ANNUAL REPORT 2016

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

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. Borneo Aqua 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 fishes. Plentiful Earnings and Marine are principally involved in the rearing of marine fishes 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 fishes as well as 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.

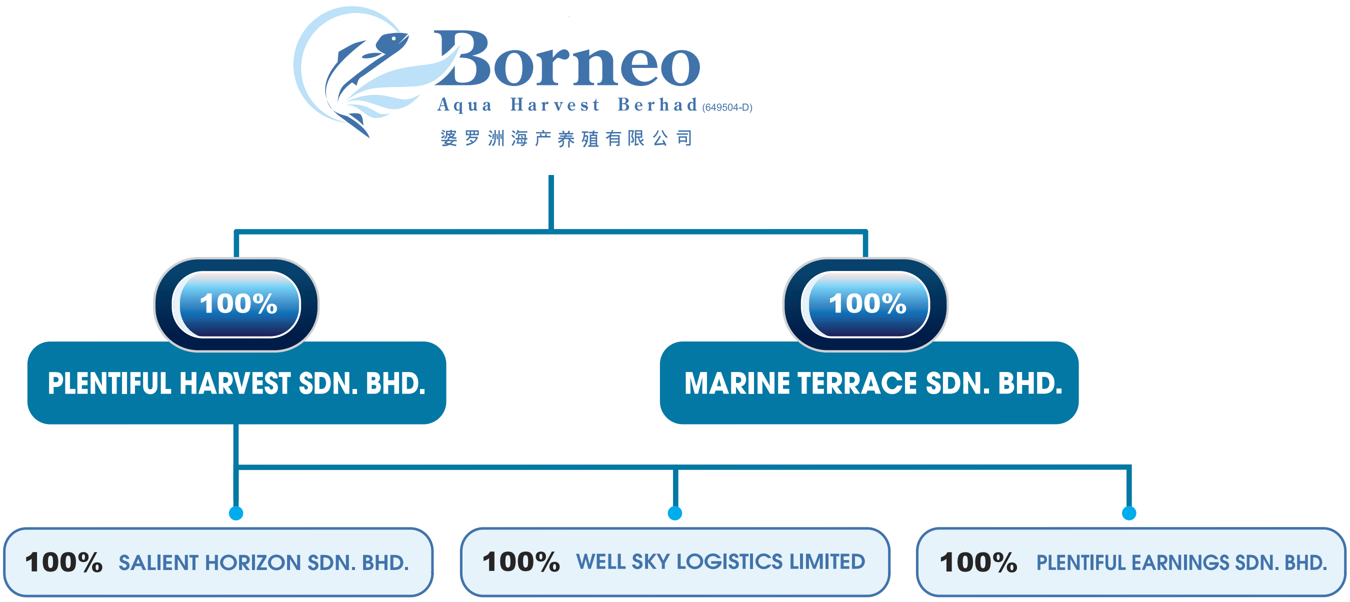
Borneo Aqua has continuously been granted the International ISO 9001:2008 Standards for the whole production process and distribution of Grouper species under UKAS Management Systems (from SGS UK LTD) and Standards of Malaysia (from Accredited Certification Body), as well as obtaining the HACCP Codex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

To-date, our research and development (R&D) team has succeeded in producing Coral Trout Grouper, Marble Grouper, Humpback Grouper, Coral Rockcod, Barred-Cheek Coral Trout, Tomoto Rockcod Grouper, Camouflage Grouper, Giant Grouper and Malabar Red Snapper for 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's continuous R&D activities aim to breed other high value marine fishes and the 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 fishes to distributors. During the financial year, the Group has extended downstream through the sales and delivery of frozen fish products directly to end consumers, which the Group believes has vast potential for development.

An indirect wholly owned subsidiary of Borneo Aqua, Plentiful Earnings had been granted approval from Malaysia's Finance Ministry pursuant to the Income Tax Act, 1967, to carry out sea cages fish farming project ("Project"). Under the approval, Plentiful Earnings is allowed exemption of income tax at 100% on its statutory income for a period of 10 years commencing on the first year Plentiful Earnings having recorded its first statutory income from the Project.

Corporate Structure



Vision & Mission

In view of the widening gap between the demand and supply of marine fishes in the country as well as in the international markets, Borneo Aqua strives 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 Malaysia Federal Governments 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 fishes through sharing of knowledge with local universities, research centres and relevant organisations / bodies;
- educating local fish farmers on breeding, hatchery and rearing of marine fishes through training and consultancy services to be provided by the Group;
- creating sub-sectors 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 markets; 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 fishes in the Asia Pacific region. In achieving this business objective, the Group 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
Non-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
Non-Independent Non-Executive Director

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

Chong Khing Chung
Non-Independent Non-Executive Director

Sim Kay Wah
Independent Non-Executive Director (appointed on 20.11.2015)

Tan Sri Dato' Nik Hashim Bin Nik Abd. Rahman
Independent Non-Executive Director (appointed on 15.12.2015)

COMPANY SECRETARIES
Kang Shew Meng
Seow Fei San
Chong Tzu Khen

AUDIT COMMITTEE
Sim Kay Wah
Chairman

Chong Khing Chung
Member

YB Mejar (K) Datuk Samsudin Bin Yahya
Member

Tan Sri Dato' Nik Hashim Bin Nik Abd. Rahman
Member

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

Dato' Sri Dr. Md Kamal Bin Bilal
Member

Sim Kay Wah
Member

Tan Sri Dato' Nik Hashim Bin Nik Abd. Rahman
Member

REMUMERATION COMMTTTEE
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,
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17 Jalan SS7/26,
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089-611633/
089-612633
Fax: 089-613633/
089-618633

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

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

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

PRINCIPAL BANKERS
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

On behalf of the Board of Directors ("Board"), it is with great honor that I present to you the Annual Report and Audited Financial Statements of Borneo Aqua Harvest Berhad ("Company") and its subsidiaries ("Group") for the financial year ended 31 March 2016 ("FYE 2016").

Financial Review

FYE 2016 was a challenging year for the Group as it endures economic challenges and uncertainties both domestically as well as globally. At the domestic front, the drop in global crude oil prices and the government's introduction of the Goods and Services Tax ("GST") regime has resulted in a weaker Ringgit and higher inflationary pressure on the local economy respectively. Though the Group's products are mostly exported to Hong Kong SAR and southern China, the sluggish Chinese economy has also affected the overall demand for our products at these international markets. Nevertheless, the Group continues to be resilient in facing these challenges head-on, achieving a decent year-on-year revenue growth of approximately 6.3%. Gross profit margin however was slightly sacrificed from 48.9% in FYE 2015 to 40.8% at the end of the current financial year.

The Group recorded a loss after taxation of RM3.34 million for FYE 2016 (RM2.33 million in FYE 2015), mainly due the recognition of the non-cash employee benefit cost of RM2.55 million arising from fair value accounting (FRS 119) adopted for share options granted pursuant to an Employees' Share Option Scheme ("ESOS") implemented by the Company for eligible staff and directors of the Group.

Business Review

A. Aquaculture Operation

A1. Fishery Operation

During FYE 2016, the Group's fish fry production was approximately 1.8 million tails (net of fatalities), while approximately 236,000 tails of juvenile fishes were transferred to sea cages from the nursery centers. The Group place great emphasis on the improvement of its operational efficiency in order to reduce the fish fry fatality rate, while at the same time, ensuring that its adult fishes remain healthy and safe for human consumption. The ability to market the Group's fishes as "Organically Cultivated" and "Fresh-From-The-Sea" is a key marketing strategy, as compared with deep sea catches from the wild, where fishes that are caught are usually cold storage on the fishing boats for a few weeks at times, before taken ashore and sold to the local fish distributors. With this marketing approach, the Group was able to sell approximately 84.5 MT of live fishes to its key marketplace at Hong Kong SAR and southern China, as compared with 73.2 MT for the previous financial year ended 31 March 2015. This is achieved despite a challenging market conditions as earlier discussed.

During FYE 2016, the Group has also ventured into downstream activity, by deep freezing some of its fishes to be supplied to the local market. Though the contribution from this frozen segment of the business remains small, at approximately 6.6% of the overall turnover, the Board expects this segment can be lucrative and to contribute positively to the Group moving forward due mainly to the maturing of the local market in general, as the fishery supplies from sea-catches continue to diminish.

Business Review (Cont'd)

A. Aquaculture Operation (Cont'd)

A1. Fishery Operation (Cont'd)

The Group continues to place significant emphasis on its Research & Development ("R&D") division in order to improve its broodstock management. Our team of R&D experts are recruited from Japan, South Korea and Malaysia. The Group not only purchase high value species of broodstock from local market and other countries, but also continuously conducts its own R&D for breeding new cross-breed marine finfish species so as to remain competitive. The Group currently has about 4,817 broodstocks of over 10 high value species, compared with 3,903 broodstocks of 10 high value species in FYE 2015.

A2. Oyster Farming Project

In January 2014, the Company's wholly-owned subsidiary Plentiful Harvest Sdn Bhd ("Plentiful") had entered into a Joint Venture Agreement ("JVA") with City Harvest Aquaculture Sdn Bhd ("City Harvest"), for the purpose of granting City Harvest access to utilize the whole of one parcel of land situated at Pulau Palak, 3 parcels of land situated at Mile 7, Jalan Airport, Sandakan, and whatever facilities thereon for Oyster Faming Project, while City Harvest will wholly fund the said Project. City Harvest's shareholders and directors are a local individual and a Taiwanese oyster farming expert. The Taiwanese expert is to transfer oyster farming knowledge as well as to market its product to the Taiwan market.

It was unfortunate that during FYE 2016, the shareholders of City Harvest started to develop different opinions and failed to get along, thereby affecting the oyster farming operation. Plentiful has attempted to help the parties in working out their differences but to no avail. In view of the impasse at City Harvest, the Board had no choice but to initiate termination procedures for the JVA and repossess all the land and facilities belonging to Plentiful that were made available for this Oyster Farming Project.

As the failure of the Oyster Farming Project was due to no fault of the Group, the Board continues to believe that the oyster market remains vastly untapped, and that the water quality surrounding the designated sites are well suited for oyster farming purposes. The Group will continue to identify suitable and qualified joint venture partners to reconvene the project, if any.

B. Diversification Plan

In order to diversify the Group's income source from aquaculture alone, the Company has on 20 November 2015 announced the proposed entering of a Share Sale Agreement ("SSA") with Datuk Lo Fui Ming, Encik Mohd Amir bin Marsy and Dr. Tan Su Haw, for the acquisition of 10,000 ordinary shares of RM1.00 each, representing 100% of the equity interest in Wullersdorf Resources Sdn Bhd ("WRSB") for a total consideration of RM131.0 million, which is proposed to be satisfied by way of issuance of 104,521,277 ordinary shares of RM0.10 each of the Company at an issue price of RM0.94 per share and 34,840,425 irredeemable convertible preference shares of RM0.10 each to be created at an issue price of RM0.94 per share.

WRSB has not commenced operation since its incorporation. The proposed acquisition is undertaken in conjunction with WRSB being identified as a special purpose vehicle to venture into the mining business on a piece of land measuring 317.7 hectares at the locality of Bukit Mantri in the District of Tawau, Sabah, Malaysia ("Sub-Lease Land").

The Board noted that Datuk Lo Fui Ming, who is the Chief Executive Officer/Managing Director and substantial shareholder of the Company, is also a major shareholder holding a total of 70% equity interest in WRSB. The entering of the said SSA would therefore be deemed as a related party transaction under the definition of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements.

Business Review (Cont'd)

B. Diversification Plan (cont'd)

The proposed acquisition entails a series of corporate exercises that need to be carried out:-

i. Proposed acquisition of 10,000 ordinary shares of RM1.00 each in WRSB, representing the entire equity interest of WRSB;
ii. Proposed diversification of the existing core businesses of the Company and its subsidiaries to include the exploration for minerals, mining and other mining related businesses after taking into consideration the Group's proposed investment in WRSB via the proposed acquisition;
iii. Proposed increase in the authorized share capital of the Company from RM50,000,000 comprising of 50,000,000 ordinary shares of RM0.10 each to RM200,000,000 comprising of 1,950,000,000 ordinary shares of RM0.10 each and 50,000,000 irredeemable convertible preference shares of RM0.10 each ("ICPS") in the Company; and
iv. Proposed amendments to the Company's memorandum and articles of association to facilitate the issuance of ICPS.

The Board also reviewed and considered the basis of determining the Purchase Consideration and formed a view that the proposed acquisition of WRSB is fair, reasonable and on normal commercial terms, is in the best interest of the Company and the Group, and is not detrimental to the interest of the minority shareholders.

The Group has engaged qualified professionals, both local and from overseas, to conduct studies and investigations on the Sub-Leased Land in order to prepare comprehensive reports to be submitted to the Shareholders for approval at an EGM to be convened.

Prospects and Outlook

"The fisheries and aquaculture sector is a vital source of livelihoods, nutritious food and economic opportunities. It has a key role to play in meeting one of the world's greatest challenges: feeding a population that is set to rise to 9.6 billion people by 2050. To meet rising demand from a growing population, the sector as a whole need to increase production sustainably and reduce wastage in a context of climate change, greater competition for natural resources, and conflicting interests. Improved science, technology and governance are all combining with greater global understanding and commitment to help meet the goals of responsible and sustainable use of aquatic resources." ~ *FAO 2014, The State of World Fisheries and Aquaculture 2014, Rome, 223pp.*

The Food and Agriculture Organization ("FAO") of the United Nations has reported that global per capita fish consumption has increased strongly from 9.9 kilograms in 1970 to 19.1 kilograms in 2012. With rising global affluence, this growth is expected to continue to outpace world population growth. In addition, as the world becomes more conscious of the value of a healthy diet, FAO confirms that fish is the healthiest form of protein. It is a huge provider of micronutrients which lowers the risk of coronary heart disease and improve cardio-vascular health. In terms of human consumption, FAO has also reported that farmed fish has surpassed wild catch fish for the first time in 2014. It predicts that farmed fish production will grow at 4.1% per annum through to 2022, notably faster than their earlier forecasts.

According to a report produced by the World Bank in 2013 titled *"Fish to 2030: Prospects for Fisheries and Aquaculture"*, China is expected to lead the growing demand for fish from an emerging global middle class community. While Asia – including South Asia, South East Asia, China and Japan – is projected to make up 70% of the global fish consumption by 2030, China alone is expected to account for 38%. To help meet this growing demand, China and many other countries, are expected to increase their investments in aquaculture.

Chairman's Statement (cont'd)

Prospects and Outlook (Cont'd)

The Group is one of the leading player in the aquaculture industry in Malaysia as it is one of the biggest exporter of finfish from Sabah, targeting the key markets in the southern China region, such as Hong Kong SAR, Shenzhen and Guangzhou. The Group owns two transport vessels for the transportation of live fishes, which are certified by the Marine Department Malaysia to navigate the Sabah – Hong Kong SAR route. Medium and small finfish farmers in and around the vicinity of the eastern Sabah waters will have to rely on the Group's transport vessels if they also wish to penetrate the southern China markets.

In view of the above, the Board is fully committed to continue the Group's existing aquaculture business despite the proposed plan to diversify into mining business. It is the Group's long-term growth plan to build a sustainable aquaculture business organically, as well as to diversify its revenue source by venturing into other viable and income-generating businesses, including the proposed mining business. With proper planning and necessary measures to be taken by the Group to mitigate possible risks that may arise from mining activites, the proposed mining business is also expected to enhance and broaden the earning base of the Group.

Acknowledgements

On behalf of the Board, I would like to express our sincere appreciation to our valued shareholders, customers, suppliers, business partners, advisors, bankers and the regulatory authorities for their unwavering support and confidence in the Group. I would also like to express our deepest gratitude to the Management and the staff for their hard work, commitments and dedications in executing the management and operational strategies of the Group throughout the year.

Finally, I would like to take this opportunity to welcome our two new Board members, Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman and Mr. Sim Kay Wah to the Board, as well as expressing my heart-felt thanks to all Board members for their vision, advice and ongoing support rendered to the Group over the years.

Dato' Sri Dr. Md Kamal Bin Bilal
Chairman of the Board of Borneo Aqua Harvest Berhad

Dato' Sri Dr. Md Kamal Bin Bilal

Malaysian aged 54, is a Non-Independent Non-Executive Chairman since 28 August 2015, Dato' Sri Dr. Md Kamal was appointed to the Board of Directors on 9 May 2005 as an Independent Non-Executive Chairman. He is also a member of the Nominating Committee and Remuneration Committee.

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 been publicly reprimanded on 23 September 2014 with a fine of RM10,000 for breaching Rule 2.18(1)(a) and (c) and/or Rule 16.13(b) of the ACE Market Listing Requirement.

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

Datuk Lo Fui Ming

Malaysian aged 60 is the Managing Director and Chief Executive Officer of Borneo Aqua and was appointed to the Board of Directors on 9 May 2005.

Upon completion of his secondary education, he started working in a timber camp in the operations division and was subsequently appointed as Manager. In 1980, he started his own logging company and was involved in various 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 when he was appointed as the Non-Executive Deputy Chairman until 21 July 2005.

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 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 also sits on the Board of several private companies as well as shareholder of several private companies. He has been publicly reprimanded on 23 September 2014 with a fine of RM10,000 for breaching Rule 2.18(1)(a) and (c) and/or Rule 16.13(b) of the ACE Market Listing Requirement.

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

Lo Teck Yong

Malaysian aged 35, is an Executive Director of Borneo Aqua and was appointed to the Board of Directors on 9 May 2005. 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 fishes at the operation site.

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 been publicly reprimanded on 23 September 2014 for breaching Rule 2.18(1)(a) and (c) and/or Rule 16.13(b) of the ACE Market Listing Requirement.

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

Akinori Hotani

Japanese aged 42, is an Executive Director of Borneo Aqua and was appointed to the Board of Directors 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 researches and has gained extensive experience in marine fish breeding, hatchery and rearing of marine fishes. 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 the 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 been publicly reprimanded on 23 September 2014 for breaching Rule 2.18(1)(a) and (c) and/or Rule 16.13(b) of the ACE Market Listing Requirement.

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

Mau Kam Wai

Malaysian aged 52, is a Non-Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors on 20 February 2014.

Mr. Mau holds a Bachelor in Business Administration, National University of Singapore. He has extensive experience in trading stock markets globally, financial futures and foreign exchange. He is performance driven and an insightful professional broker with a proven ability at assessing client's potential, attracting and developing a portfolio of high net worth client; and managing expectations. He left DBS Vickers Securities (S) Pte Ltd in March 2013. His twenty-seven years in financial industry include high profile companies like Nomura Singapore Limited and Solomon Smitch Barney HG Asia Pte Ltd. Currently he is an Executive Director of Eastland Equity Bhd and director of several private companies.

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 five (5) years, other than traffic offences, if any.

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

Chong Khing Chung

Malaysian aged 49, is a Non-Independent Non-Executive Director of Borneo Aqua since 28 August 2015. Mr. Chong was appointed to the Board of Director as Independent Non-Executive Director since 9 May 2005. He is also a member of Audit Committee and Remuneration Committee.

He is a Chartered Member of the Malaysian Institute of Accountants ("CA") and a Fellow Member of CPA Australia ("FCPA"). He obtained Bachelor Degree in Accountancy from University of Western Australia in 1990. He spent the early part of his career in the accountancy profession. He later worked in the capital market industry holding various positions, including as the Executive Director of a stockbroking company in Sabah. He has also worked as Executive Director, Finance Director or Chief Financial Officer of various public listed companies in Malaysia, Singapore, Hong Kong and the United Kingdom. Mr. Chong does not have any family relationship with any other directors or major shareholders of the Company. He has been publicly reprimanded on 23 September 2014 with a fine of RM10,000 for breaching of Rule 2.18(1)(a) and (c) and Rule 16.13(b) of the ACE Market Listing Requirement.

He attended all four (4) 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 on 26 November 2008. He is the Chairman of Remuneration Committee and Nominating Committee and member of Audit Committee.

He has been 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 to serve the people of Sandakan lead him to join 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 been publicly reprimanded on 23 September 2014 with a fine of RM10,000 for breaching of Rule 2.18(1)(a) and (c) and Rule 16.13(b) of the ACE Market Listing Requirement.

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

Sim Kay Wah

Malaysian aged 40, is an Independent Non-executive Director. He was appointed to the Broad of Director on 20 November 2015. He is the Chairman of Audit Committee and member of Nominating Committee.

Mr. Sim is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of CPA Australia. He obtained his bachelor's degree in Accountancy and master's degree in Finance from the Royal Melbourne Institute of Technology, Australia. Mr. Sim had over eleven years' experiences in corporate finance, investment management and banking, where he served in various capacities including as Chief Financial Officer, Executive Director and Financial Controller of public listed companies.

Mr. Sim does not have any family relationship with any other directors 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 five (5) years, other than traffic offences, if any.

He attended two (2) Board Meetings of the Company held during the financial year after his appointment.

Directors' Profiles (cont'd)

Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman

Malaysian aged 73, is an Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors on 15 December 2015. On 25 February 2016, Tan Sri Dato' Nik Hashim was appointed as member of Audit Committee and Nominating Committee.

Tan Sri Dato' Nik Hashim his career in the Government service in 1963 as a Clerical Officer and later as Police Inspector until 1968 when he read law at the Inner Temple London as s Barrister-at-law. In 1970, he joined the Judicial and Legal Service where he served 25 years in various post: Magistrate, President of Sessions Court, Deputy Director of Legal Aid Bureau, Deputy Public Prosecutor, State Legal Advisor Terengganu, Senior Federal Counsel, Judge Advocate, Deputy Parliamentary Draftman, Director General, Judicial and Legal Training Institute and Chairman, Advisory Board. From 1995 to 2009 he served as a Judicial Commissioner and a Judge of the High Court, Court of Appeal and the Federal Court until his retirement on 1 July 2009.

Tan Sri Dato' Nik Hashim was a member of the Royal Police Force Commission from 2004 to 2008. He has been a member of the Syariah Appeal Court Kelantan since 1998 and was an adjunct Professor in the Faculty of Law and international Relations at University Sultan Zainal Abidin from 1 February 2009 to January 2013. In July 2010,Tan Sri Dato' Nik Hashim attended and successfully completed an Executive Education program at Harvard Business School, Boston U.S.A.

Tan Sri Dato' Nik Hashim also sits on the Board of Olympia Industries Berhad and Tropicana Golf & Country Resort Berhad.

Tan Sri Dato' Nik Hashim does not have any family relationship with any other directors 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 five (5) years, other than traffic offences, if any.

He attended one (1) Board Meeting of the Company held during the financial year after his appointment.

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.

The key matters which are reserved for the Board's approval include business plan, annual budget, dividend policy, business continuity plan, new issuance of securities, business restructuring and disposal and acquisition of assets/investments.

1.2 Board Composition and Balance

The Board headed by the Non-Independent Non-Executive Chairman currently consists of nine (9) members comprising of three (3) Executive Director, three (3) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. 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. Each Director brings with him a wide range of business and financial experiences that are relevant to the Group. Pages 9 to 12 outlined briefly the background of each Director.

1. THE BOARD OF DIRECTORS (cont'd)

1.2 Board Composition and Balance (cont'd)

Non-Independent Non-Executive Chairman	Dato' Sri Dr. Md Kamal Bin Bilal
Managing Director / Chief Executive Officer **Executive Director**	Datuk Lo Fui Ming
Executive Directors	Lo Teck Yong Akinori Hotani
Independent Non-Executive Directors	YB Mejar (K) Datuk Samsudin Bin Yahya Sim Kay Wah (appointed on 20 Nov 2015) Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman (appointed on 15 Dec 2015)
Non-Independent Non-Executive Director	Chong Khing Chung Mau Kam Wai

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 Independent Non-Executive Directors do not participate in any operational decision making, business transaction or have any relationship with the management of the group. Any concerns may be conveyed to YB Mejar (K) Datuk Samsudin Bin Yahya, who is the Group's Senior Independent Non-Executive Director.

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.

During the financial year, the Board has conducted an assessment on the Independent Directors and none of the independent directors has served the Company exceeding a cumulative term of nine (9) years, except for Dato' Sri Dr. Md. Kamal Bin Bilal and Mr. Chong Khing Chung whom had been deemed non-independent in compliance with Recommendation 3.2 of the Malaysian Code of Corporate Governance 2012, as their tenure of service in the Board have exceeded a cumulative term of nine years. Accordingly, Dato' Sri Dr. Md. Kamal Bin Bilal was re-designated as Non-Independent Non-Executive Chairman, while Mr. Chong Khing Chung was re-designated as Non-Independent Non-Executive Director after the Eleventh Annual General Meeting held on 28 August 2015.

The Board has conducted annual assessment which comprises Board Effectiveness Appraisal, Individual Director Self Performance Evaluation and Board Committees Member Performance Evaluation. The Chairman of the Nominating Committee will present the findings of the appraisal and performance evaluation at the Nominating Committee meeting to the Board.

The Board has also assessed the level of independence of Independent Directors and was satisfied with the level of independence and effectiveness demonstrated by all the three Independent Directors and their ability to act in the interest of the Company.

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 Non-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 (cont'd)

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 Twelfth Annual General Meeting of the Company, Mr. Sim Kay Wah shall in accordance with Article 99. Whilst Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman, who is above age of 70, shall retire pursuant to Section 129 of the Companies Act. Dato' Sri Dr. Md Kamal Bin Bilal and YB Mejar (K) Datuk Samsudin Bin Yahya 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 Non-Independent Non-Executive Directors and Independent Non-Executive Directors whom collectively possess rich experience and bring varied commercial experience to the Board. The Board receives minutes and 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 of majority Independent Non-Executive Directors as follows:

- Chairman : Sim Kay Wah
- Members : YB Mejar (K) Datuk Samsudin Bin Yahya
  : Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
  : Chong Khing Chung

(b) Full details of the Audit Committee Terms of Reference can be found at the Company's website at http://www.borneoaqua.com.my.

(c) The Audit Committee Report is presented on pages 23 to 26 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 entirely of Non-Executive Directors:

- Chairman : YB Mejar (K) Datuk Samsudin Bin Yahya
- Members : Sim Kay Wah
  : Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
  : Dato' Sri Dr. Md Kamal Bin Bilal

(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 on annual basis the term of office and performance of the Audit Committee and each of its members;
- 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 YB Mejar (K) Datuk Samsudin Bin Yahya, the Senior Independent Non-Executive Director of the Company.

(d) 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 http://www.borneoaqua.com.my.

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

- Reviewed the mix of skill and experience and other qualities of the Board;
- Reviewed the assessment of the effectiveness of the Board as a whole, the board of Committees and the Directors;
- Reviewed and recommended to the Board on the re-election of Directors retiring at the Annual General Meeting; and
- Conducted assessment on condidates for recommendation to the Board for appointment as additional directors and members to the Audit Committee and Nominating Committee.

(iii) Remuneration Committee

(a) The Remuneration Committee comprises all 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

(b) Primary Responsibilities and Functions

- Conducts appropriate annual assessment of Directors;
- Establishes remuneration policy and procedures. This policy and procedures can be found at the Company's website at http://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 2016, a total sum of RM1,978,794 was paid or 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 2016 is presented on Page 31 of this Annual Report. The details of the Directors' remuneration for the financial year ended 31 March 2016 are as follow:

	Salaries and other emoluments	Fee	Breeding Commissions	Services received as an expense	Total
	RM	RM	RM	RM	RM
Executive Directors	609,563	-	138,861	693,606	1,442,030
Non-Executive Directors	9,000	265,000	-	262,764	536,764

The number of Directors of the Company whose remuneration, fees and other compensations received from the Group for the financial year ended 31 March 2016, fall into the following bands:

Range of remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 – RM200,000	1	1
RM200,001 – RM350,000	2	2
RM350,001 – RM500,000	-	-
RM500,001 and above	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. THE BOARD OF DIRECTORS (cont'd)

1.5 Board Meetings

The Board meets regularly and at least quarterly to review 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 four (4) Board Meetings during the financial year ended 31 March 2016. The summary of attendance of each individual Director is as follows:

Director	Meetings Attended
Dato' Sri Dr. Md Kamal Bin Bilal	3/4
Datuk Lo Fui Ming	4/4
Lo Teck Yong	4/4
Akinori Hotani	3/4
Mau Kam Wai	4/4
YB Mejar (K) Datuk Samsudin Bin Yahya	4/4
Chong Khing Chung	4/4
Sim Kay Wah (appointed on 20 Nov 2015)	2/2
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman (appointed on 15 Dec 2015)	1/1

All the Directors, have complied with the minimum 50% attendance requirement in respect of Board meetings, as prescribed by the ACE Market Listing Requirements.

1.6 Supply of Information

The Board members have access to the advices and services of the Company Secretaries, who are qualified under Section 139A of the Company Act 1965 and competent, 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 http://www.borneoaqua.com.my :

- Board Charter and Code of Ethics and Conduct
- Shareholder's Rights relating to General Meeting
- Whistleblowing Policy
- Sustainability Policy and Corporate Social Responsibility ("CSR")
- Terms of reference of Audit Committee
- Terms of reference of Nominating Committee

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.

1. THE BOARD OF DIRECTORS (cont'd)

1.7 Number of Directorship in Other Companies (cont'd)

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 KBB Resources Bhd Prime Utilities Bhd	Independent Non-Executive Chairman Independent Non-Executive Chairman Independent Non-Executive Chairman
Mau Kam Wai	Eastland Equity Bhd	Executive Director
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Olympia Industries Bhd Tropicana Golf & Country Resort Bhd	Independent Non-Executive Director Independent Non-Executive Director
Chong Khing Chung	Scan Associates Berhad	Independent Non-Executive 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 themselves to enhance their knowledge and effectively contribute 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.

During the financial year, each individual Directors of the Company has attended the following seminars with relevant topics as follows:

Directors	Course Name	Organizer
Datuk Lo Fui Ming	1. The Employer's Mandate & GST Compliance Workshop	Deloitte Tax Services Sdn Bhd
Lo Teck Yong	1. The Employer's Mandate & GST Compliance Workshop	Deloitte Tax Services Sdn Bhd
Akinori Hotani	1. The Employer's Mandate & GST Compliance Workshop	Deloitte Tax Services Sdn Bhd
Mau Kam Wai	1. Risk Management – The Components and areas where companies fail 2. Bursa's Expectation in the Statement on Risk Management and Internal Control	Boardroom Corporate Service (KL) Sdn Bhd
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	1. Capital Market Director Program (1) 2. Capital Market Director Program (2) 3. Capital Market Director Program (3) 4. Capital Market Director Program (4)	Securities Commission Malaysia Securities Commission Malaysia Securities Commission Malaysia Securities Commission Malaysia

1. THE BOARD OF DIRECTORS (cont'd)

1.8 Directors' Training (cont'd)

Directors	Course Name	Organizer
Sim Kay Wah	1. Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn Bhd
	2. Financial Risk Management for Public Listed Companies – W4: Managing Financial Risks	Malaysian Institute of Accountants
Chong Khing Chung	1. Nominating Committee Programme 2: Effective Board Evaluations	Bursa Malaysia Bhd
	2. Technical Briefing On Computation of Percentage Ratios	Bursa Malaysia Bhd
	3. Directors Corporate Governance Series: Building Effective Finance Function : From Reporting to Analytics to Strategic inputs	Securities Commission Malaysia
	4. Audit Oversights Board: The New Auditor's Report – Sharing the UK Experience	Malaysian Institute of Accountants
	5. Government Grants & Financing Seminars for SME2016	Malaysian Institute of Accountants/ The Institute of Internal
	6. Audit Committee Conference 2016	

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 http://www.bursamalaysia.com or can be viewed from the Company's website at http://www.borneoaqua.com.my;

(iii) The Company's website at http://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.

3. SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS (cont'd)

The Non-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 (if any). 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 27 to 30 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 roles of the Audit Committee in relation to the external and internal auditors are set out in the Audit Committee Report on Pages 23 to 26 of this Annual Report.

5. ACCOUNTABILITY AND AUDIT (cont'd)

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 to 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.

In preparing the financial statements, the Directors have:

- ensured that selected appropriate accounting policies are being applied consistently;
- made judgments 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

The Audit Committee ("AC") was established to assist the Board of Directors ("Board") in fulfilling its oversight responsibilities, specifically in the areas of corporate governance, risk management, internal control and financial reporting practices of the Group. This Audit Committee Report provides insights on how the AC discharged its functions during the financial year ended ("FYE") 31 March 2016.

Composition and Attendance

The AC comprises of four members, an increase of one member from the previous financial year. All the Committee members are Non-Executive Directors ("NEDs") of which three are Independent NEDs, in line with Bursa Malaysia Securities Berhad's ACE Market Listing Requirements ("ACE LR") rule 15.09 (1)(a) and (b). The AC's composition and the respective members' meetings attendance are listed below:

Audit Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Sim Kay Wah*	Independent and Non-Executive	2/2
Member	YB Mejar (K) Datuk Samsudin Bin Yahya	Independent and Non-Executive	4/4
Member	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman**	Independent and Non-Executive	1/1
Member	Chong Khing Chung	Non-Independent and Non-Executive	4/4

* Appointed on 20 November 2015
** Appointed on 15 December 2015

The AC Chairman, Mr. Sim Kay Wah is a member of CPA Australia and the Malaysian Institute of Accountants. Accordingly, The Group is also in compliance with rule 15.09 (1)(c) of the ACE LR.

The terms of office of the AC members are reviewed annually by the Nominating Committee ("NC") through a performance evaluation process, whereby each member's contribution as well as their independence are scrutinized and assessed. The NC will thereafter make the appropriate recommendations to the Board to retain or otherwise, the services of each AC member.

During the financial year, both Dato' Sri Dr. Md. Kamal Bin Bilal (former AC member) and Mr. Chong Khing Chung (former AC Chairman) had been deemed non-independent in compliance with Recommendation 3.2 of the Malaysian Code of Corporate Governance 2012, as their tenure of service in the Board have exceeded a cumulative term of nine years. Accordingly, Dato' Sri Dr. Md. Kamal Bin Bilal resigned as AC member, while Mr. Chong Khing Chung was re-designated as AC member at the Board of Directors' Meeting held 20 November 2015. Mr. Sim Kay Wah and Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman were subsequently appointed to the Board and to the Committee as AC Chairman and AC member respectively.

Meetings

During the financial year, the AC held four meetings, most of which were without the presence of the Executive Directors ("EDs") and senior management. The AC meetings were conducted in accordance with the requisite quorum as stipulated in the AC's Terms of Reference. By invitation, EDs, including the Chief Executive Officer/Managing Director himself, and other senior management were requested to present the quarterly report and to assist in direct communications, as well as to provide clarification on audit issues and the Group's operations. The External Auditors and the outsourced Internal Auditors were also invited to present their respective cases to the AC and briefed the AC on specific issues arising from their respective audit findings. As part of the AC's duties, the AC reviews any Related Party Transactions on a quarterly basis to determine whether rules 10.08 and 10.09 of the ACE LR have been complied with.

Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for attention. During the financial year, the AC Chairman presented to the Board the AC's recommendations to approve the annual and quarterly financial results and statements. The AC Chairman also brought to the Board's attention matters of significant concern as and when raised by the External Auditors and/or outsourced Internal Auditors.

Summary of Activities

The followings activities were undertaken by the AC during the financial year:

1. **Financial Reporting**

   The AC carried out review on the Group's financial results and statements for the fourth quarter of 2015 during its meeting on the 27 May 2015. The Group's annual audited financial statements and annual report for FYE 31 March 2015 were subsequently approved by the Board on 23 July 2015.

   The Group's current financial year's first, second and third quarterly financial results and statements were reviewed by the AC at the AC meetings held on 27 August 2015, 20 November 2015 and 25 February 2016 respectively. These statements were unaudited and have been prepared in accordance with the requirements of the Financial Reporting Standard 134 – *Interim Financial Reporting;* and paragraph 9.22 (including Appendix 9B) of Bursa Malaysia Securities Berhad's ACE LR.

   On 25 May 2016, the AC reviewed the quarterly financial results and statements for the fourth quarter of 2016. The AC's recommendations were presented for approval at the subsequent Board meeting.

2. **External Audit**

   a. On 27 May 2015, the lead audit engagement partner of the External Auditors, Mr. Chau Man Kit attended the AC meeting and confirmed their independence on the audit of the Group was in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws.

      The AC also in the same meeting evaluated the External Auditors' performance and assessed their suitability and independence. The AC also reviewed the non-audit services rendered by the External Auditors during the course of FYE 31 March 2015, and noted that the provision of such non-audit services were within the Group's "Policy on the Provision of Non-Audit Services by External Auditors". The AC was satisfied that the External Auditors have the necessary technical competence and they have also demonstrated their audit independence adequately. The AC then recommended to the Board for approval the reappointment of Messrs. PKF as External Auditors for FYE 31 March 2016.

      Messrs. PKF was subsequently appointed by the shareholders as the Group's External Auditors for FYE 31 March 2016 during the Group's Annual General Meeting held on the 28 August 2015.

   b. The AC had a private session with the External Auditors in February 2016 without the presence of the Executive Directors, Management and Internal Auditors. Issues of Management's cooperation with the External Auditors, compliance with the applicable MFRSs and specifically on the impending implementation of MFRS 141 – Agriculture were discussed. The AC subsequently emphasized to the Management to maintain an active engagement with the External Auditors to ensure a smooth and efficient statutory audit. The Management was also asked to liaise closely with the External Auditors to ensure full compliance with MFRS 141 when the Standard comes into effectiveness for the financial year ending 31 March 2019 and onwards.

   c. On 25 February 2016, the AC reviewed the External Auditors' FYE 31 March 2016 Audit Planning Memorandum, outlining their scope of work, timeline and their proposed fees for the statutory audit. The External Auditors also highlighted to the AC the revised auditors' reporting standard requiring auditors to report on matters that had transpired during their audit, as Key Audit Matter ("KAM") and measures undertaken to address the KAM. The External Auditors confirmed that the new auditors' reporting standard will be effective from financial year ending 31 March 2017 and onwards.

Summary of Activities (cont'd)

2. External Audit (cont'd)

d. On 25 May 2016, the AC reviewed the list of services comprising of audit services and non-audit services that have been or may be provided by the External Auditors. The non-audit services that were utilized or are expected to be utilized for FYE 31 March 2016 were tax compliance services and the annual review of the *Statement on Risk Management and Internal Control.* The non-audit service fees incurred or to be incurred for FYE 31 March 2016 approximated RM25,100, representing approximately 21.0% of the total fees to the External Auditors. In considering the nature and scope of the non-audit service fees, which is in accordance to the Group's "Policy on the Provision of Non-Audit Services by External Auditors", the AC was satisfied that these were not likely to create any conflict of interest nor impair the independence and objectivity of the External Auditors.

e. Having satisfied that there was no conflict of interest situation and that the independence and objectivity of the External Auditors are preserved, the AC recommended to the Board at its meeting held on the 25 May 2016, of which the Board approved, subject to the shareholders' approval to be sought at the forthcoming 12th Annual General Meeting on the appointment of Messrs. PKF as External Auditors of the Company for financial year ending 31 March 2017.

3. Internal Audit

The Group outsourced its internal audit function to an independent professional firm. The roles and responsibilities of the outsourced Internal Auditors is to provide the AC with independent and objective assurances on the adequacy and effectiveness of the system of internal control and recommending ways to rectify shortfalls (if any) in order to improve the existing control environment in relation to the Group's operations.

a. During the AC meeting on 20 November 2015, the service of the outsourced Internal Auditors, which expired in January 2016, was extended for a service term of three years. This was after the AC reviewed the independence of the outsourced Internal Auditors, together with the adequacy of the scopes proposed, the functions, competency and resources deployed by the outsourced Internal Auditors.

b. During FYE 31 March 2016, the AC reviewed the Internal Audit Reports submitted by the outsourced Internal Auditors, including their findings, recommendations, Management's responses, and actions taken on those recommendations. Where appropriate, the AC has directed the Management to rectify and further improve control procedures and workflow processes based on the outsourced Internal Auditors' findings and recommendations.

c. The total fees paid to the outsourced Internal Auditors during FYE 31 March 2016 was amounted to RM30,000.

4. Risk Management & Internal Control

a. With the assistance of a professional firm, the Group developed and implemented its risk management framework, including the development of a Risks Register and the associated risks mapping.

b. During FYE 31 March 2016, the AC reviewed the risk map associated with medium to high impact potential risks to the Group. The AC also reviewed the adequacy and effectiveness of the policies and procedures and system of internal controls to monitor and manage risks in specific areas, based on the outsourced Internal Auditors' reports on specific business functions within the Group.

c. The AC also reviewed the *Statement on Risk Management and Internal Control* for inclusion in this Annual Report.

5. Related Party Transactions

The AC reviewed on a quarterly basis any Related Party Transactions ("RPT") entered into by the Group to ensure that:

a. The RPTs had been conducted on the Group's normal commercial terms and were not detrimental to the Group's minority shareholders; and
b. Any disclosures (if any) that is required to be made are made in accordance with the ACE LR.

Summary of Activities (cont'd)

6. Others

a. On 27 May 2015, the AC reviewed and verified the allocation of options to eligible employees to ensure that it is in compliance with the By-Laws of the Employees Share Options Scheme approved by the shareholders of the Company on 3 January 2014.

b. On 20 November 2015, the AC reviewed the terms and conditions of the Share Sale Agreement ("SSA") to be entered by the Company with Datuk Lo Fui Ming ("Datuk Lo"), Encik Mohd Amir bin Marsy and Dr. Tan Su Haw, for the acquisition of 10,000 ordinary shares of RM1.00 each, representing 100% of the equity interest in Wullersdorf Resources Sdn Bhd ("WRSB") for a total consideration of RM131.0 million, to be satisfied by way of issuance of 104,521,277 ordinary shares of RM0.10 each of the Company at an issue price of RM0.94 per share and 34,840,425 irredeemable convertible preference shares of RM0.10 each to be created at an issue price of RM0.94 per share.

   The AC noted that Datuk Lo, who is the Chief Executive Officer/Managing Director and substantial shareholder of the Company, is also a major shareholder holding a total of 70% equity interest in WRSB. As such, the entering of the aforesaid SSA is a related party transaction under the definition of the ACE LR.

   The proposed acquisition entails a series of corporate exercises that need to be carried out:

   i. Proposed acquisition of 10,000 ordinary shares of RM1.00 each in WRSB, representing the entire equity interest of WRSB;

   ii. Proposed diversification of the existing core businesses of the Company and its subsidiaries to include the exploration for minerals, mining and other mining related businesses after taking into consideration the Group's proposed investment in WRSB via the proposed acquisition;

   iii. Proposed increase in the authorized share capital of the Company from RM50,000,000 comprising of 50,000,000 ordinary shares of RM0.10 each to RM200,000,000 comprising of 1,950,000,000 ordinary shares of RM0.10 each and 50,000,000 irredeemable convertible preference shares of RM0.10 each ("ICPS") in the Company; and

   iv. Proposed amendments to the Company's memorandum and articles of association to facilitate the issuance of ICPS.

   The AC also reviewed and considered the basis of determining the Purchase Consideration and formed a view that the proposed acquisition of WRSB is fair, reasonable and on normal commercial terms, is in the best interest of the Company and the Group, and is not detrimental to the interest of the minority shareholders. The AC accordingly recommended the transaction to the Board for approval.

Assessment of AC

The Nominating Committee carries out assessment on the performance of the AC and its members on an annual basis to monitor their overall effectiveness in meeting their responsibilities and reports the results to the Board. The annual assessment of AC for FYE 31 March 2016 was carried out in the fourth quarter of 2016. Based on the results of the assessment, the Nominating Committee is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference, and supported the Board in ensuring that the Group upholds the appropriate corporate governance standards.

This Report has been reviewed by the AC and approved by the Board for inclusion in this Annual Report.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") recognizes the importance of having a sound risk management and internal control system in order to safeguard shareholders' interests and the Group's assets. This Statement outlines the nature and scope of the Group's risk management and internal control during the financial year ended ("FYE") 31 March 2016, in compliance with Bursa Malaysia Securities Berhad's ACE Market Listing Requirements ("ACE LR") and the principles and best practices stipulated in the Malaysian Code on Corporate Governance 2012.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of risk management and internal control, and is assisted by the Audit Committee ("AC") and the Risk management Committee ("RMC") to establish a sound risk management framework and an effective internal control system to ensure that key risk areas are managed adequately in order to achieve the Group's business objectives. The RMC is responsible for the oversight on risk management matters relating to the activities of the Group, including any consideration for review of the risk management policies and procedures. The Group's Risk Management Framework ("RMF") is designed to promote a systematic and continuous process of identifying, analyzing, evaluating, treating, monitoring and reviewing risks and controls to an acceptable risk appetite in the Group's daily operations and, as and when there are changes to the business environment or regulatory requirements.

The Board recognizes that this system of risk management and internal control can only provide a reasonable, but not absolute assurance against material misstatement or loss. In view of the limitations inherent in such systems, the design of the RMF is to support mitigation, rather than elimination of risks and to provide reasonable assurances covering both financial and operational risks areas, within a risk tolerance level acceptable by the Board and the Management.

During FYE 31 March 2016, the adequacy and effectiveness of certain internal control measures were reviewed by the AC in relation to the internal audits conducted by the outsourced Internal Auditors. Audit issues and actions taken by the Management to address the issues were tabled by the outsourced Internal Auditors to and deliberated by the AC during the AC meetings. Minutes of the AC meetings which recorded such deliberations were presented to the Board.

Internal control and risk-related matters which warrants the attention of the Board will be recommended by the AC and/or RMC to the Board for its deliberation and approval. Matters or decisions made within the AC's and/or the RMC's purview were escalated to the Board for its notation. During FYE 31 March 2016, there was no matter or decision of an internal control or risk-related nature that requires the Board's deliberation, approval or notation.

KEY INTERNAL CONTROL PROCESSES

A robust and effective check and balance control environment within the Group is fundamental for ensuring a sound system of internal control. The following sets out the Group's key internal control processes established for maintaining strong corporate governance:

1. Authorities and Responsibilities

The Board delegates certain responsibilities to the Board's Committees with the Terms of Reference of each Committee adequately and clearly defined. The Group also has formulated a Standard Operating Procedures ("SOPs") which provides guidelines in compliance with the internal control system, to reflect and establish the authorities and authorization limits of the Management at each level within the Group's major business operations. An organizational structure that is aligned to the Group's business and operational requirements has been established, where key Management personnel are delegated with the responsibility to manage risks of their respective areas of responsibilities. Significant risks affecting the Group's strategic and business plans are brought to the Board's attention at their scheduled meetings.

2. Audit Committee

The AC assists the Board in fulfilling its responsibilities with respect to oversight, focusing on the integrity of the Group's financial reporting process, management of governance, risk, system of internal control, external and internal audit process as well as compliance with legal and regulatory matters. Quarterly and annual financial results are reviewed by the AC prior to being recommended to the Board for approval. The functions that the AC carried during FYE 31 March 2016 are set out in the AC Report on pages 23 to 26.

KEY INTERNAL CONTROL PROCESSES (cont'd)

3. Corporate Secretarial

The Group has both outsourced and in-house Company Secretaries that work hand-in-hand in assisting and advising the Board and Management on matters relating to the Company's Memorandum and Articles of Association, as well as facilitating compliance with the ACE LR and other relevant companies' legislations. All Company Secretary are qualified under S.139 of Companies Act 1965. The Company Secretaries supports in the execution of corporate proposals and acts as the Secretaries to the Board's Committees. The Company Secretaries record proceedings at these Committee meetings and the minutes are subsequently escalated to the Board for notation and/or further action.

4. Procurement

In addition to the Group's SOPs, the Board has also established a Tender Committee to review contracts, tenders or other means of procurement in excess of a fixed contracting value threshold. The Tender Committee is responsible to provide governance, guidance and direction on the acquisition strategies and is assisted by the Accounts & Finance Department in the administration of the tender process. Decisions made by the Tender Committee shall be tabled to the Board for notation and/or endorsement.

5. Audit

Statutory audit engagement is carried out based on the annual audit planning memorandum that is developed taking into consideration several key factors. After which key engagement areas are identified for the audit scope. For any significant gaps identified in governance, risk management and control during the engagement, the External Auditors will provide recommendations to the Management through their Management Letter to improve the design and/or effectiveness where applicable.

The Board has engaged an independent professional service firm to carry out the internal audit function of the Group. The function of the outsourced Internal Auditor is to ensure that adequate system of internal control exist to assist the Management to manage the operational, regulatory and financial risks. The AC has reviewed the activities and evaluated the performance of the outsourced Internal Auditors' services and confirmed that they have adequate resources, professionalism and skills in performing their works. Timely internal audit reports were submitted to the AC during FYE 31 March 2016 and the costs incurred to carry out such internal audit function amounted to RM30,000.

6. Risk Management

a. The Group has in place an established RMF for managing risks affecting its business and operations. Within the framework, there is an established process for the identifying, analyzing, evaluating, treating, monitoring as well as continual review of risks and the effectiveness of the Group's risk mitigation strategies and controls at the departmental and corporate levels. A Risks Register has been developed with the corresponding Risks Mapping reflecting the Group's risk tolerance boundaries demarcating those risks that are deemed of medium to high impact and those that are not.

   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 the respective process owners. The identification of risks and the evaluation of controls have already been completed, while the formulation of action plans for areas where risk impacts are deemed medium to high is an on-going process. The next step is to review the risk management and internal control system of the Group so as to determine its adequacy and effectiveness, and to recommend and assist in the implementation of any required improvements to the Group's risk management and internal control systems. This is intended to be undertaken during the next financial year.

b. The management of some significant risks during FYE 31 March 2016 are outlined below:

   i. Sales & Marketing Risk

   The Board and the Management is aware that the Group's business operation is over-dependent on key customers and also over-reliant on a single market. As such, it is the Group's continuous effort over the years to source for new customers and open up new markets. Nevertheless, the Management is mindful that recruiting new customers will entail "getting-to-know-your-customer" well, before extending significant credit terms to these new customers to manage credit risk.

KEY INTERNAL CONTROL PROCESSES (cont'd)

6. Risk Management (cont'd)

b. The management of some significant risks during FYE 31 March 2016 are outlined below:

ii. Product Risk

The Group's products comprise live or frozen fishes meant for human consumption. The food safety standards of such products is of utmost importance to the Group. As such, on an annual basis, the Group will send samples of its fishes for "Marine Finfish" laboratory testing to ascertain that the products' heavy metal content and microbiological tests are within acceptable guidelines.

iii. Infrastructure Management Risk

Having a well and consistently maintained infrastructure is an important aspect of the livestock rearing industry. Any breakdown of such key infrastructural items may result in fatalities of the livestock under cultivation. Accordingly, the Group has established SOPs to conduct monthly maintenance check on key infrastructural items such as electricity supply, pond cleaning, refrigeration, generator sets, water pumps and so on, to ensure that any identifiable weaknesses are immediately addressed to avoid later complications.

iv. Fish Feed Management Risk

The quality of the fish feed that is being fed to the Group's fishes is extremely delicate and important in order to ensure that the fishes get the most desirable nutrients during their growth process while at the same time, minimizing wastages. The Group has established a standard incoming fish feed inspection and acceptance process and procedures, as well as a control mechanism to dispatch fish feed for feeding purposes.

v. Risk of default on Government Grant

The Group had on 5 September 2012, entered into an agreement with the Malaysian Government through the Ministry of Agriculture & Agro-based Industry Malaysia, to receive a government grant totaling RM24,846,000 ("said Grant"), for the construction of hatchery and nursery centers at the Group's operating sites in Sandakan and Lahad Datu, Sabah. To-date, RM8,756,300 has already been received by the Group under that said Grant.

The remaining RM16,089,700 of the said Grant was not claimed by the Group as the Group was not in a position to complete the construction of the hatchery and nursery centers at Pulau Silam, Lahad Datu as per agreed schedule due to force majeure events relating to the multiple kidnapping incidences off the coast of Eastern Sabah.

However, the Management has taken the necessary actions of renegotiating with the Malaysian Government to revise the agreement which among others, involves the reduction of the said Grant amount and establishing a new set of Key Performance Indicators ("KPIs"), of which the Group is able to achieve in view of the reduced investment as well as the continuous volatile maritime condition off the coast of Eastern Sabah.

vi. Changes in Government Policies

- The Sabah State Government has in early February 2016 briefly restricted the export of fresh and live seafood from the State to preserve the local seafood industry. The temporary restriction was subsequently lifted by the State Agriculture and Food Industry Ministry one month later for cultured live fishes. The Management has always and continuously worked closely with the State and Federal authorities to ensure that the Group complied with the government directives to minimize any regulatory risk.

- The Federal Government has revised the minimum wage of workers from the previous RM800 per month to RM920 per month with effect from 1 July 2016. The revision is expected to affect the Group's operational costs for hatching, nursing and rearing of cultured fishes. The Administration Department has been entrusted to ensure that the Group's compliance to this government directive will not be breached.

KEY INTERNAL CONTROL PROCESSES (cont'd)

6. Risk Management (cont'd)

b. The management of some significant risks during FYE 31 March 2016 are outlined below:

vi. Changes in Government Policies (cont'd)

- The implementation of the Goods and Services Tax ("GST") with effect from 1 April 2015 has required the Group to upgrade and licensed its accounting software to be in compliance with the new regulations. The Management has accordingly ensured that the software used by the Group complied with the new GST regulations as prescribed by the Royal Malaysian Customs.

c. Insurance

The Group has insurance coverage and physical safeguards on major assets to ensure that the Group's assets are covered against any mishap that could result in material loss. The Management will as and when necessary review the adequacy of the coverage to ensure that the replacement value will at least be at par or higher than the net book value of the assets so covered.

7. ISO Standards and HACCP Certification

The Group regularly reviews, improves on and continuously manage and control the quality requirement of the Group's whole production process and distribution of Grouper species, in compliance with the ISO 9001:2008 Standards under the *United Kingdom Accreditation Service* ("UKAS") Management Systems and the quality standards of Malaysia. The ISO 9001:2008 Standards specifies requirements for a quality management system where an organization:

- needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements; and
- aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

The Group is also in compliance with the *Hazard Analysis Critical Control Point* ("HACCP") Codex Alimentarius certification, an international certification on Food Safety Management System in accordance with the specification under the German Accreditation body *Deutsche Akkreditierungsstelle* ("DAkkS").

In order to achieve the above compliances, a series of risk management and internal control measures have been put in place by the Group to satisfy the stringent requirements laid down in both the ISO Standards and the HACCP Certification.

CONCLUSION

The Board is of the view that the risk management, governance and system of internal controls practices and processes put in place during the year under review, and up to the date of approval of this Statement, are sound and adequate to safeguards the Group's assets, as well as the interests of the shareholders, customers, regulators, employees and other stakeholders.

The Board has obtained assurance from the Chief Executive Officer/Managing Director and the Finance Manager that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the RMF adopted by the Group. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's internal control measures that would require a separate disclosure in this Annual Report.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 25 May 2016.

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, Warrants or Convertible Securities**

   The movement of ESOS Options during the financial ended 31 March 2016 as follows:

		Number of options over ordinary shares of RM0.10 each				
Date of offer	**Exercise price**	**At 1.4.2015**	**Granted**	**Exercised**	**Forfeited**	**At 31.3.2016**
15.01.2013	RM0.70	68,487,750	-	(13,061,065)	(200,000)	55,226,685
17.08.2013	RM1.22	1,500,000	-	-	-	1,500,000
03.05.2015	RM0.80	-	1,307,150	-	-	1,307,150
		69,987,750	1,307,150	(13,061,065)	(200,000)	58,033,835

   Further details of the options granted to directors and senior management during the financial year ended 31 March 2016 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 2016	85% of ordinary shares of RM0.10 each available under the ESOS	76% of ordinary shares of RM0.10 each available under the ESOS

   Further breakdown of the options granted to Executive Director and Non-Executive Directors since the commencement of the ESOS and during the financial year ended 31 March 2016 are as follow:

	Number of options over ordinary shares of RM0.10 each		
	Since Commencement	**Exercised as at the Financial Year Ended 31 March 2016**	**Balance**
Dato' Sri Dr. Md Kamal Bin Bilal	2,500,000	(778,550)	1,721,450
Datuk Lo Fui Ming	10,500,000	(5,886,800)	4,613,200
Lo Teck Yong	10,500,000	(2,578,000)	7,922,000
Chong Khing Chung	8,000,000	(3,730,000)	4,270,000
Akinori Hotani	10,500,000	(5,365,000)	5,135,000
YB Mejar (K) Datuk Samsudin Bin Yahya	1,500,000	(126,400)	1,373,600

3. **Depository Receipt Programme**

   The Company did not sponsor any depository receipt programme during the financial year.

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

   Borneo Aqua was publicly reprimanded for breaching Rule 15.27(1) and Rules 2.18(1)(a) and (c) of the ACE Market Listing Requirement during the financial year ended 31 March 2015.

Additional Compliance Information (cont'd)

5. Non-audit Fees

The non-audit fee incurred or to be incurred for the External Auditors, PKF Malaysia and C Ho & Co. for the financial year ended 31 March 2016 amounting to RM24,300 and RM800 respectively.

6. Profit Forecast

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

7. Profit Guarantee

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

8. Recurrent Related Party Transactions of Revenue or Trading Nature

There are no others recurrent related party transactions of revenue or trading nature which had been entered by the Group during the financial year ended 31 March 2016, except for transactions disclosed in the financial statements on pages 90 to 91 of this Annual Report.

9. Contract Relating to Loan by the Company

There was no contract relating to loan by the Company.

10. Revaluation Policy

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

11. Material Contract

There was no other material contract entered into by the Company and / or its subsidiary companies which involves Directors' interest during the financial year ended 31 March 2016.

12. 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 hands-on training 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 2016.

Principal activities

The principal activity of the Company is investment 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 2016.

Results	Group RM	Company RM
Total comprehensive (loss)/income for the financial year	(3,342,140)	1,074,813

Reserves and provisions

There were no material transfers to or from reserves and 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 2016.

Directors

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

Datuk Lo Fui Ming
Lo Teck Yong
Dato' Sri Dr. Md Kamal Bin Bilal
Akinori Hotani
Chong Khing Chung
YB Mejar (K) Datuk Samsudin Bin Yahya
Mau Kam Wai
Sim Kay Wah (Appointed on 20 November 2015)
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman (Appointed on 15 December 2015)

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 1.4.2015**	**Bought**	**Sold**	**At 31.3.2016**
Datuk Lo Fui Ming	51,136,302	3,187,000	(4,683,000)	49,640,302
Lo Teck Yong	3,689,330	-	(390,000)	3,299,330
Dato' Sri Dr. Md Kamal Bin Bilal	2,905,650	52,000	-	2,958,550
Akinori Hotani	280,000	1,230,000	(990,000)	520,000
Chong Khing Chung	215,000	330,000	(45,000)	500,000
YB Mejar (K) Datuk Samsudin Bin Yahya	102,800	23,600	-	126,400

Directors' interests in shares (cont'd)

Indirect interest:	At 1.4.2015	Bought	Sold	At 31.3.2016
	Number of ordinary shares of RM0.10 each			
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of shareholding of his child	600,000	100,000	(430,000)	270,000

Direct interest:	At 1.4.2015	Granted	Exercised	At 31.3.2016
	Number of options over ordinary shares of RM0.10 each			
Datuk Lo Fui Ming	7,800,200	-	(3,187,000)	4,613,200
Lo Teck Yong	7,922,000	-	-	7,922,000
Dato' Sri Dr. Md Kamal Bin Bilal	1,774,350	-	(52,900)	1,721,450
Akinori Hotani	6,365,000	-	(1,230,000)	5,135,000
Chong Khing Chung	6,600,000	-	(2,330,000)	4,270,000
YB Mejar (K) Datuk Samsudin Bin Yahya	1,397,200	-	(23,600)	1,373,600
Indirect interest:				
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of his child	5,900,000	-	(100,000)	5,800,000

The Directors above, by virtue of their interests in shares in the Company are 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 29 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 13,061,065 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 authorized 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").

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.

(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.

Options granted over unissued shares (cont'd)

(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 1.4.2015	Granted	Exercised	Forfeited	At 31.3.2016
15 January 2013	RM0.70	68,487,750	-	(13,061,065)	(200,000)	55,226,685
17 August 2013	RM1.22	1,500,000	-	-	-	1,500,000
3 May 2015	RM0.80	-	1,307,150	-	-	1,307,150
		69,987,750	1,307,150	(13,061,065)	(200,000)	58,033,835

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 1.4.2015	Granted	Exercised	At 31.3.2016
Chong Tzu Khen	15 January 2013	14 January 2018	RM0.70	8,400,000	-	(700,000)	7,700,000
Lo Choon Fung @ Michelle	15 January 2013	14 January 2018	RM0.70	5,900,000	-	(100,000)	5,800,000
Wong Yin Fa	15 January 2013	14 January 2018	RM0.70	5,400,000	-	(1,928,665)	3,471,335
Hiew Vun Pui	15 January 2013	14 January 2018	RM0.70	4,075,000	-	(955,000)	3,120,000
	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	5,300,000	-	(1,737,900)	3,562,100

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.

Other statutory information (cont'd)

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 except as disclosed in the financial statements; 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 2016 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 22 July 2016

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

In the opinion of the Directors, the accompanying financial statements set out on pages 42 to 103 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 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 36 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 22 July 2016

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 set out on pages 42 to 103 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed CHONG TZU KHEN)
at Sandakan)
in the state of Sabah on 22 July 2016)

CHONG TZU KHEN

Before me,

HAMZAH HJ. ABDULLAH (S-088)
Commissioner for Oaths
Lot 7, Blok 24,
Tingkat Bawah, Lebuh Dua,
90009 Sandakan, Sabah.

Report of the Independent Auditors
to the Members 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 2016 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 42 to 103.

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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 2016 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 subsidiaries 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 36 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
2525/03/18(J/PH)
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 22 July 2016

Statements of Comprehensive Income
for the Financial Year Ended 31 March 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	18,298,856	17,211,759	-	-
Cost of sales		(10,834,132)	(8,792,409)	-	-
Gross profit		7,464,724	8,419,350	-	-
Interest income	5	49,823	17,587	-	-
Other operating income	6	1,701,216	3,313,881	3	-
Selling and distribution expenses		(5,669,050)	(6,063,076)	-	-
Administrative expenses		(6,556,541)	(9,131,284)	(1,608,276)	(1,845,849)
Fair value adjustment in amount due from subsidiary company		-	-	2,683,086	2,501,753
Finance costs	7	(1,014,885)	(1,122,483)	-	-
(Loss)/Profit before taxation	8	(4,024,713)	(4,566,025)	1,074,813	655,904
Income tax expense	11	682,595	2,237,830	-	-
(Loss)/Profit for the financial year		(3,342,118)	(2,328,195)	1,074,813	655,904
Other comprehensive loss					
Exchange differences on translation of foreign operation		(22)	(430)	-	-
Other comprehensive loss for the financial year, net of tax		(22)	(430)	-	-
Total comprehensive (loss)/income for the financial year		(3,342,140)	(2,328,625)	1,074,813	655,904
(Loss)/Profit attributable to owners of the Company		(3,342,118)	(2,328,195)	1,074,813	655,904
Total comprehensive (loss)/income attributable to owners of the Company		(3,342,140)	(2,328,625)	1,074,813	655,904
Loss per share attributable to owners of the Company (sen per share)					
Basic	12	(0.78)	(0.57)		
Diluted	12	(0.73)	(0.57)		

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

Statements of Financial Position
as at 31 March 2016

ASSETS	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-current assets					
Property, plant and equipment	13	45,955,388	53,009,144	1,946	2,922
Intangible assets	14	32,176	32,176	-	-
Investments in subsidiary companies	15	-	-	62,916,547	60,625,121
Biological assets	16	4,168,991	2,963,469	-	-
Amounts due from subsidiary companies	17	-	-	39,700,009	37,016,923
		50,156,555	56,004,789	102,618,502	97,644,966
Current assets					
Biological assets	16	83,881,044	76,147,139	-	-
Inventories	18	852,585	571,417	-	-
Trade and non-trade receivables	19	33,422,432	28,617,929	301,460	59,848
Amounts due from subsidiary companies	17	-	-	17,122,465	9,404,624
Tax recoverable		65,228	77,078	-	-
Cash and bank balances	20	777,606	407,671	22,582	5,106
		118,998,895	105,821,234	17,446,507	9,469,578
TOTAL ASSETS		169,155,450	161,826,023	120,065,009	107,114,544
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	43,196,617	41,890,510	43,196,617	41,890,510
Share premium	21	83,892,091	72,877,695	83,892,091	72,877,695
Other reserve	22	13,048,118	13,671,707	13,143,671	13,767,238
Retained profits/ (Accumulated losses)		4,090,335	7,432,453	(20,576,784)	(21,651,597)
TOTAL EQUITY		144,227,161	135,872,365	119,655,595	106,883,846
Non-current liabilities					
Loans and borrowings	23	1,401,852	2,560,315	-	-
Deferred income	24	5,764,564	6,640,194	-	-
Deferred tax liabilities	25	3,011,460	3,709,340	-	-
		10,177,876	12,909,849	-	-
Current liabilities					
Loans and borrowings	23	9,850,911	10,504,720	-	-
Trade and non-trade payables	26	4,899,502	2,539,089	409,414	230,698
		14,750,413	13,043,809	409,414	230,698
TOTAL LIABILITIES		24,928,289	25,953,658	409,414	230,698
TOTAL EQUITY AND LIABILITIES		169,155,450	161,826,023	120,065,009	107,114,544

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

Statements of Changes in Equity
for the Financial Year Ended 31 March 2016

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Group	Note	Share capital RM	Share premium RM	Other reserve RM	Retained profits RM	Total equity RM
At 1 April 2014		40,522,075	61,337,683	13,050,396	9,760,648	124,670,802
Loss for the financial year		-	-	-	(2,328,195)	(2,328,195)
Other comprehensive loss		-	-	(430)	-	(430)
Total comprehensive loss for the financial year		-	-	(430)	(2,328,195)	(2,328,625)
Contributions by owners of the Company						
- Share-based payment transactions	22	-	-	3,951,142	-	3,951,142
- Share options exercised	22	1,368,435	11,540,012	(3,329,401)	-	9,579,046
Total transactions with owners of the Company		1,368,435	11,540,012	621,741	-	13,530,188
At 31 March 2015		41,890,510	72,877,695	13,671,707	7,432,453	135,872,365
Loss for the financial year		-	-	-	(3,342,118)	(3,342,118)
Other comprehensive loss		-	-	(22)	-	(22)
Total comprehensive loss for the financial year		-	-	(22)	(3,342,118)	(3,342,140)
Contributions by owners of the Company						
- Share-based payment transactions	22	-	-	2,554,190	-	2,554,190
- Share options exercised	22	1,306,107	11,014,396	(3,177,757)	-	9,142,746
Total transactions with owners of the Company		1,306,107	11,014,396	(623,567)	-	11,696,936
At 31 March 2016		43,196,617	83,892,091	13,048,118	4,090,335	144,227,161

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

Statements of Changes in Equity
for the Financial Year Ended 31 March 2016 (cont'd)

Company	Note	Attributable to owners of the Company Non-distributable Share capital RM	 Share premium RM	 Other reserve RM	 Distributable Retained profits RM	Total equity RM
At 1 April 2014		40,522,075	61,337,683	13,145,497	(22,307,501)	92,697,754
Total comprehensive profit for the financial year		-	-	-	655,904	655,904
Contributions by owners of the Company						
- Share-based payment transactions	22	-	-	3,951,142	-	3,951,142
- Share options exercised	22	1,368,435	11,540,012	(3,329,401)	-	9,579,046
Total transactions with owners of the Company		1,368,435	11,540,012	621,741	-	13,530,188)
At 31 March 2015		41,890,510	72,877,695	13,767,238	(21,651,597)	106,883,846
Total comprehensive income for the financial year		-	-	-	1,074,813	1,074,813
Contributions by owners of the Company						11,696,936
- Share-based payment transactions	22	-	-	2,554,190	-	2,554,190
- Share options exercised	22	1,306,107	11,014,396	(3,177,757)	-	9,142,746
Total transactions with owners of the Company		1,306,107	11,014,396	(623,567)	-	11,696,936
At 31 March 2016		43,196,617	83,892,091	13,143,671	(20,576,784)	119,655,595

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

Statements of Cash Flows
for the Financial Year Ended 31 March 2016

		Group		Company	
		2016	2015	2016	2015
Cash flows from operating activities	Note	RM	RM	RM	RM
(Loss)/Profit before taxation		(4,024,713)	(4,566,025)	1,074,813	655,904
Adjustments for:					
Allowance for impairment on trade receivable		525,281	949,949	-	-
Amortisation of broodstocks		660,871	793,729	-	-
Amortisation of government grant		(875,630)	(875,630)	-	-
Broodstocks written off		-	637,324	-	-
Depreciation of property, plant and equipment		7,959,599	8,110,097	976	975
Fair value adjustment on amount due from subsidiary company		-	-	(2,683,086)	(2,501,753)
Impairment loss on broodstock		-	434,099	-	-
Interest expenses		1,014,885	1,122,483	-	-
Interest income		(49,823)	(17,587)	-	-
Loss on disposal of broodstock		-	264,389	-	-
Property, plant and equipment written off		45,809	-	-	-
Services received as an expense		2,554,190	3,951,142	262,764	301,286
Unrealised foreign exchange gain		(47,700)	(2,195,376)	-	-
Unrealised foreign exchange loss		671,740	-	-	-
Operating profit/(loss) before working capital changes		8,434,509	8,608,594	(1,344,533)	(1,543,588)
Increase in amounts due from subsidiary companies		-	-	(7,717,841)	(8,506,209)
Increase in inventories		(8,025,837)	(23,886,357)		-
Decrease/(Increase) in receivables		(6,001,524)	6,315,117	(241,612)	325,369
(Decrease)/Increase in payables		2,408,113	(452,867)	178,716	144,725
Cash used in operations		(3,184,739)	(9,415,513)	(9,125,270)	(9,579,703)
Income tax paid		(81,345)	(81,344)	-	-
Income tax refunded		77,910	27,654	-	-
Interest paid		(1,014,885)	(1,122,483)	-	-
Interest received		49,823	17,587	-	-
Net cash used in operating activities		(4,153,236)	(10,574,099)	(9,125,270)	(9,579,703)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(951,652)	(1,861,589)	-	-
Addition of broodstocks		(1,855,629)	(206,819)	-	-
Proceeds from disposal of broodstocks		-	293,891	-	-
Net cash flows used in investing activities		(2,807,281)	(1,774,517)	-	-
		(6,960,517)	(12,348,616)	(9,125,270)	(9,579,703)

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

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from financing activities					
Fixed deposits pledged with a licensed bank		(500,000)	(85,000)	-	-
Proceeds from exercise of employees share options		9,142,746	9,579,046	9,142,746	9,579,046
Repayment of hire purchase payables		(49,457)	(126,362)	-	-
Repayment of term loan		(951,628)	(957,122)	-	-
Net cash flows generated from financing activities		7,641,661	8,410,562	9,142,746	9,579,046
Net increase/(decrease) in cash and cash equivalents		681,144	(3,938,054)	17,476	(657)
Effect of exchange rate fluctuations on cash held		(22)	4,875	-	-
Cash and cash equivalents at beginning of financial year		(7,100,744)	(3,167,565)	5,106	5,763
Cash and cash equivalents at end of financial year	27	(6,419,622)	(7,100,744)	22,582	5,106

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

Notes to the Financial Statements
at 31 March 2016

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 requirements of 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 Six (6) years. Consequently, adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall 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 2019. 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 2016 could be different if prepared under the MFRS Framework. The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS framework in the financial year ended 31 March 2019.

While a quantification of the financial effects have not yet been completed, the change to MFRS will have a significant impact on its treatment of its biological assets and in turn will significantly impact the Group's financial position and performance. Currently, fishery livestock are recorded at the lower of cost and net realisable values, and in most instances, net realisable values exceeds cost. On transition to MFRS, these fishery livestock will need to be carried at fair value in accordance with MFRS 141, Agriculture, which while expected to increase the net assets of the Group, would also subject the Group to significant volatility in their financial performance as fair values will fluctuate substantially based on the level of growth against fatalities.

Currently, cost includes the cost of eggs, direct labour, feeds and applicable overheads, which are not reduced to account for fatalities as the losses of failed units are considered a cost of those that are successful and that costs of the failed units are carried as assets although they are not represented by any or sufficient stocks, in accordance with Financial Reporting Standard 204, Accounting for Aquaculture. This practice which results in reduced volatility of the Statement of Comprehensive Income will no longer be allowed on transition to MFRS.

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

1.1 Adoption of new and revised MFRSs

On 1 April 2015, the Group and the Company adopted Defined Benefit Plans: Employee Contributions (Amendments to FRS 119) which is mandatory for annual financial periods beginning on or after 1 January 2015.

The main effect of the adoption of the above are summarised below:

<u>Defined Benefit Plans: Employee Contributions (Amendments to FRS 119)</u>

The amendments to FRS 119 provide a practical expedient in accounting for contributions from employees or third parties to the defined benefit plans. The adoption of the amendments to FRS 119 did not have any financial impact on the Group and the Company does not operate a defined benefit plan.

1. Basis of preparation (cont'd)

1.2 Standards issued but not yet effective

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

Effective for annual periods commencing on or after 1 January 2016

- Amendments to FRSs contained in the document entitled "Annual Improvements to FRSs 2012 – 2014 Cycle"
- Investment Entities: Applying the Consolidation Exemption (Amendments to FRS 10, FRS 12 and FRS 128)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to FRS 11)
- Regulatory Deferral Accounts (FRS 14)
- Disclosure Initiative (Amendments to FRS 101)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to FRS 116 and FRS 138)
- Equity Method in Separate Financial Statements (Amendments to FRS 127)

Effective for annual periods commencing on or after 1 January 2018

- FRS 9 Financial Instrument (IFRS 9 as issued by IASB in July 2014)
- Revenue from Contracts with Customers

Deferred

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

A brief description on the Amendments to FRSs and new FRSs above that have been issued is set out below:

<u>Annual Improvements to FRSs 2012 – 2014 Cycle</u>

(i) FRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment introduces specific guidance in FRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal and that changing the disposal method does not change the date of classification.

(ii) FRS 7 Financial Instruments: Disclosures

FRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and an entity must assess the nature of the fee and arrangement in order to assess whether the disclosures are required. The amendments also clarify the applicability of the amendments to FRS 7 on offsetting disclosures to condensed interim financial statements.

(iii) FRS 119 Employee Benefits

The amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. When there is no deep market for high quality corporate bonds, government bonds denominated in similar currency must be used.

1. Basis of preparation (cont'd)

1.2 Standards issued but not yet effective (cont'd)

Annual Improvements to FRSs 2012 – 2014 Cycle (cont'd)

(iv) FRS 134 Interim Financial Reporting

The amendment clarifies the meaning of 'elsewhere in the interim financial report' as used in FRS 134 and states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and some other statement that is available to users of the financial statements on the same terms and at the same time.

The adoption of the Annual Improvements to FRSs 2012 – 2014 Cycle is not expected to have any material impact on the financial statements of the Company.

Investment Entities: Applying the Consolidation Exemption

This change is aimed at clarifying the following aspects for investment entities:

(i) Exemption from preparing consolidated financial statements. The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

(ii) A subsidiary providing services that relate to the parent's investment activities. A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

(iii) Application of the equity method by a non-investment entity investor to an investment entity investee. When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

(iv) Disclosures required. An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by FRS 12.

The adoption of this will not have any impact on the financial statements of the Group and the Company as they are not relevant to the business of the Group and the Company.

Accounting for Acquisitions of Interests in Joint Operations

Accounting for *Acquisitions of Interests in Joint Operations (Amendments to FRS 11)* amends FRS 11 such that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in FRS 3, is required to apply all of the principles on business combinations accounting in FRS 3 and other FRSs with the exception of those principles that conflict with the guidance in FRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognise deferred taxes;
- recognising any goodwill or bargain purchase gain;
- perform impairment tests for the cash generating units to which goodwill has been allocated;
- disclose information required relevant for business combinations.

1. Basis of preparation (cont'd)

1.2 Standards issued but not yet effective (cont'd)

Accounting for Acquisitions of Interests in Joint Operations (cont'd)

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The adoption of this is not expected to have any impact on the financial statements of the Group and the Company as the Group and the Company does not currently have any interest in joint operations.

Regulatory Deferral Accounts

The objective of FRS 14 is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation. FRS 14 is designed as a limited scope Standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted FRS.

The adoption of this will not have any impact on the financial statements of the Group and the Company as they are not relevant to the business of the Group and the Company.

Disclosure Initiative

Disclosure Initiative (Amendments to FRS 101) makes the following changes:

(i) Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

(ii) Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of Other Comprehensive Income (OCI) of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

(iii) Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

Apart for possible changes to the disclosures, the adoption of this is not expected to have any material impact on the financial statements of the Group and the Company.

Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to FRS 116 and FRS 138 clarify that the preparers should not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets.

The adoption of this will not have any impact on the financial statements of the Group and the Company as the Company do not use revenue-based methods to calculate depreciation and amortisation of its property, plant and equipment or intangible assets.

1. Basis of preparation (cont'd)

1.2 Standards issued but not yet effective (cont'd)

Equity Method in Separate Financial Statements

The amendments allow an entity to use the equity method in its separate financial statements to account for investments in subsidiary companies, joint ventures and associated companies, in addition to the existing cost method.

This adoption will not have any impact on the financial statements of the Group and the Company as the Group and the Company does not currently have any such investments.

Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The standard introduces new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

(i) Classification and measurement

FRS 9 has two measurement categories – amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For financial liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch.

(ii) Impairment

The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income, lease receivables and certain loan commitments as well as financial guarantee contracts. At initial recognition, allowance for impairment is required for expected credit losses ("ECL") resulting from default events that are possible within the next 12 months ("12 month ECL"). In the event of a significant increase in credit risk, allowance for impairment is required for ECL resulting from all possible default events over the expected life of the financial instrument.

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the probability of default occurring over the remaining life of the financial instrument. The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

(iii) Hedge accounting

FRS 9 establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in FRS 139. The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link between hedge accounting and risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. The standard does not explicitly address macro hedge accounting, which is being considered in a separate project.

1. Basis of preparation (cont'd)

1.2 Standards issued but not yet effective (cont'd)

Financial Instruments (cont'd)

FRS 9 introduces significant changes in the way the Group and the Company accounts for financial instruments. Due to the complexity of the standard and its requirements, the financial effects of its adoption are still being assessed by the Group and the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the inconsistency between the requirements of FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associate and Joint Venture and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. Full gain or loss is recognised when a transaction involves a business whether it is housed in a subsidiary company or not, as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary company.

This adoption will not have any impact on the financial statement of the Group and the Company as the Group and the Company does not currently have any such investments.

1.3 Significant changes in regulatory requirements

In the Malaysian Budget 2014, the Government announced the introduction of the Goods and Services Tax ("GST") which would replace the existing Sales and Services Tax regime with effect from 1 April 2015. Based on the Goods and Services Tax Act 2014, persons having businesses with annual sales turnover exceeding RM500,000 are required to be registered with the Royal Malaysian Customs Department on or before 31 December 2014.

The revenue of the Company has exceeded the prescribed threshold and therefore the Company has been registered with the Royal Malaysian Customs Department. The Group and the Company has enhanced its IT systems, operating procedures and policies to ensure compliance with this new legislation.

2. Significant accounting judgments and estimates

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

2.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements:

Discount rates used

In assessing fair value of non-current balances due from subsidiary company, value in use of non-current biological assets and net realisable value of current biological assets, the Group uses a discount rate to present value of future cash flows. Significant judgement is required in determining the appropriate rate to be used, which for biological assets is based on the weighted average cost of capital while for the balances due from subsidiary company, is based on the weighted average effective interest rate of the Group's borrowings. This weighted average cost of capital is observed from Bloomberg and is at 4.18% at 31 March 2016 (4.65% at 31 March 2015).

2. Significant accounting judgments and estimates (cont'd)

2.2 Key sources of estimation uncertainty

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

(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 taxes

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.

2. Significant accounting judgments and estimates (cont'd)

2.2 Key sources of estimation uncertainty (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 3.14(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgment 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 judgments 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) 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 net realisable value of livestocks and ultimately on future net income.

(ix) Impairment of financial assets

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 judgment 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.

(x) 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.

3. Significant accounting policies

3.1 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.

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.

Potential voting rights are considered when assessing control only when such rights are substantive. 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.

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.

(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.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(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.

3.2 Foreign currencies

(i) Functional and presentation 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.

(ii) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

For consolidation purpose, the asset and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting date and their profit or loss are translated at the exchange rate prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

	2016 RM	2015 RM
1 Renminbi	0.6064	0.5973
1 Hong Kong Dollar	0.5058	0.4781
1 United States Dollar	3.9220	3.7075

3. Significant accounting policies (cont'd)

3.3 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.

3.4 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.

3.5 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.

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.

3. Significant accounting policies (cont'd)

3.6 Income taxes

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.

3.7 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.

3.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

3. Significant accounting policies (cont'd)

3.8 Property, plant and equipment (cont'd)

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

Assets under construction are not depreciated as these assets are not yet available for use.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the assets is included in the profit or loss in the year the asset is derecognised.

3.9 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.

3.10 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.

3. Significant accounting policies (cont'd)

3.11 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.

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.

3. Significant accounting policies (cont'd)

3.11 Financial assets (cont'd)

(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.

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 assets is derecognised when the contractual right to receive cash flows from the assets 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.

3.12 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 stocks

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

The cost of consumable stocks 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.

3. Significant accounting policies (cont'd)

3.13 Cash and cash equivalents

Cash and cash equivalent 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. These also includes bank overdrafts that form an integral part of the Group's cash management.

3.14 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.

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.

3. Significant accounting policies (cont'd)

3.14 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.

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. Impairment loss on goodwill is not reversed in a subsequent period.

3.15 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.

3.16 Borrowing costs

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

All other 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.

3.17 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.

3. Significant accounting policies (cont'd)

3.17 Leases (cont'd)

(i) Classification (cont'd)

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 3.8.

3.18 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.

3.19 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.

3. Significant accounting policies (cont'd)

3.19 Financial liabilities (cont'd)

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.

(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.

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

3. Significant accounting policies (cont'd)

3.21 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 pre-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.

3.22 Contingencies

A contingent liability or asset is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more 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.

3.23 Segment reporting

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.

3.24 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 is 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.

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.

3. Significant accounting policies (cont'd)

3.24 Fair value measurement (cont'd)

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.

4. Revenue

	Group		Company	
	2016	2015	2016	2015
Sale of:	RM	RM	RM	RM
- Adult fish	14,818,244	16,992,030	-	-
- Fish fry and eggs	2,277,825	3,000	-	-
- Sales of frozen products	1,202,787	216,729	-	-
	18,298,856	17,211,759	-	-

5. Interest income

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed deposit interest income	49,823	17,587	-	-

6. Other operating income

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amortisation of government grant	875,630	875,630	-	-
Foreign exchange gain				
- Realised	746,730	153,020	-	-
- Unrealised	47,700	2,195,376	-	-
Hiring income	-	76,000	-	-
Miscellaneous income	8,756	9,517	3	-
Rental income	22,400	-	-	-
Packaging income	-	4,338	-	-
	1,701,216	3,313,881	3	-

7. Finance costs

Interest expenses:	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
- Bank overdrafts	605,281	721,639	-	-
- Hire purchase	8,947	12,965	-	-
- Revolving credit	125,165	117,881	-	-
- Term loan	275,492	269,998	-	-
	1,014,885	1,122,483	-	-

8. (Loss)/Profit before taxation

(Loss)/Profit before taxation is arrived at after charging:	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Allowance for impairment on trade receivable (Note 19)	525,281	949,949	-	-
Amortisation of broodstocks	660,871	793,729	-	-
Auditors' remuneration				
- Statutory audit				
- Current year	118,476	112,076	50,000	47,000
- Other services	-	30,000	-	30,000
Bad debts written off	-	-	-	-
Broodstocks written off	-	637,324	-	-
Depreciation of property, plant and equipment (Note 13)	7,959,599	8,110,097	976	975
Employee benefits expense (Note 9)	7,332,980	7,893,635	68,420	68,420
Foreign exchange loss				
- Realised	-	-	-	-
- Unrealised	671,740	-	-	-
Impairment loss on broodstock	-	434,099	-	-
Loss on disposal of broodstock	-	264,389	-	-
Non-executive Directors' remuneration (Note 10)	536,764	542,286	536,764	542,286
Property, plant and equipment written off	45,809	-	-	-
Rental expenses				
- Fish stall	25,595	21,211	-	-
- Land	3,500	4,900	-	-
- Quarter	170,209	116,096	-	-

9. Employee benefits expense

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries and wages	4,228,855	3,857,487	60,000	60,000
Contributions to defined contribution plan	216,761	210,284	7,800	7,800
Social security contributions	19,161	16,198	620	620
Commissions paid	576,777	159,810	-	-
Services received as an expense	2,291,426	3,649,856	-	-
	7,332,980	7,893,635	68,420	68,420

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM1,442,030 (2015: RM1,857,404) and RM68,420 (2015: RM68,420) 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 and 3 May 2015, 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 an employees on 17 August 2013	1,500,000	Vested on the grant date	4 years
Options granted to employees on 3 May 2015	1,307,150	Vested on the grant date	2 years

9. 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 2016 RM	Number of options 2016	Weighted average exercise price 2015 RM	Number of options 2015
Outstanding at 1 April	0.70	69,987,750	0.71	83,852,100
Granted during the financial year	0.80	1,307,150	-	-
Exercised during the financial year	0.70	(13,061,065)	0.70	(13,684,350)
Forfeited	0.70	(200,000)	0.70	(180,000)
Outstanding at 31 March	0.73	58,033,835	0.70	69,987,750
Exercisable at 31 March	0.73	21,368,675	0.70	20,815,000

The options outstanding at 31 March 2016 have an exercise price in the range of RM0.70 to RM1.22 (2015: RM0.70 to RM1.22) and a weighted average contractual life of 4 years (2015: 5 years).

During the financial year, 13,061,065 (2015: 13,684,350) share options were exercised with weighted average exercise price of RM0.70 (2015: 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:

Grant date	3 May 2015	17 August 2013
Fair value of share options and assumptions		
Fair value at grant date	RM0.14	RM0.39
Share price at grant date	RM0.89	RM1.35
Exercise price of options	RM0.80	RM1.22
Expected volatility	6.36%	23.80%
Options life	2 years	3 years
Risk-free interest rate (based on Malaysian government bonds)	3.76%	3.22%

Value of employee services received for issue of share options	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Share options granted in 2013	2,236,304	3,825,117	262,764	301,286
Share options granted in 2014	178,216	126,025	-	-
Share options granted in 2016	139,670	-	-	-
Total expense recognised as share-based payments	2,554,190	3,951,142	262,764	301,286

An amount of RM2,554,190 (2015: RM3,951,142) has been re-charged to the subsidiaries benefiting from the services of the employees.

10. 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	
	2016	**2015**	**2016**	**2015**
Executive Directors' remuneration (Note 9):	**RM**	**RM**	**RM**	**RM**
- Salaries	552,000	552,000	60,000	60,000
- Other emoluments	57,563	57,002	8,420	8,420
- Breeding commissions	138,861	39,924	-	-
- Services received as an expense	693,606	1,208,478	-	-
	1,442,030	1,857,404	68,420	68,420
Non-executive Directors' remuneration (Note 8):				
- Fees	265,000	234,000	265,000	234,000
- Other emoluments	9,000	7,000	9,000	7,000
- Services received as an expense	262,764	301,286	262,764	301,286
	536,764	542,286	536,764	542,286
Total Directors' remuneration	1,978,794	2,399,690	605,184	610,706

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2016	**2015**
Executive directors:		
Below RM50,000	-	-
RM50,001 – RM200,000	1	1
RM200,001 – RM350,000	2	-
RM350,001 – RM500,000	-	-
RM500,001 and above	1	3
Non-executive directors:		
Below RM50,000	2	-
RM50,001 – RM200,000	1	1
RM200,001 – RM350,000	2	2
RM350,001 – RM500,000	-	-
RM500,001 and above	-	-

11. Income tax expense

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current taxation	17,331	5,481	-	-
Deferred tax liabilities (Note 25)	(697,880)	(2,290,046)	-	-
	(680,549)	(2,284,565)	-	-
(Over)/Under provision in prior year				
- Current taxation	(2,046)	46,735	-	-
	(682,595)	(2,237,830)	-	-

A reconciliation of income tax expense applicable to (loss)/profit 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 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
(Loss)/Profit before taxation	(4,024,713)	(4,566,025)	1,074,813	655,904
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(965,932)	(1,141,507)	257,955	163,976
Effect of tax rate in foreign jurisdiction at 16.5% (2015: 16.5%)	26,670	66,246	-	-
Non-tax deductible expenses	2,067,137	2,771,651	385,986	461,462
Non-taxable income	(895,000)	(1,664,715)	(643,941)	(625,438)
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	(51,652)	(393,066)	-	-
Effect of tax exemption on profits	(830,802)	(1,910,732)	-	-
Tax benefits arising from previously unrecognised temporary differences	(30,970)	(12,442)	-	-
	(680,549)	(2,284,565)	-	-
(Over)/Under provision in prior year				
- Current taxation	(2,046)	46,735	-	-
	(682,595)	(2,237,830)	-	-

Plentiful Earnings Sdn. Bhd., one of the subsidiary companies, 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.

12. 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	
	2016	**2015**
	RM	**RM**
Loss net of tax attributable to owners of the Company	(3,342,140)	(2,328,195)
Weighted average number of ordinary shares in issue	426,788,773	410,526,440

	2016	**2015**
	Sen	**Sen**
Basic loss per share	(0.78)	(0.57)

(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	
	2016	**2015**
	RM	**RM**
Loss net of tax attributable to owners of the Company	(3,342,140)	(2,328,195)
Weighted average number of ordinary shares in issue (basic)	426,788,773	410,526,440
Effect of share options on issue	34,121,229	-
Weighted average number of ordinary shares in issue (diluted)	460,910,002	410,526,440

	2016	**2015**
	Sen	**Sen**
Diluted loss per share	(0.73)	(0.57)

The share options could potentially dilute basic loss per share in the future, but were not included in the calculation of diluted loss per share because they are antidilutive for the year ended 31 March 2016 and 31 March 2015.

13. Property, plant and equipment

Group 2016 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 2015	2,979,292	35,247,247	18,381,054	10,253,798	343,000	13,356,441	829,907	8,624,379	3,342,294	93,357,412
Addition	-	-	-	-	-	-	-	933,692	17,960	951,652
Reclassification	-	192,063	-	-	-	-	-	-	(192,063)	-
Written off	-	(338,015)	-	-	-	-	-	-	-	(338,015)
At 31 March 2016	2,979,292	35,101,295	18,381,054	10,253,798	343,000	13,356,441	829,907	9,558,071	3,168,191	93,971,049
Accumulated depreciation										
At 1 April 2015	478,292	12,590,383	11,007,160	7,176,270	342,997	3,394,549	494,714	4,863,903	-	40,348,268
Charge for the financial year (Note 8)	63,489	3,523,080	1,699,689	891,417	-	890,429	100,757	790,738	-	7,959,599
Written off	-	(292,206)	-	-	-	-	-	-	-	(292,206)
At 31 March 2016	541,781	15,821,257	12,706,849	8,067,687	342,997	4,284,978	595,471	5,654,641	-	48,015,661
Net book value										
At 31 March 2016	2,437,511	19,280,038	5,674,205	2,186,111	3	9,071,463	234,436	3,903,430	3,168,191	45,955,388

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

Group 2015 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 2014	2,679,292	34,961,284	18,179,985	10,253,798	343,000	13,356,441	763,307	7,548,402	3,410,314	91,495,823
Addition	300,000	-	201,069	-	-	-	66,600	1,075,977	217,943	1,861,589
Reclassification	-	285,963	-	-	-	-	-	-	(285,963)	-
At 31 March 2015	2,979,292	35,247,247	18,381,054	10,253,798	343,000	13,356,441	829,907	8,624,379	3,342,294	93,357,412
Accumulated depreciation										
At 1 April 2014	414,803	9,085,273	9,227,878	6,202,070	331,998	2,504,120	402,837	4,069,192	-	32,238,171
Charge for the financial year (Note 8)	63,489	3,505,110	1,779,282	974,200	10,999	890,429	91,877	794,711	-	8,110,097
At 31 March 2015	478,292	12,590,383	11,007,160	7,176,270	342,997	3,394,549	494,714	4,863,903	-	40,348,268
Net book value										
At 31 March 2015	2,501,000	22,656,864	7,373,894	3,077,528	3	9,961,892	335,193	3,760,476	3,342,294	53,009,144

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

Company	**Furniture, fittings and equipment**	
	2016	**2015**
Cost	**RM**	**RM**
At 31 March 2016/31 March 2015	9,760	9,760
Accumulated depreciation		
At 1 April	6,838	5,863
Charge for the financial year (Note 8)	976	975
At 31 March	7,814	6,838
Net book value		
31 March	1,946	2,922

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

Group		**Accumulated**	**Net book**
	At cost	**depreciation**	**value**
2016	**RM**	**RM**	**RM**
Motor vehicles	376,184	(228,709)	143,475
2015			
Motor vehicles	376,184	(150,473)	225,711

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	
	2016	**2015**
	RM	**RM**
Long term leasehold land	285,469	288,034
Buildings	19,256,788	22,630,614
Floating platforms, net and cages	5,538,371	6,975,904
Hatchery ponds	2,186,111	3,077,528
Heavy equipment	3	3
Motor vehicles	234,436	335,193
Fish pond equipment, furniture, fittings and equipment	2,385,221	2,969,891
Construction work-in-progress	3,168,191	3,342,294
	33,054,590	39,619,461

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

Motor vehicles of the Group at cost of RM267,534 (2015: RM267,534) and RM108,650 (2015: RM108,650) 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 submitted application to but yet to obtain permission from the relevant authorities to undertake fish rearing activities on the sea front of Pulau Palak in Sandakan, Pulau Silam and Pulau Saga in Lahad Datu.

14. Goodwill

Group

	Goodwill RM
2016	
Cost	
At 1 April 2015/31 March 2016	32,176
2015	
Cost	
At 1 April 2014/31 March 2015	32,176

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Plentiful Earnings Sdn. Bhd. into the Group's fish rearing business.

15. Investments in subsidiary companies

	Company 2016 RM	2015 RM
Unquoted shares, at cost	65,251,277	62,959,851
Less: Impairment loss	(2,334,730)	(2,334,730)
	62,916,547	60,625,121

15. Investments in subsidiary companies

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest 2016 %	2015 %	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	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

16. Biological assets

Group 2016	Broodstocks RM	Fishery livestocks and fish fry RM	Total RM
At 1 April 2015	2,963,469	76,147,139	79,110,608
Addition	1,866,393	18,383,859	20,250,252
Amortisation charge for the financial year	(660,871)	-	(660,871)
Sold	-	(10,649,954)	(10,649,954)
At 31 March 2016	4,168,991	83,881,044	88,050,035
Non-current	4,168,991	-	4,168,991
Current	-	83,881,044	83,881,044
	4,168,991	83,881,044	88,050,035
At cost	4,168,991	-	4,168,991
At net realisable value	-	83,881,044	83,881,044
	4,168,991	83,881,044	88,050,035

16. Biological assets (cont'd)

Group 2015	Broodstocks RM	Fishery livestocks and fish fry RM	Total RM
At 1 April 2014	5,166,017	52,438,709	57,604,726
Addition	220,884	33,834,256	34,055,140
Amortisation charge for the financial year	(793,729)	-	(793,729)
Sold	(558,280)	(10,125,826)	(10,684,106)
Written off	(637,324)	-	(637,324)
Impairment	(434,099)	-	(434,099)
At 31 March 2015	2,963,469	76,147,139	79,110,608
Non-current	2,963,469	-	2,963,469
Current	-	76,147,139	76,147,139
	2,963,469	76,147,139	79,110,608
At cost	2,963,469	75,882,182	78,845,651
At net realisable value	-	264,957	264,957
	2,963,469	76,147,139	79,110,608

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

(a) exposure to fluctuations in the price and sales volume of broodstocks, fishery livestocks and fish fry; and

(b) exposure to damage and fatalities from climate changes, disease and other natural forces.

17. Amounts due from subsidiary companies

	Company	
	2016 RM	2015 RM
Non-current		
Amount due from subsidiary company	48,973,539	48,973,539
Less: Fair value adjustment	(9,273,530)	(11,956,616)
Amount due from subsidiary company, net	39,700,009	37,016,923
Current		
Amounts due from subsidiary companies	17,122,465	9,404,624
Total amounts due from subsidiary companies	56,822,474	46,421,547

The amount due from subsidiary company of RM48,973,539 (2015: RM48,973,539) is unsecured, interest free and repayable in full in 2019.

The amounts due from subsidiary companies of RM17,122,465 (2015: RM9,404,624) are unsecured, interest free and repayable on demand.

18. Inventories

Cost	Group 2016 RM	Group 2015 RM
Frozen products	372,493	88,788
Fuel and oil	97,349	133,578
Feeds	361,252	322,311
Chemicals	21,491	26,740
	852,585	571,417

The amount of inventories recognised as an expense in cost of sales of the Group was RM4,671,114 (2015: RM5,026,812).

19. Trade and non-trade receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Related parties	404,934	76,535	-	-
Third parties	31,965,640	28,807,944	-	-
	32,370,574	28,884,479	-	-
Less: Allowance for impairment	(1,528,372)	(1,003,091)	-	-
Trade receivables, net	30,842,202	27,881,388	-	-
Non-trade receivables				
Deposits	1,826,520	73,695	500	500
Prepayments	545,899	273,982	282,080	48,450
Other receivables	331,844	512,897	18,880	10,898
	2,704,263	860,574	301,460	59,848
Less: Allowance for impairment	(124,033)	(124,033)	-	-
Non-trade receivables, net	2,580,230	736,541	301,460	59,848
Total trade and non-trade receivables	33,422,432	28,617,929	301,460	59,848

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 30 to 270 days (2015: 30 to 270 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 4 (2015: 4) overseas customers representing 94% (2015: 97%) of total trade receivables.

19. Trade and non-trade receivables

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

2016	Gross amount RM	Individual impairment RM	Carrying value RM
Not past due	10,245,440	-	10,245,440
Past due:			
- less than 30 days	4,493,186	-	4,493,186
- between 31 to 60 days	88,029	-	88,029
- between 61 to 90 days	683,965	-	683,965
- more than 90 days	16,859,954	(1,528,372)	15,331,582
	22,125,134	(1,528,372)	20,596,762
	32,370,574	(1,528,372)	30,842,202
2015			
Not past due	17,322,546	-	17,322,546
Past due:			
- less than 30 days	1,119,105	-	1,119,105
- between 31 to 60 days	1,112,138	-	1,112,138
- between 61 to 90 days	-	-	-
- more than 90 days	9,330,690	(1,003,091)	8,327,599
	11,561,933	(1,003,091)	10,558,842
	28,884,479	(1,003,091)	27,881,388

	Group	
	2016	2015
Movement in allowance account for trade receivables:	RM	RM
At 1 April	1,003,091	53,142
Charge for the financial year (Note 8)	525,281	949,949
At 31 March	1,528,372	1,003,091

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.

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

The Group has trade receivables amounting to RM20,596,761 (2015: RM10,558,842) 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 allowance is required in respect of these debts.

	Group	
	2016	2015
Movement in allowance account for trade receivables:	RM	RM
At 31 March 2016/ 31 March 2015	124,033	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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash in hand	51,185	38,616	-	-
Cash at banks	141,421	284,055	22,582	5,106
Deposit with a licensed bank	585,000	85,000	-	-
	777,606	407,671	22,582	5,106

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 3.65% (2015: 2.25%) per annum.

Fixed deposits with licensed banks amounting to RM500,000 is held under lien as security for term loan facility granted to the Group has a maturity of 365 days.

Deposit with a licensed bank amounting to RM85,000 is held under lien for bank guarantee facilities in favour of Sabah Electricity Sdn. Bhd. and the Malaysian Custom Department.

21. Share capital and share premium

	Group/Company	
	2016	2015
Authorised:	RM	RM
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000

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

Issued and fully paid: 418,905,100 ordinary shares of RM0.10 each	Group/Company Share capital RM	Share premium RM	Total share capital and share premium RM
At 1 April 2014	40,522,075	61,337,683	101,859,758
Issued under Employees Share Option Scheme ("ESOS")	1,368,435	11,540,012	12,908,447
At 31 March 2015	41,890,510	72,877,695	114,768,205
Issued under Employees Share Option Scheme ("ESOS")	1,306,107	11,014,396	12,320,503
At 31 March 2016	43,196,617	83,892,091	127,088,708

The Company issued 13,061,065 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 RM11,014,396 from the issuance of ordinary shares under the ESOS 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	Employees' share options scheme ("ESOS") RM	Total RM
At 1 April 2015	(95,531)	13,767,238	13,671,707
Share-based payment transactions	-	2,554,190	2,554,190
Share options exercised	-	(3,177,757)	(3,177,757)
Exchange differences on translation of foreign operation	(22)	-	(22)
At 31 March 2016	(95,553)	13,143,671	13,048,118
At 1 April 2014	(95,101)	13,145,497	13,050,396
Share-based payment transactions	-	3,951,142	3,951,142
Share options exercised	-	(3,329,401)	(3,329,401)
Exchange differences on translation of foreign operation	(430)	-	(430)
At 31 March 2015	(95,531)	13,767,238	13,671,707

22. Other reserve (cont'd)

Company	Share options reserve 2016 RM	2015 RM
At 1 April	13,767,238	13,145,497
Share-based payment transactions	2,554,190	3,951,142
Share options exercised	(3,177,757)	(3,329,401)
At 31 March	13,143,671	13,767,238

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.

Employees' share option ("ESOS") 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 9 to the financial statements.

23. Loans and borrowings

	Group 2016 RM	2015 RM
Current		
Secured:		
Bank overdrafts	6,612,228	7,423,415
Hire purchase payables	51,889	49,457
Revolving credit	2,000,000	2,000,000
Term loan	1,186,794	1,031,848
	9,850,911	10,504,720
Non-current		
Secured:		
Hire purchase payables	118,738	170,627
Term loan	1,283,114	2,389,688
	1,401,852	2,560,315
Total loans and borrowings		
Secured:		
Bank overdrafts	6,612,228	7,423,415
Hire purchase payables	170,627	220,084
Revolving credit	2,000,000	2,000,000
Term loan	2,469,908	3,421,536
	11,252,763	13,065,035

23. Loans and borrowings (cont'd)

	Group	
	2016	2015
Maturity structure of loans and borrowings	RM	RM
Within one year	9,850,911	10,504,720
Between one to two years	1,234,136	1,158,463
Between two to five years	151,351	1,368,252
More than five years	16,365	33,600
	11,252,763	13,065,035

The interest rate structures are as follows:

	Nominal interest rate		Effective interest rate	
	2016	2015	2016	2015
	RM	RM	RM	RM
Bank overdrafts	BLR+1.50%	BLR+1.50%	8.35%	8.35%
Hire purchase payables	2.40%	2.40%	4.56%	4.56%
Revolving credit	COF+2.50%	COF+2.50%	6.14%	6.14%
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 by the Company;

(iv) 80% guarantee on RM500,000 by the Government of Malaysia; and

(v) joint and several guarantees by Directors of a Subsidiary Company, Plentiful Harvest Sdn. Bhd.

Hire purchase payables

(i) plant and equipment acquired under hire purchase arrangements as disclosed in Note 13 to the financial statements.

Revolving credit and 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 by the Company; and

(iv) joint and several guarantees by Directors of a Subsidiary Company, Plentiful Harvest Sdn. Bhd.

24. Deferred income

	Group 2016 RM	Group 2015 RM
Government grant	8,756,300	8,756,300
Less: Accumulated amortisation	(2,991,736)	(2,116,106)
	5,764,564	6,640,194

On 5 September 2012, one of the subsidiary companies, 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 amortised over the useful life of the buildings. During the financial year, RM875,630 (2015: RM875,630) has been amortised and recognised as other operating income in the Statement of Comprehensive Income.

The construction of this hatchery and nursery centres at Pulau Silam, Lahad Datu was scheduled to be completed by 30 December 2014, for which the subsidiary company was not able to meet due to the force majeure events relating to the recent kidnapping incidences in Sabah. The subsidiary company's request for extension in time to complete the project was rejected by the Government, for which the company is appealing.

In the event that this appeal is unsuccessful, the subsidiary company would not be able to obtain the balance of the government grant yet to be received of RM16,089,700. While pursuant to the agreement, the Government may request that the subsidiary company to refund the amounts already received of RM8,756,300 in the event of default, it is Management's opinion that there is no event of default as the delays are due to force majeure events, which is further reinforced by the fact that as at the date of signing of these financial statements, there have been no such refund request made by the Government.

25. Deferred tax liabilities

	Group 2016 RM	Group 2015 RM
At 1 April	3,709,340	5,999,386
Transfer to Statement of Comprehensive Income	(697,880)	(2,290,046)
At 31 March	3,011,460	3,709,340

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:

	Group	
	2016 RM	2015 RM
Deferred tax assets		
Unabsorbed capital allowances	(15,120,838)	(14,056,734)
Unutilised business losses	(268,218)	(191,455)
	(15,389,056)	(14,248,189)
Deferred tax liabilities		
Plant and equipment	27,790,102	28,840,691
Broodstocks	146,703	244,860
	12,547,749	14,837,362
Tax rate	24%	25%
Deferred tax liability recognised	3,011,460	3,709,340

Subject to no substantial changes in the shareholdings structure of the Company, the unutilised tax losses and unabsorbed capital allowances are available for offsetting against future taxable profits.

26. Trade and non-trade payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	3,217,486	1,751,021	-	-
Non-trade payables				
Accruals	716,572	501,658	83,202	91,034
Other payables	792,088	255,366	293,543	134,043
Amounts due to Directors	173,356	31,044	32,669	5,621
	1,682,016	788,068	409,414	230,698
Total trade and non-trade payables	4,899,502	2,539,089	409,414	230,698

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 is an amount of RMNil (2015: RM18) due to a person connected with certain Directors of 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. Cash and cash equivalents

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash in hand	51,185	38,616	-	-
Cash at banks	141,421	284,055	22,582	5,106
Bank overdrafts	(6,612,228)	(7,423,415)	-	-
	(6,419,622)	(7,100,744)	22,582	5,106

28. Interest in joint operation

Oyster operations

The Group has a 50% (2015: 50%) ownership interest in a joint operation entered into by one of the subsidiary companies, namely, Plentiful Harvest Sdn. Bhd. with City Harvest Aquaculture Sdn. Bhd. for oyster aquaculture operations. The principal place of business of the joint operation is in Malaysia.

Pursuant to the agreement, the subsidiary company provides the land and certain equipments to be used for the oyster operations in return for a 50% share of the profit to be generated, but is not liable for any share of losses. On 29 January 2016, the subsidiary company provided notice of termination to terminate the joint venture agreement due to dissatisfaction over City Harvest Aquaculture Sdn. Bhd.'s operation of the joint venture. A six (6) months' notice in writing has been be served to the other party. The termination of this joint venture do not result in any loss to the subsidiary company as no revenue or profits had been previously recognised.

Mining operations

The Company had on 21 June 2013 entered into a Co-Operative Agreement with Southsea Gold Sdn. Bhd. ("SGSB") for the prospecting, exploration and extraction of various minerals (namely, zinc, lead, copper, gold, silver and other base metals) and commercialisation of such minerals in an area measuring approximately 200 acres at the locality of Bukit Mantri in the District of Tawau, Sabah, Malaysia ("Mining Site").

The Mining Site forms part of an area covering approximately 200 square kilometers at the locality of Bukit Mantri in the District of Tawau, Sabah, Malaysia ("Prospecting Site") where SGSB holds a prospecting license dated 17 January 2013 received from the Sabah Lands and Surveys Department, Kota Kinabalu, Sabah ("Lands and Surveys Department"), granting approval under Section 8 of the Sabah Mining Ordinance 1960 to prospect and explore minerals for a period of four (4) years commencing from 1 January 2013.

The prospecting, exploration, extraction and commercialisation of minerals at the Mining Site represents green field prospecting activities and the Company shall fulfill certain obligations pursuant to the Co-Operative Agreement within a period of twelve (12) months from the date of the Co-Operative Agreement, which includes determining whether the Mining Site contains commercially justifiable mineral resources for commercial mining. On 8 July 2014 and 8 July 2015, SGSB had agreed with the Company to extend the Co-Operative Agreement for another twelve (12) months period up to 20 June 2015 and 20 June 2016 respectively to enable the Company to continue with the due process of determining whether the Mining Site contains commercially justifiable mineral resources for commercial mining. If commercialisation of the Mining Site is justifiable, the parties shall set up a Limited Liability Partnership Joint Venture, for which the Company shall be entitled to a share of interest of 70% of the net profit derived from the joint venture while SGSB shall be entitled to the remaining 30%. The pre-approved limit is RM2,000,000 while the total amount incurred to date amounted to RM1,490,681, of which there was no cost incurred during the current financial year but RM954,020 was incurred in the previous financial year. On 20 June 2016, the Co-Operative Agreement had lapsed and the Board resolved not to extend the duration of the Co-Operative Agreement further after taking into consideration that the Company had identified an alternative mining site comprising of 317.7 hectares of mining land held under Wullersdorf Resources Sdn Bhd ("WRSB").

28. Interest in joint operation (cont'd)

Mining operations (cont'd)

SGSB had on 23 December 2014 accepted the offer from Lands and Surveys Department for a lease of thirty-five (35) years commencing from 1 January 2014 to 31 December 2048 on a parcel of land held under Country Lease Title No. 105651438 in the locality of Bukit Mantri in the District of Tawau, Sabah, measuring approximately 1,000 hectares for mining purposes. This lease was subsequently duly issued and registered on 24 June 2015. On 1 October 2015, WRSB entered into a sub-lease agreement with SGSB on a portion of the main lease land measuring 317.7 hectares for a term of thirty-three (33) years in consideration of an annual rent of RM60,000 for which the Lands and Surveys Department had approved the creation of the sub-lease.

The Company has on 20 November 2015 announced that it had entered into a conditional Share Sale Agreement ("SSA") with the vendors of WRSB for the proposed acquisition of 100% equity in WRSB for a total purchase consideration of RM131 million ("Proposed Acquisition"). The conditional period of the SSA shall expire on 19 November 2016, and as at the date of this report, the Proposed Acquisition is still pending the approvals of Bursa Malaysia Securities Berhad and following which, the approval of the shareholders of the Company.

SGSB and WRSB are related parties by virtue of having common Directors with the Company and in which the Directors of the Company have financial interest.

29. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Group and the Company have related party relationships with its Directors, key management personnel, companies which have common Directors with the Company and in which a Director of the Company has financial interests, companies in which a person connected to a Director of the Company has financial interests, a person connected to a Director of the Company and entities within the same group of companies.

(b) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Transactions with related companies				
<u>Giant Grouper Retail Chain (Sabah) Sdn. Bhd.</u>				
Sales of frozen products	644,437	152,362	-	-
<u>Kertang Food Chain (Sabah) Sdn. Bhd.</u>				
Sales of frozen products	231,890	-	-	-
Transactions with Directors				
<u>Akinori Hotani</u>				
Breeding commission	138,861	39,924	-	-
<u>Datuk Lo Fui Ming</u>				
Land use right	-	300,000	-	-

29. Significant related party transactions (cont'd)

(c) Compensation of key management personnel (cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	817,000	786,000	325,000	294,000
Other emoluments	66,563	64,002	17,420	15,420
Breeding commissions	138,861	39,924	-	-
Services received as an expense	956,370	1,509,764	262,764	301,286
	1,978,794	2,399,690	605,184	610,706
Included in the key management personnel are:				
Directors' Remuneration	1,978,794	2,399,690	605,184	610,706

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Group and of the Company and members of senior management of the Group.

The terms and conditions and prices of the above transactions are mutually agreed between the parties. Related party balances are unsecured, interest free and repayable on demand. Other than amounts due from subsidiary companies, there are no related party balances as at 31 March 2016 and 31 March 2015.

30. 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 RM23,150,000 (2015: RM19,150,000) 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.

31. Capital commitments

	Group	
	2016	2015
Capital expenditure commitments:	RM	RM
Property, plant and equipment		
Authorised but not contracted for		
- Construction of pond and cages	-	42,853,518
- Construction of office building with training centre, fish fry packing and distribution centre and a jetty	-	33,258,614
- Construction of building	-	1,050,000
- Construction of fish net	-	335,824
- Construction of labour quarter	47,734	173,043
- Renovation on new outlet	8,250	-
	55,984	77,670,999

During the financial year, the Group has ceased its plan to expand its Silam 2 operations, and which therefore caused the significant reduction of capital expenditure commitment from RM77,670,999 as at 31 March 2015 to only RM55,984 as at 31 March 2016.

32. Fair value of financial instruments

Categories of financial instruments

Group	2016		2015	
	Carrying amount	Loans and receivables	Carrying amount	Loans and receivables
Financial assets	RM	RM	RM	RM
Trade and non-trade receivables	32,876,533	32,876,533	28,343,947	28,343,947
Cash and bank balances	777,606	777,606	407,671	407,671
	33,654,139	33,654,139	28,751,618	28,751,618

Company	2016		2015	
	Carrying amount	Loans and receivables	Carrying amount	Loans and receivables
Financial assets	RM	RM	RM	RM
Amounts due from subsidiary companies	56,822,474	56,822474	46,421,547	46,421,547
Non-trade receivables	19,380	19,380	59,848	59,848
Cash and bank balances	22,582	22,582	5,106	5,106
	56,864,436	56,864,436	46,486,501	46,486,501

Group	2016		2015	
	Carrying amount	Financial liabilities at amortised cost	Carrying amount	Financial liabilities at amortised cost
Financial liabilities	RM	RM	RM	RM
Trade and non-trade payables	4,899,502	4,899,502	2,539,089	2,539,089
Loans and borrowings	11,252,763	11,252,763	13,065,035	13,065,035
	16,152,265	16,152,265	15,604,124	15,604,124

Company	2016		2015	
	Carrying amount	Financial liabilities at amortised cost	Carrying amount	Financial liabilities at amortised cost
Financial liabilities	RM	RM	RM	RM
Trade and non-trade payables	409,414	409,414	230,698	230,698

A reconciliation of non-trade receivables financial assets to the amounts reflected in the Statement of Financial Position is as follows:

	Group		Company	
Trade and non-trade receivables	2016 RM	2015 RM	2016 RM	2015 RM
As reflected in the Statement of Financial Position (Note 19)	33,422,432	28,617,929	301,460	59,848
Less: Prepayment	(545,899)	(273,982)	(282,080)	(48,450)
Loans and receivables	32,876,533	28,343,947	19,380	11,398

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

Fair value hierarchy and measurements (cont'd)

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.

Financial guarantees

The fair value of 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 guaranteed party were to default.

33. 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. In addition, receivable balances are monitored on an ongoing basis.

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.

<u>Exposure to credit risk</u>

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 RM23,150,000 (2015: RM19,150,000) 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 4 (2015: 4) overseas customers representing 94% (2015: 97%) of total trade receivables.

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

(a) Credit risk (con'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19 to the financial statements. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 to the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration of the Group's trade receivables at the reporting date are as follows:

	2016		2015	
	RM	**% of total**	**RM**	**% of total**
Malaysia	1,822,248	6%	832,292	3%
Hong Kong	29,019,954	94%	27,049,096	97%
	30,842,202	100%	27,881,388	100%

(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.

Analysis of financial instruments by remaining contractual maturities

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):

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group 2016	On demand or within one year RM	One to five years RM	Over five Years RM	Total RM
Financial assets				
Trade and non-trade receivables	32,876,533	-	-	32,876,533
Cash and bank balances	777,606	-	-	777,606
Total financial assets	33,654,139	-	-	33,654,139
Financial liabilities				
Trade and non-trade payables	4,899,502	-	-	4,899,502
Loan and borrowings	9,850,911	1,385,487	16,365	11,252,763
	14,750,413	1,385,487	16,365	16,152,265
Total net financial assets/(liabilities)	18,903,726	(1,385,487)	(16,365)	17,501,874

Group 2015	On demand or within one year RM	One to five years RM	Over five Years RM	Total RM
Financial assets				
Trade and non-trade receivables	28,343,947	-	-	28,343,947
Cash and bank balances	407,671	-	-	407,671
Total financial assets	28,751,618	-	-	28,751,618
Financial liabilities				
Trade and non-trade payables	2,539,089	-	-	2,539,089
Loan and borrowings	10,504,720	2,526,715	33,600	13,065,035
	13,043,809	2,526,715	33,600	15,604,124
Total net financial assets/(liabilities)	15,707,809	(2,526,715)	(33,600)	13,147,494

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company 2016	**On demand or within one year RM**	**One to five years RM**	**Over five Years RM**	**Total RM**
Financial assets				
Amounts due from subsidiary companies	17,122,465	39,700,009	-	56,822,474
Non-trade receivables	19,380	-	-	19,380
Cash and bank balances	22,582	-	-	22,582
Total financial assets	17,164,427	39,700,009	-	56,864,436
Financial liabilities				
Non-trade payables	409,414	-	-	409,414
Total net financial assets	16,755,013	16,755,013	-	56,455,022

Company 2015	**On demand or within one year RM**	**One to five years RM**	**Over five Years RM**	**Total RM**
Financial assets				
Amounts due from subsidiary companies	9,404,624	37,016,923	-	46,421,547
Non-trade receivables	11,398	-	-	11,398
Cash and bank balances	5,106	-	-	5,106
Total financial assets	9,421,128	37,016,923	-	46,438,051
Financial liabilities				
Non-trade payables	230,698	-	-	230,698
Total net financial assets	9,190,430	37,016,923	-	46,207,353

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.

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of 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.

Sensitivity analysis for interest rate risk

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:

	Increase/(Decrease)	
	2016	**2015**
Effects on profit after taxation	**RM**	**RM**
Increase of 26bp/26bp	(13,685)	(16,031)
Decrease of 26bp/26bp	13,685	16,031

(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.

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

2016	**Renminbi RM**	**Hong Kong Dollar RM**	**United States Dollar RM**	**Total RM**
Financial assets				
Trade and non-trade receivables	26,376,984	90,393	-	26,467,377
Cash and bank balances	-	73,508	-	73,508
	26,376,984	163,901	-	26,540,885
Financial liabilities				
Trade and non-trade payables	(15,630)	(1,178,581)	(436,622)	(1,630,833)
Net financial assets/(liabilities) held in non-functional currencies	26,361,354	(1,014,680)	(436,622)	24,910,052

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

(d) Foreign currency risk (cont'd)

2015	Renminbi RM	Hong Kong Dollar RM	United States Dollar RM	Total RM
Financial assets				
Trade and non-trade receivables	22,550,176	292,347	-	22,842,523
Cash and bank balances	907	205,555	-	206,462
	22,551,083	497,902	-	23,048,985
Financial liabilities				
Trade and non-trade payables	-	(532,212)	(196,045)	(728,257)
Net financial assets/(liabilities) held in non-functional currencies	22,551,083	(34,310)	(196,045)	22,320,728

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:

Effects on profit after taxation	Increase/(Decrease) 2016 RM	2015 RM
RMB/RM		
Strengthened by 5% (2015: 15%)	955,113	2,536,897
Weakened by 5% (2015: 15%)	(955,113)	(2,536,897)
HKD/RM		
Strengthened by 5% (2015: 15%)	(5,280)	(714)
Weakened by 5% (2015: 15%)	5,280	714
USD/RM		
Strengthened by 5% (2015: 15%)	(18,946)	(22,055)
Weakened by 5% (2015: 15%)	18,946	22,055

34. 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's strategies were unchanged from the previous financial year.

34. 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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Loans and borrowings	11,252,763	13,065,035	-	-
Less: Cash and bank balances	777,606	407,671	22,582	5,106
Net debt	10,475,157	12,657,364	-	-
Total equity	144,227,161	135,872,365	119,655,595	106,883,846
Gearing ratio	0.07	0.09	-	-

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

Under the requirements of Bursa Malaysia Guidance Note 3, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement. There are no other external capital requirements imposed on the Group and the Company.

35. Segment information

(i) Operating segment

For management purposes, the Group is organized into business units based on products and services, and has two reportable operating segments as follows:

a) Aquaculture operations

b) Mining operations pursuant to a joint operation with Southsea Gold Sdn Bhd which is still at the exploration and evaluation stage, as disclosed in Note 28.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

35. Segment information (cont'd)

(i) Operating segment (cont'd)

	Aquaculture operation		Mining operations		Adjustments and elimination		Per consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue								
External customers	18,298,856	17,211,759	-	-	-	-	18,298,856	17,211,759
Results								
Interest income	49,823	17,587	-	-	-	-	49,823	17,587
Depreciation and amortisation	7,959,599	8,110,097	-	-	-	-	7,959,599	8,110,097
Segment loss	(4,024,714)	(3,612,005)	-	(954,020)	-	-	(4,024,714)	(4,566,025)
Assets								
Additions to non-current assets	2,818,045	2,082,473	-	-	-	-	2,818,045	2,082,473
Segment assets	118,933,668	105,744,156	-	-	65,228	77,078	118,998,896	105,821,234
Liabilities								
Segment liabilities	10,664,066	9,179,283	-	-	14,264,223	16,774,375	24,928,289	25,953,658

35. Segment information (cont'd)

(i) Operating segment (cont'd)

Notes on the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

a) There are no inter-segment revenues and transactions that needs to be eliminated on consolidation.

b) Additions to non-current assets consist of:

	2016 RM	2015 RM
Property, plant and equipment	951,652	1,861,589
Biological assets	1,866,393	220,884
	2,818,045	2,082,473

c) The following items are added to segment assets to arrive at total assets reported in the consolidated Statement of Financial Position:

	2016 RM	2015 RM
Tax recoverable	65,228	77,078

d) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated Statement of Financial Position:

	2016 RM	2015 RM
Deferred tax liabilities	3,011,460	3,709,340
Loans and borrowings	11,252,763	13,065,035
	14,264,223	16,774,375

(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	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	840,647	268,012	50,027,605	55,837,211
Hong Kong	17,458,209	16,943,747	128,950	167,578
	18,298,856	17,211,759	50,156,555	56,004,789

35. Segment information (cont'd)

(ii) Geographical information (cont'd)

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

	2016 RM	2015 RM
Property, plant and equipment	45,955,388	53,009,144
Intangible assets	32,176	32,176
Biological assets	4,168,991	2,963,469
	50,156,555	56,004,789

(iii) Major customers

Revenue from 4 (2015: 4) major customers amounted to RM17,458,209 (2015: RM27,601,538) arising from sale of adult fish and fish fry.

36. 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 March, 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Total (accumulated losses)/retained profits of the Company and its subsidiaries				
- Realised	(5,479,856)	(399,737)	(20,576,784)	(21,651,597)
- Unrealised	3,457,207	1,513,964	-	-
	(2,022,649)	1,114,227	(20,576,784)	(21,651,597)
Consolidation adjustments	6,112,984	6,318,226	-	-
Total retained profits/(accumulated losses) as per Statements of Financial Position	4,090,335	7,432,453	(20,576,784)	(21,651,597)

36. Supplementary financial information on the breakdown of realised and unrealised profits or losses (cont'd)

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.

37. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation of the current year:

Statement of Financial Position	Group As restated 2015 RM	Group As previously stated 2015 RM	Company As restated 2015 RM	Company As previously stated 2015 RM
Other payables	255,366	256,265	134,043	134,043
Amounts due to Directors	31,044	30,145	5,621	5,621

38. Subsequent event

On 9 March 2016, one of the subsidiary companies, namely, Plentiful Harvest Sdn. Bhd. had obtained a credit facility amounting to RM4,000,000 from Bank Pertanian Malaysia Berhad for the working capital financing of which the term loan had been drawn down amounting to RM1,000,000 at 14 April 2016. The term loan is secured by:

(i) joint and several guarantee by the Directors of the Subsidiary Company; and

(ii) corporate guarantee by the Company.

39. 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 investment 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 2016.

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 22 July 2016

List of Properties

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

Address	Description of Property / Existing Use	Status/ Registered Owner	Audited Net Book Value as at 31 March 2016 (RM)	Approximate age of Building (Years) / CF Status	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Built-up Area
CL 075402256 Airport Road, District of Sandakan, Sabah	A parcel of aquaculture land currently used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	64,701	N/A	99 years leasehold land expiring on 31.12.2080	1.494 ha
CL 075371087 Kampung Sungai Kayu, District of Sandakan, Sabah	A parcel of aquaculture land currently used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	482,249	N/A	99 years leasehold land expiring on 31.12.2078	13.38 acres
NT 073026472 Kampung Sungai Kayu, District of Sandakan, Sabah	A parcel of aquaculture land currently used for hatchery operation	Subleased / Datuk Lo Fui Ming	347,879	N/A	Sublease for 30 years expiring on 22.12.2035	5.26 ha
CL 075487053 Kampung Sungai Kayu, District of Sandakan, Sabah	A parcel of aquaculture land currently vacant	Owned/ Plentiful Harvest Sdn Bhd	194,618	N/A	99 years leasehold land expiring on 31.12.2095	4.106 ha
CL 075382106 Kampung Sungai Kayu, District of Sandakan, Sabah	A parcel of aquaculture land currently vacant	Owned / Plentiful Harvest Sdn Bhd	283,135	N/A	99 years leasehold land expiring on 31.12.2079	6.13 ha

Address	Description of Property / Existing Use	Status/ Registered Owner	Audited Net Book Value as at 31 March 2016 (RM)	Approximate age of Building (Years) / CF Status	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Built-up Area
CL 075375665 Kampung Sungai Kayu, District of Sandakan, Sabah	A parcel of aquaculture land currently vacant	Owned / Plentiful Harvest Sdn Bhd	99,019	N/A	99 years leasehold land expiring on 31.12.2077	2.153 ha
TL 077537092 Lot 4, Block E, Bandar Nam Tung, Jalan Leila, 90000, Sandakan, Sabah	An intermediate 4-storey shophouse currently used for Headoffice	Owned / Plentiful Harvest Sdn Bhd	90,850	36 Years	999 Years freehold expiring on 02.09.2911	6,150 sq ft
NT113077026 KG. Terusan, District of Lahad Datu, Sabah	A parcel of aquaculture land currently used for nursery operation	Subleased / Datuk Lo Fui Ming	220,000	N/A	Sublease for 30 years expiring on 30.11.2037	1.329 ha
NT 113047975 Kampung Silam, District of Lahad Datu, Sabah	A parcel of aquaculture land currently used for nursery operation	Subleased / Datuk Lo Fui Ming	287,500	N/A	Sublease for 30 years expiring on 12.01.2045	3.073 ha
NT 073026150 Kampung Sungai Kayu, District of Sandakan,Sabah	A parcel of aquaculture land currently used for nursery operation	Subleased / Datuk Lo Fui Ming	327,146	N/A	Sublease for 30 years expiring on 31.07.2038	3.557 ha

Analysis of Shareholdings

Analysis of Shareholdings

Authorised Capital	:	RM 50,000,000
Issued and Fully Paid-Up Capital	:	RM 43,501,835
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 JUNE 2016
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NO. OF SHAREHOLDERS	%	NO.OF SHAREHOLDINGS	%
1 - 99	22	1.28	804	0.00
100 – 1,000	82	4.78	57,984	0.02
1,001 – 10,000	639	37.22	3,935,260	0.90
10,001 – 100,000	684	39.84	25,136,554	5.78
100,001 – 21,750,916 (*)	288	16.77	323,181,053	74.29
21,750,917 AND ABOVE (**)	2	0.11	82,706,700	19.01
TOTAL	**1,717**	**100.00**	**435,018,355**	**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 2016

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Dato' Seri Md Kamal Bin Bilal	2,958,550	0.68	-	-
2	Datuk Lo Fui Ming	49,750,302	11.44	270,000 [(1)]	0.06
3	Lo Teck Yong	3,299,330	0.76	-	-
4	Chong Khing Chung	500,000	0.11	-	-
5	Akinori Hotani	520,000	0.12	-	-
6	YB Mejar (K) Datuk Samsudin Bin Yahya	126,400	0.03	-	-
7	Mau Kam Wai	-	-	-	-
8	Sim Kay Wah	-	-	-	-
9	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	-	-	-	-

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 2016

	Name of Director	No. of Option Direct	%	No. of Option Indirect	%
1	Dato' Seri Md Kamal Bin Bilal	1,721,450	1.64	-	-
2	Datuk Lo Fui Ming	4,538,200	4.32	5,800,000 [(1)]	5.52
3	Lo Teck Yong	7,922,000	7.54	-	-
4	Chong Khing Chung	4,270,000	4.07	-	-
5	Akinori Hotani	5,135,000	4.89	-	-
6	YB Mejar (K) Datuk Samsudin Bin Yahya	1,373,600	1.31	-	-

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 2016

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Datuk Lo Fui Ming	49,750,302	11.44	-	-
2	Lembaga Tabung Haji	40,730,100	9.36	-	-

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 30 JUNE 2016 (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)*	41,976,600	9.65
2	LEMBAGA TABUNG HAJI	40,730,100	9.36
3	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-F)*	18,232,088	4.19
4	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LEONG KAM HENG*	17,660,000	4.06
5	MARLEX TRADING LTD	15,000,000	3.45
6	NGIAM BUEY BUEY	13,960,600	3.21
7	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHOONG HEONG (M&A)*	13,855,890	3.19
8	MALFOY CAPITAL MANAGEMENT LIMITED	12,000,000	2.76
9	MOHD AMIR BIN MASRY	11,428,572	2.63
10	CROWNFIELD VENTURES CORP	10,000,000	2.3
11	ALLIANEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FEDDY LIM (8071811)*	9,858,900	2.27
12	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT AGRICOLE (SUISEE)SA, SINGAPORE BRANCH (TRUST ACCOUNT)*	8,778,700	2.02
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR FOO EE WYN*	8,066,000	1.85
14	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN YOO*	7,177,700	1.65

Analysis of Shareholdings (cont'd)

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 30 JUNE 2016
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (cont'd)

15	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR HO TEIK CHUAN @ HO SONNEY (M&A)*	5,603,000	1.29
16	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FOO EE WYN (M&A)*	5,117,700	1.18
17	DIONG SIEW GI	5,009,300	1.15
18	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIA YET MEE (M&A)*	4,471,800	1.03
19	AFFIN HWANGNOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)*	4,036,000	0.93
20	LOKE LIN THAI	4,000,000	0.92
21	RHB NOMINEES (ASING) SDN BHD *EXEMPT AN (BP) FOR RHB SECURITIES HONG KONG LIMITED A/C CLIENTS (RETAIL)*	3,589,900	0.83
22	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (FEW)*	3,565,000	0.82
23	DIONG SIEW GI	3,500,000	0.80
24	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING (006643)*	3,300,000	0.76
25	LIM FEI NEE	3,231,000	0.74
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO TECK YONG (8040429)*	3,140,000	0.72
27	LIM NYUK SANG @ FEDDY LIM	3,079,600	0.71
28	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)*	3,070,000	0.71
29	MD KAMAL BIN BILAL	2,958,550	0.68
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *LIM NYEK KIONG @ LIM NYUK MIN (6000124)*	2,920,000	0.67

Notice of the Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth 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 Friday, 26 August 2016 at 10.30 a.m. to transact the following businesses:

AGENDA	**Ordinary Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2016 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. YB Mejar (K) Datuk Samsudin bin Yahya (Article 93)	**2**
b. Dato' Sri Dr.Md Kamal Bin Bilal (Article 93)	**3**
c. Mr. Sim Kay Wah (Article 99)	**4**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:	
"THAT Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."	**5**
5. To appoint Auditors and to authorise the Directors to fix their remuneration.	**6**
6. As Special Business to consider and if thought fit, to pass the following resolutions, 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."	**7**
7. 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
29 July 2016

Notice of the Twelfth Annual General Meeting (cont'd)

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 22 August 2016 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 7**

  The proposed Ordinary Resolution 7, 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 Eleventh Annual General Meeting held on 28 August 2015 and the said authority will lapse at the conclusion of the Twelfth 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.

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

Proxy Form

Number of shares held	

I/We ______________________________ (BLOCK LETTERS)

NRIC 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 Twelfth 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 Friday, 26 August 2016 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		

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 ....…….. 2016

..........…….............................

Signature / Seal of Member

Notes:

a) *Only members whose names appear on the Record of Depositors as at 22 August 2016 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

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

Tel : 089-611133 / 089-611633 / 089-612633
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