,415	751,828
With Directors:					
Chong Khing Chung	Payment on behalf	29,635	11,140	35	2,219
YB Mejar (K) Datuk Samsudin Bin Yahya	Payment on behalf	-	998	-	998

The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties

(b) The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		**Company**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Short-term employee benefits	752,038	802,000	260,038	270,000
Other emoluments	57,512	64,589	8,930	11,000
Breeding commissions	83,986	150,397	-	-
Services received as an expense	2,720,659	5,071,580	749,364	1,611,051
	3,614,195	6,088,566	1,018,332	1,892,051
Included in the key management personnel are:				
Directors'remuneration	3,614,195	6,088,566	1,018,332	1,892,051

31. Financial guarantees

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to a subsidiary company as disclosed in Note 23 to the financial statements with nominal amount of RM19,650,000 (2013: RM20,650,000) 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 of a subsidiary in which its market values upon realisation are higher than the outstanding loans and borrowings amounts.

32. Capital commitments

	Group	
	2014 **RM**	**2013** **RM**
Capital expenditure commitments:		
Property, plant and equipment		
Authorised but not contracted for		
- Construction of pond and cages	42,853,518	43,465,425
- Construction of office building with training centre, fish fry packing and distribution centre and a jetty	33,722,697	35,106,597
- Construction of building	1,050,000	1,050,000
- Construction of fish net	335,824	379,951
- Construction of labour quarter	173,043	173,043
	78,135,082	80,175,016
Contracted but not provided for		
- Acquisition of equipment	364, 049	-

33. Fair value of financial instruments

(a) Categories of financial instruments

Group

2014

Financial assets	**Carrying amount** **RM**	**Loans and receivables** **RM**
Trade and non-trade receivables	33,692,924	33,692,924
Cash and bank balances	5,851,433	5,851,433
	39,544,357	39,544,357

Financial liabilities	**Carrying amount** **RM**	**Financial liabilities measured at amortised cost** **RM**
Loans and borrowings	15,744,102	15,744,102
Trade and non-trade payables	2,991,956	2,991,956
	18,736,058	18,736,058

33. Fair value of financial instruments (cont'd)

(a) Categories of financial instruments (cont'd)

Group

2013

Financial assets	Carrying amount RM	Loans and receivables RM
Trade and non-trade receivables	22,936,639	22,936,639
Cash and bank balances	546,956	546,956
	23,483,595	23,483,595

Financial liabilities	Carrying amount RM	Financial liabilities measured at amortised cost RM
Loans and borrowings	18,866,475	18,866,475
Trade and non-trade payables	11,779,286	11,779,286
	30,645,761	30,645,761

Company

2014

Financial assets	Carrying amount RM	Loans and receivables RM
Amounts due from subsidiary companies	35,413,585	35,413,585
Trade and non-trade receivables	385,217	385,217
Cash and bank balances	5,763	5,763
	35,804,565	35,804,565

Financial liabilities	Carrying amount RM	Financial liabilities measured at amortised cost RM
Trade and non-trade payables	85,973	85,973

33. Fair value of financial instruments (cont'd)

(a) Categories of financial instruments (cont'd)

Company

2013

Financial assets	**Carrying amount RM**	**Loans and receivables RM**
Amounts due from subsidiary companies	13,830,969	13,830,969
Trade and non-trade receivables	122,021	122,021
Cash and bank balances	2,069	2,069
	13,955,059	13,955,059

Financial liabilities	**Carrying amount RM**	**Financial liabilities measured at amortised cost RM**
Trade and non-trade payables	756,925	756,925

b) Fair value hierarchy and measurements

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable wiling parties in an arm's length transaction, other than in a force sale or liquidation.

The Group and the Company use the following fair value hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

33. Fair value of financial instruments (cont'd)

b) Fair value hierarchy and measurements (cont'd)

As at the reporting date, the Company held the following financial instruments carried at fair value in the Statement of Financial Position:

Company

2014 **Financial asset**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Loans and receivables:				
Non-current				
Amounts due from ubsidiary companies	34,515,170	-	-	34,515,170

2013 **Financial asset**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Loans and receivables:				
Non-current				
Amounts due from subsidiary companies	-	-	-	-

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Group	**2014**		**2013**	
Financial liabilities - Non-current	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Hire purchase payables	220,084	205,424	79,337	70,256
Term loan	3,421,536	3,132,806	4,378,658	4,014,203
	3,641,620	3,338,230	4,457,995	4,084,459

The financial assets and financial liabilities maturing within the next Twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The fair value of amounts due from subsidiary companies and hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The carrying amount of the term loan approximated its fair value as the instrument bears interest at variable rates.

The fair value of amounts due from subsidiary companies and financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned using 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; and
- The estimated loss exposure if the party guaranteed were to default.

34. 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's 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 the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(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 non-trade 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.

As 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 RM19,650,000 (2013: RM20,650,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to a subsidiary.

As at the reporting date, the Group has significant concentration of credit risk in the form of outstanding balance due from 1 (2013: 1) overseas customer representing 95% (2013: 90%) of total trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group and 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.

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

(b) Liquidity risk (cont'd)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group 2014	Weighted average effective rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
Bank overdrafts	8.10	9,018,998	9,018,998	9,018,998	-	-
Hire purchase payables	5.20	346,446	384,615	139,327	192,015	53,273
Revolving credit	6.14	2,000,000	2,000,000	2,000,000	-	-
Term loan	6.00	4,378,658	5,010,740	1,227,120	3,783,620	-
Trade and non-trade payables	-	2,991,956	2,991,956	2,991,956	-	-
		18,736,058	19,406,309	15,377,401	3,975,635	53,273

2013	Weighted average effective rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
Bank overdrafts	8.12	11,361,352	11,361,352	11,361,352	-	-
Hire purchase payables	7.57	244,069	257,935	177,012	80,923	-
Revolving credit	6.11	2,000,000	2,000,000	2,000,000	-	-
Term loan	6.00	5,261,054	6,237,860	1,227,120	4,908,480	102,260
Trade and non-trade payables	-	11,779,286	11,779,286	11,779,286	-	-
		30,645,761	31,636,433	26,544,770	4,989,403	102,260

Company						
2014						
Trade and non-trade payables	-	85,973	85,973	85,973	-	-
2013						
Trade and non-trade payables	-	756,925	756,925	756,925	-	-

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

(b) Liquidity risk (cont'd)

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 Financial Instruments: Recognition and Measurement are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

Group	**Increase/(Decrease)**	
Effects on profit after taxation	**2014 RM**	**2013 RM**
Increase of 25 bp/30 bp	(19,107)	(32,604)
Decrease of 25 bp/30 bp	19,107	32,604

(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 change in foreign exchange rate.

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 (HKD) is considered to be long-term in nature.

The Group is also exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia (RM). The currencies giving rise to this risk are primarily Renminbi (RMB), Hong Kong Dollar (HKD), and United States Dollar (USD).

Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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

(d) Foreign currency risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Group

2014	**Renminbi RM**	**Hong Kong Dollar RM**	**United States Dollar RM**	**Total RM**
Financial assets				
Trade and non-trade receivables	14,023,495	363,379	-	14,386,874
Cash and bank balances	1,778	577,954	-	579,732
	14,025,273	941,333	-	14,966,606
Financial liabilities				
Trade and non-trade payables	(53,062)	(476,664)	(227,457)	(757,183)
Net financial assets/(liabilities) held in non-functional currencies	13,972,211	464,669	(227,457)	14,209,423
2013				
Financial assets				
Trade and non-trade receivables	6,163,141	657,788	-	6,820,929
Cash and bank balances	133,603	37,925	-	171,528
	6,296,744	695,713	-	6,992,457
Financial liabilities				
Trade and non-trade payables	(1,157,392)	(521,116)	(646,684)	(2,325,192)
Net financial assets/(liabilities) held in non-functional currencies	5,139,352	174,597	(646,684)	4,667,265

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

(d) Foreign currency risk (cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

Group	**Increase/(Decrease)**	
	2014	**2013**
Effects on profit after taxation	**RM**	**RM**
RMB/RM		
Strengthened by 5.57% (2013: 2.11%)	583,697	81,523
Weakened by 5.57% (2013 : 2.11%)	(583,697)	(81,523)
HKD/RM		
Strengthened by 5.68% (2013: 0.68%)	19,799	894
Weakened by 5.68% (2013: 0.68%)	(19,799)	(894)
USD/RM		
Strengthened by 5.60% (2013: 0.67%)	(9,556)	(3,241)
Weakened by 5.60% (2013: 0.67%)	9,556	3,241

35. 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. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on gearing ratio. The Group's strategies were unchanged from the previous financial year. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus payables less cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements.

35. Capital management (cont'd)

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loans and borrowings	15,744,102	18,866,475	-	-
Trade and non-trade payables	2,991,956	11,779,286	85,973	756,925
	18,736,058	30,645,761	85,973	756,925
Less: Cash and cash equivalents	3,167,565	10,814,396	(5,763)	(2,069)
Net debt	21,903,623	41,460,157	80,210	754,856
Equity attributable to owners of the Company	124,670,802	84,347,639	92,697,754	64,421,463
Total equity	124,670,802	84,347,639	92,697,754	64,421,463
Total capital	146,574,425	125,807,796	92,777,964	65,176,319
Gearing ratio	0.15	0.33	Nil	0.01

36. Segment information

(i) Operating segment

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

(ii) Geographical information

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

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	9,777,872	16,601,850	64,247,496	66,379,016
Hong Kong	13,245,015	10,981,010	208,349	249,121
China	-	3,046,122	-	-
	23,022,887	30,628,982	64,455,845	66,628,137

Non-current assets information presented above consist of the following items as presented in the consolidated Statement of Financial Position:

	2014 RM	2013 RM
Property, plant and equipment	57,283,762	60,768,877
Land use rights	1,973,890	2,032,314
Intangible assets	32,176	1,750
Biological assets	5,166,017	3,825,196
	64,455,845	66,628,137

36. Segment information (cont'd)

(iii) Major customers

Revenue from 1 (2013: 1) major customer amounted to RM22,207,566 (2013: RM30,350,489) arising from sale of adult fish and fish fry.

37. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 December, into realised and unrealised profits/(losses), pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements, is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total (accumulated losses)/retained profits of the Company and its subsidiaries				
- Realised	(1,974,788)	3,029,992	(22,307,501)	(5,977,114)
- Unrealised	6,114,082	5,011,027	-	-
	4,139,294	8,041,019	(22,307,501)	(5,977,114)
Add: Consolidation adjustments	5,621,354	6,003,060	-	-
Total retained profits/ (accumulated losses) as per Statements of Financial Position	9,760,648	14,044,079	(22,307,501)	(5,977,114)

The determination of realised and unrealised profits or losses is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant of Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

38. General

The Company, incorporated in Malaysia, is a public limited liability company that is domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investments holding.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 March 2014.

The registered office and principal place of business of the Company are located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia and the seafront of Pulau Palak in Sandakan, Pulau Saga and Pulau Silam in Lahad Datu, Sabah, Malaysia respectively.

The financial statements are presented in Ringgit Malaysia.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18 July 2014.

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 2014 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 hatchery operation	Owned/ Plentiful Harvest Sdn Bhd	66,723	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	497,805	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	385,013	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	199,545	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	292,124	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 vacant	Owned/ Plentiful Harvest Sdn Bhd	102,265	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 intermediate 4-storey shophouse which is currently used for Borneo Aqua's office	Owned/ Plentiful Harvest Sdn Bhd	158,651	32 Years	999 Years freehold expiring on 02.09.2911	1,200 sq ft
NT113077026 KG. Terusan, District of Lahad Datu, Lahad Datu, Sabah	A parcel of aquaculture land which is currently used for nursery operation	Subleased/ Datuk Lo Fui Ming	240,000	Not applicable	Sublease for 30 years expiring on 30.11.2037	3.28 Acres
NT 073026150 Kampung Sumgai Kayu, Distric of Sandakan, Sandakan, Sabah	A parcel of aquaculture land which is currently used for nursery operation	Sublease / Jalini Bte Intang	356,443	Not applicable	Sublease for 30 years expiring on 31.07.2038	8,789

Analysis of Shareholdings

Authorised Capital	:	RM 50,000,000
Issued and Fully Paid-Up Capital	:	RM 40,698,275
Classes of shares	:	Ordinary Shares of 10 sen each fully paid
Voting Rights	:	One vote per share

ANALYSIS BY SIZE OF THE SHAREHOLDINGS AS AT 30/06/2014
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NO. OF SHAREHOLDERS	%	NO.OF SHAREHOLDINGS	%
1 - 99	21	1.39	847	0.00
100 – 1,000	76	5.01	54,906	0.01
1,001 – 10,000	609	40.17	3,630,700	0.89
10,001 – 100,000	583	38.46	21,326,550	5.24
100,001 – 19,720,099 (*)	224	14.78	275,629,847	67.73
19,720,100 AND ABOVE (**)	3	0.20	106,339,900	26.13
TOTAL	1,516	100.00	406,982,750	100.00

REMARKS : * - LESS THAN 5% OF ISSUED SHAREHOLDINGS
** - 5% AND ABOVE : OF ISSUED SHAREHOLDINGS

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2014

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Dato' Sri Dr. Md Kamal Bin Bilal	2,711,500	0.67	-	-
2	Datuk Lo Fui Ming	52,281,502	12.85	400,000[(1)]	0.10
3	Lo Teck Yong	3,661,330	0.90	-	-
4	Chong Khing Chung	120,000	0.03	-	-
5	Akinori Hotani	30,000	0.01	-	-
6	YB Mejar (K) Datuk Samsudin Bin Yahya	76,400	0.02	-	-
7	Mau Kam Wai	-	-	-	-

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

LIST OF DIRECTORS' OPTIONS HOLDINGS AS PER THE REGISTER OF DIRECTORS' OPTIONS HOLDINGS AS AT 30 JUNE 2014

	Name of Director	No. of Option Direct	%	No. of Option Indirect	%
1	Dato' Sri Dr. Md Kamal Bin Bilal	1,968,500	1.87	-	-
2	Datuk Lo Fui Ming	8,200,000	7.81	6,100,000[(1)]	5.81
3	Lo Teck Yong	8,100,000	7.71	-	-
4	Chong Khing Chung	6,730,000	6.41	-	-
5	Akinori Hotani	8,420,000	8.02	-	-
6	YB Mejar (K) Datuk Samsudin Bin Yahya	1,423,600	1.36	-	-

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

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2014

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Datuk Lo Fui Ming	52,281,502	12.85	-	-
2	Lembaga Tabung Haji	33,603,300	8.26	-	-
3	Leong Kam Heng	34,049,800	8.37	-	-

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 30 JUNE 2014 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NAME OF SHAREHOLDERS	NO OF SHAREHOLDINGS	%
1	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING (M&A)*	45,076,600	11.08
2	LEMBAGA TABUNG HAJI	33,603,300	8.26
3	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LEONG KAM HENG*	27,660,000	6.80
4	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-F)*	18,872,188	4.64
5	MARLEX TRADING LTD	15,000,000	3.69
6	NORIX OVERSEAS LIMITED	15,000,000	3.69
7	MOHD AMIR BIN MASRY	11,428,572	2.81
8	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHOON HEONG (M&A)*	11,237,100	2.76
9	CROWNFIELD VENTURES CORP	10,000,000	246
10	FOO EE WYN	8,717,700	2.14
11	CHIA YET MEE	8,411,000	2.07
12	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT)*	7,802,900	1.92
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN YOO*	7,177,700	1.76
14	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR FOO EE WYN (M&A)*	7,000,000	1.72
15	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT AGRICOLE (SUISEE)SA, SINGAPORE BRANCH (TRUST ACCOUNT)*	6,500,000	1.60
16	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIA YET MEE (M&A)*	6,728,900	1.41
17	ALLIANEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FEDDY LIM (8071811)*	5,366,000	1.32
18	LIM NYUK SANG @ FEDDY LIM	4,768,500	1.17
19	NG YOKE LAN	4,038,000	0.99
20	LOKE LIN THAI	4,000,000	0.98

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 30 JUNE 2014 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (cont'd)

	NAME OF SHAREHOLDERS	NO OF SHAREHOLDINGS	%
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG (473525)*	3,840,000	0.97
22	RHB NOMINEES (ASING) SDN BHD *EXEMPT AN (BP) FOR RHB OSK SECURITIES HONG KONG LIMITED A/C CLIENTS(RETAIL)*	3,774,900	0.93
23	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (FEW)*	3,565,000	0.88
24	PUBLIC INVEST NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)*	3,291,000	0.81
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO TECK YONG (8040429)*	3,140,000	0.77
26	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)*	3,087,000	0.76
27	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HO TEIK CHUAN @ HO SONNEY*	3,010,000	0.74
28	CHANG HUAN SOON	3,000,000	0.74
29	MD KAMAL BIN BILAL	2,711,500	0.67
30	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (CHIN)*	2,530,000	0.62

Notice of the Tenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Sabah Hotel, Amadeus III, Level 2, KM1, Jalan Utara, P.O. Box 275, 90703 Sandakan, Sabah on Wednesday, 27 August 2014 at 12.30 p.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 2014 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of Directors' fee.	1
3. To re-elect the following Directors retiring in accordance with Company's Articles of Association:	
a. Datuk Lo Fui Ming (Article 93)	2
b. Mr. Lo Teck Yong (Article 93)	3
c. Mr. Mau Kam Wai (Article 99)	4
4. To appoint Auditors and to authorise the Directors to fix their remuneration.	5
5. 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."	6
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
31 July 2014

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 22 August 2014 shall be entitled to attend, speak and vote at the 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) Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

(d) Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account its holds.

(e) 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 6**

  The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue 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, no new share in the Company was issued pursuant to the authority granted to the Directors at the Ninth Annual General Meeting held on 27 August 2013 and the said authority will lapse at the conclusion of the Tenth 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.

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 Tenth Annual General Meeting of the Company to be held at Sabah Hotel, Amadeus III, Level 2, KM1, Jalan Utara, P.O. Box 275, 90703 Sandakan, Sabah on Wednesday, 27 August 2014 at 12.30 p.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		
ORDINARY RESOLUTION 6		

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 ________________, 2014

____
Signature/ Seal of Member

- -

Notes:

a) *Only members whose names appear on the Record of Depositors as at 22 August 2014 shall be entitled to attend, speak and vote at the 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) *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

d) *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account its holds.*

e) *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

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,
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