Borneo
Aqua Harvest Berhad (649504-D)

ANNUAL REPORT 2018

CONTENTS

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
Sim Kay Wah	Independent Non-Executive Director
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Senior Independent Non-Executive Director

COMPANY SECRETARIES
Kang Shew Meng
Seow Fei San
Chong Tzu Khen

AUDIT COMMITTEE
Sim Kay Wah
Chairman

Dato' Sri Dr. Md Kamal Bin Bilal
Member

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

NOMINATING COMMITTEE

Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
Chairman

Dato' Sri Dr. Md Kamal Bin Bilal
Member

Sim Kay Wah
Member

REMUNERATION COMMITTEE

Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
Chairman

Dato' Sri Dr. Md Kamal Bin Bilal
Member

Sim Kay Wah
Member

REGISTERED OFFICE

802, 8th Floor, Block C,
Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-78031126
Fax : 03-78061387

HEAD OFFICE

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

RESEARCH AND DEVELOPMENT CENTRE

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

MARKETING AND DISTRIBUTION OFFICE IN HONG KONG

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

SHARE REGISTRAR

Securities Services (Holdings)
Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel : 03-20849000
Fax : 03-20949940/03-20950292

PRINCIPAL BANKERS

RHB Bank Berhad
Block 7, Lot 64, 65 & 66,
1st Floor Phase 1,
Prima Square Mile 4, Jalan Utara,
90000 Sandakan, Sabah

RHB Bank Berhad
Ground & First Floor, Lot 5,
Block 27 Fajar Complex,
Jalan Mahkamah,
Town Extension II, 91000 Tawau,
Sabah

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

Malayan Banking Berhad
Lot 262-264, Fajar Complex,
Jalan Mahkamah, 91000 Tawau,
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
Stock Name: BAHVEST WA
Stock Code: 0098WA

WEBSITE

www.borneoaqua.com.my

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 five wholly-owned subsidiaries, namely Plentiful Harvest Sdn Bhd ("Plentiful"), Marine Terrace Sdn Bhd ("Marine"), Salient Horizon Sdn Bhd ("Salient"), Plentiful Earnings Sdn Bhd ("Plentiful Earnings") and Wullersdorf Resources Sdn Bhd ("Wullersdorf").

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 provide carriage services to the Group's to deliver live fish to its customers in Hong Kong, Southern China and other part of Asia Pacific, if required.

Since Borneo Aqua Group commenced its operation in year 2004, the Group has evolved to 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 research & Development ("R&D") programs, the Group is confident that it will be able to contribute positively to the country's aquaculture industry, enabling Malaysia to join the only few elite countries in the forefront of marine fish breeding in the Asia Pacific region, with particular emphasis on the highly sought after Grouper species. This strategy is aligned with the Government's aspiration of achieving aquaculture self-sustainability while assisting to elevate the disposable income of the industry's many participants. In addition, a successful and sustainable aquaculture industry will contribute to country's economic growth by not only creating employment opportunities, it will also reduce import bills for marine fish fry and fishes, thereby lowering the industry's exposure to foreign currency fluctuations.

Borneo Aqua is certified by Skim Pensijilan Ladang Akuakultur Malaysia ("SPLAM"), a voluntary scheme managed by the Department of Fisheries under the Ministry of Agriculture and Agro-based Industry Malaysia, with the main objective of promoting responsible and eco-friendly aquaculture practices. One of the important elements incorporated in the scheme is attaining ISO 9002 certification.

Borneo Aqua has consistently been certified by the International ISO 9001:2015 Standards for the whole fish 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 R&D team has succeeded in breeding, hatching and rearing 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. Furthermore, through our extensive R&D works, the Group has also succeeded in producing cross-bred Grouper species, namely Sabah Giant Grouper, Sabah Coral Rockcod, Sabah Camouflage, Sabah Giant Camouflage, and Sabah Giant Rockcod. The Group's continuous R&D activities are aimed at breeding, hatching and rearing other high value marine fishes, as well as the cross-breeding of various different species.

Currently, Borneo Aqua Group trades its fish products in Hong Kong and China by distributing fish fry and live adult fishes to local distributors. During the financial year, the Group has extended downstream through the delivery and sales of vacuum packed frozen fish products directly to end consumers, which the Group believes has great potential for market development.

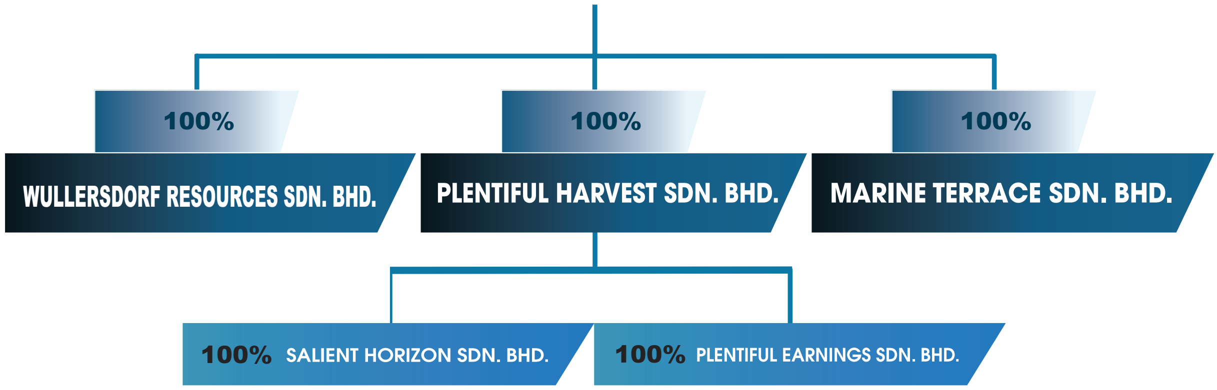
Our indirect wholly owned subsidiary, Plentiful Earnings had been granted approval from Malaysia's Finance Ministry pursuant to the Income Tax Act, 1967, to carry out sea cages fish farming project ("Project"). Under the approval, Plentiful Earnings is allowed exemption of income tax at 100% on its statutory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

In Year 2017, Borneo Aqua has further diversified its core business to include the exploration for mineral, mining and other mining related business on a piece of land measuring 317.7 hectares at Bukit Mantri, Daerah Tawau, Sabah through the acquisition of Wullersdorf. As at June 2018, Wullersdorf has completed explored approximately 70 hectares.

The Company has completed the construction of its initial gold processing plant (1,200 ton/day Carbon-In-Leach Plant) and is now in the process of commissioning and is expected to commerce operation soon in 3rd quarter of calendar year 2018.

CORPORATE **STRUCTURE**

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



VISION & **MISSION**

In view of the widening gap between the demand and supply of marine 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.

Through the acquisition of Wullersdorf Resources Sdn Bhd, Borneo Aqua is diversifying into mineral exploration and mining activities. Being one of the few gold mining sites in Malaysia and the only one in Sabah, Wullersdorf strive to assist the Sabah State Government in developing the state's mining industry by importing latest high-tech mining technologies, training and recruiting local mining talents to contribute to the state's economy, while at all times ensuring that only eco-friendly mining techniques are employed.

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 ("the Company") and its subsidiaries ("Group") for the financial year ended 31 March 2018 ("FYE 2018").

FINANCIAL REVIEW

FYE 2018 the Group continues to endure 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 slowing Chinese economy has also affected the overall demand for our products at these international markets. During the FYE 2018, The Group as generated lower revenue of RM22.22 million (FYE2017 RM31.09 million), this was mainly due to the temperature in Hong Kong and Southern China has dropped to below 19°C during day time and in certain times dropped below 10°C. This has affected the sales or shipment of the Group's fishes to Hong Kong and Sothern China as those fishes may not be able to survive at such cold weather when they arrive in Hong Kong and Southern China. However, During the FYE 2018, the Group has first financial statement prepared in accordance with Malaysia Financial Reporting Standard (MFRS), with the adoption of MFRS 1 – First-time Adoption of Malaysia Financial Reporting Standard and MFRS 141 – Agriculture. The biological assets are measure at fair value less cost to sell which will the cost of sales in Financial Statement. The Group has generated gross profit of RM55.37 million in FYE 2018 and RM33.97 million in FYE 2017.

The Group recorded a profit after taxation of RM18.55 million for FYE 2018 (RM10.97 million in FYE 2017), mainly due to the recognition of MFRS 141 – Agriculture. Fatality cost of broodstock of RM0.397 million and allowance for impairment on trade receivable of RM7.554 million was expenses incurred in current financial year. However, during the FYE 2018, total operation cost of RM4.51 million was incurred for mining operation by Wullersdorf. Nevertheless, the Group is foreseen the mining operation could generate more revenue after the commencement of the mining operation soon in the third quarter of calendar year 2018.

BUSINESS REVIEW

A. FISHERY OPERATION

During FYE 2018, the Group's fish fry production was approximately 1.57 million tails (net of fatalities), while approximately 53,800 tails of juvenile fishes were transferred to sea cages from the nursery centers. The Group pays more attention on the management of the environmental parameters that have been giving pressure to the operations resulting in the fish fry's lower fatality rate. The Management also ensures that the Group's adult fishes remain healthy and safe for human consumption through the implementation of various control features which are detailed more clearly under the Statement of Risk Management and Internal Control section.

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.

BUSINESS REVIEW (CONT'D)

A. FISHERY OPERATION (CONT'D)

Since FYE 2018, the Group has also ventured into downstream activity, by deep freezing vacuum packing some of its fishes for supply to the local market. Though the contribution from this frozen segment of the business remains small, at approximately 8.9% of the overall turnover (4.3% in FYE 2017), 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 dwindle.

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 3,036 broodstocks of over 10 high value species, as compared with 3,067 broodstocks in FYE 2017. Higher fatality rate on the broodstock were mainly due to conduct of R&D for breeding.

B. QUARRY OPERATION

On 20 May 2016, Plentiful has also diversified into quarry operation on a parcel of land situated at Pulau Palak, Sandakan, Sabah, Malaysia. The rationale for the said diversification is that the rock quality on Pulau Palak was adjudged by qualified professionals as being of high-grade and is suitable for highway construction. There is also insufficient supply of these high-grade rock within the Sandakan vicinity, thereby creating good demand for these rocks. As at FYE 2018, Plentiful has generated total quarry sales of RM0.604 million from the sale of approximately 19,937 mt of crusher run mixed with quarry wastes. The Board is confident that this new segment will be able to contribute positively to the Group in the medium to long-term.

C. MINING OPERATION

Wullersdorf had on April 2017 started operation in mineral explorations, mining and other mining related activities on a piece of land measuring 317.7 hectares at Bukit Mantri, Daerah Tawau, Sabah. As at June 2018, Wullersdorf has explored approximately 70 hectares of 317.7 hectares. The Company has completed the construction of its initial gold processing plant (1,200 ton/day Carbon-In-Leach Plant) and is now in the process of commissioning and is expected to commence operation soon in 3rd quarter of calendar year 2018.

PROSPECTS AND OUTLOOK

The Group is one of the leading player in the aquaculture industry in Malaysia as it is one of the biggest exporters of finfish from Sabah, targeting the key markets in the southern China region, such as Hong Kong SAR, Shenzhen and Guangzhou. The Group owns one lives fish vessel 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 sell their fishes to the Group rather than they sell it domestically where the market could not absorb such a large volume of cultured grouper fishes. As such, the Board is fully committed to continue the Group's existing aquaculture business despite the Group diversifying its core business into mining business. It is the Group's long-term growth plan to build a sustainable aquaculture business organically, as well as the diversification of its revenue source by venturing into other viable and income-generating businesses, which include the mining operation. The Board is confident that with proper planning and adequate measures being taken by the Group to mitigate potential risks that may arise from new mining activities, to the Group's revenue stream can be enhanced and its earning base broaden.

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 supports 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 FYE 2018.

Finally, I would like to take this opportunity to express my heart-felt appreciation to all the Board members for their vision, advice and ongoing support rendered to the Group.

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

DIRECTORS' **PROFILES**

DATO' SRI DR. MD KAMAL BIN BILAL

Malaysian Male, aged 56, 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, Remuneration Committee and Audit Committee.

He has over 20 years of experience in the government sector, serving as a Community Development Officer in the Ministry of National and Rural Development. After that, he ventured into the automobile industry as a Proton Edar dealer in Penang. He has been the Division Treasurer of UMNO for Kapala Batas Division and also a Division Committee Member of Barisan National for Kapala Batas since 2000. 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. Dato' Sri Kamal was conferred as Honorary Doctorate of Philosophy (Entrepreneurship) by Golden State University, USA.

Dato' Sri Dr. Md Kamal Bin Bilal does not have any family relationship with any other directors or major shareholders of the Company and has no conflict of interest with the Company. He attended three (3) out of four (4) Board Meetings of the Company held during the financial year.

DATUK LO FUI MING

Malaysian Male, aged 62, 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 and Ms. Lo Choon Fung @ Michelle. He has no conflict of interest with the Company.

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 was fine for RM20,000 for breaching Section 69F(2) of Companies Act, 1965 due to failure to notify the Company within 7 days after the change of his shareholding in the Company on 2 June 2017.

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

LO TECK YONG

Malaysian Male, aged 37, 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 aquaculture operation site and he also involved in operation of mining 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 and brother of Ms Lo Choon Fung @ Michelle. He has no conflict of interest with the Company.

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

AKINORI HOTANI

Japanese Male, aged 44, 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 and has no conflict of interest with the Company.

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

SIM KAY WAH

Malaysian Male, aged 42, 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 all four (4) Board Meetings of the Company held during the financial year.

TAN SRI DATO' NIK HASHIM BIN NIK AB. RAHMAN

Malaysian Male, aged 75, is the Senior 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 Chairman of Nominating and Remuneration Committee and member of Audit Committee.

Tan Sri Dato' Nik Hashim started 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 a 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 Draftsman, 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 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. In July 2016, he has been appointed as Pro Chancellor of Meritus University, Malaysia.

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 and has no conflict of interest with the Company.

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

KEY SENIOR
MANAGEMENT PROFILE

CHONG TZU KHEN

Malaysian aged 61, is the Director of Wullersdorf Resources Sdn Bhd, a wholly owned subsidiary of Borneo Aqua Harvest Berhad. He is also the Finance Manager cum Company Secretary of Borneo Aqua Harvest Berhad and its Group of companies. He was appointed as a Committee to the Advisory Board of Polytechnic Sandakan, Sabah for a term of two years on 12 October 2017. He obtained a Post-Graduate Certificate in Sustainable Aquaculture (Vertebrates) and an Undergraduate Certificate in Sustainable Aquaculture from University of St. Andrews, Scotland, UK on 10 April 2018 and 1 May 2014 respectively and the degree of Master of Financial Planning ("MFP") from University of Sunshine Coast, Queensland on 18 May 2007. He is a Fellow member of Malaysian Association of Company Secretaries ("MACS") and he was granted a certificate of practice by MACS on 10 October 2017. He was attached to P.L.Yap & Co., a firm of Public Accountants from 1976 to 1980 as an Audit Assistant. In 1980, he joined Jetniyo Sdn Bhd as an Accounts Executive. 1985, he set up his own Company under the name of T.K.Chong Commercial Services, a firm of providing bookkeeping service to Companies in Sandakan. In 1995, he joined Cepatwawasan Sdn Bhd as a Company Secretary and Account in charge for the group of companies. From 2001 to February 2004, he was promoted to the Personal Assistant to the Managing Director of Cepatwawasan Group Berhad. He joined Borne Aqua Harvest Berhad in 2004 till present.

Mr. Chong 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.

CHONG KHING CHUNG

Malaysian Male, aged 51, is a Director of WRSB since May 2017. He is a Chartered Member of the Malaysian Institute of Accountants ("CA") and a Fellow Member of CPA Australia ("FCPA"). He has a Bachelor Degree in Accountancy from University of Western Australia and has been involved in the finance and accounting industry, holding various positions, including as Executive Director of a stockbroking firm in Sabah. He has also held positions as Executive Director, Finance Director or Chief Financial Officer of various public listed companies in Malaysia, Singapore, Hong Kong and the United Kingdom. He is currently an Independent Non-Executive Director of Anzo Holdings Bhd.

Mr. Chong does not have any family relationship with any other directors or major shareholders of the Company.

LO CHOON FUNG @ MICHELLE

Malaysian Female, aged 38, is the Corporate and Risk Management Manager of Borneo Aqua Harvest Berhad as well as WRSB. In July 2012, she graduated from Royal Holloway University of London with a Bachelor in Economics and Management. In year May 2004, she graduated from CASS Business School of City University, London with a Master degree in Insurance and Risk Management. She was appointed as director and member of the EXCO committee of Cepatwawasan Group Berhad from August 2004 to July 2005. After she resigned from Cepatwawasan Group, she joined Borneo Aqua Harvest Berhad in 2012.

Ms Lo is daughter of Datuk Lo Fui Ming and sister of Mr Lo Teck Yong. She has not been convicted of any offences within the past five (5) years, other than traffic offences, if any.

HIEW VUN PUI

Malaysian Female, aged 42, is Group Accountant of Borneo Aqua Harvest Berhad. She is a Chartered Member of the Malaysian Institute of Accountants ("CA") and a Fellow Member of ACCA, UK ("FCCA"). She started her career in Ernst & Young, an international public accounting firm in Sandakan, Sabah from June 2000 to August 2001. In June 2004, she joined Plentiful Harvest Sdn Bhd, a subsidiary of Borneo Aqua Harvest Berhad as an Accounts Executive. Later she was promoted as Group Accountant of Borneo Aqua Harvest Berhad in April 2008 till present. Ms. Hiew does not have any family relationship with any other directors or major shareholders of the Company. She 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.

BUSINESS REVIEW

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. The Company 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 is an investment holding company, and it has five wholly-owned direct and indirect subsidiaries (“Group”), namely Plentiful Harvest Sdn Bhd (PHSB”), Plentiful Earnings Sdn Bhd (“PESB”), Marine Terrace Sdn Bhd (“MTSB”), Salient Horizon Sdn Bhd (“SHSB”) and Wullersdorf Resources Sdn Bhd (“WRSB”), which are principally involved in three operational segments as follows:

1. FISHERY OPERATION

Borneo Aqua, together with its subsidiaries Plentiful Harvest Sdn Bhd, Marine Terrace Sdn Bhd and Plentiful Earnings Sdn Bhd were established with the main focus of breeding, hatching and rearing of high value marine fishes.

During Financial Year Ended (“FYE”) 2018, the Group’s fish fry production approximate 1.57 million tails (net of fatalities), while approximately 53,800 tails of juvenile fishes were transferred to sea cages from the nursery centers. The Group pays more attention on the management of the environmental parameters that have been giving pressure to the operation resulting in fish fry’s lower fatality rate, while at the same time, ensuring that its adult fishes remain healthy and safe for human consumption.

Since 2016, the Group has also ventured into downstream activity, by deep freezing and vacuum packing some of its fishes for supply to the local market. Though the contribution from this frozen segment of the business remains small, at approximately 8.9% (FYE 2017 : 4.3%) of the overall turnover in FYE 2018, there are slightly increase in frozen product mainly due to increase in demand from local market. The Board expects this segment to be lucrative and is able to contribute positively to the Group moving forward mainly due to the maturing of the local market in general, as the fishery supplies from captured sea fishes continues to dwindle.

The Group will continue to explore breeding and rearing technology for other fast-growing species that can generate positive cash flow for the Group. One of the species that the Group has recently started production is the barramundi, or Asian sea bass, in March 2016, for sale in the local market as the company has yet to export its live barramundi fish to overseas due to the market demand. Nevertheless, the Group will also continue to monitor the demand from the local market and conduct further research on its aquaculture operations in order to improve its efficiency and to embark on cost saving measures as and when situation permits.

The Group also 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 is not only purchasing 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 3,036 broodstocks of over 10 high value species, as compared with 3,067 broodstocks in FYE 2017 Higher fatality rate on the broodstock were mainly due to conduct of R&D for breeding.

2. QUARRY OPERATION

Since 20 May 2016, PHSB has diversified into quarry operation on a parcel of land situated at Pulau Palak, Sandakan, Sabah, Malaysia. The rationale for the said diversification is that the rock quality on Pulau Palak was adjudged by qualified professionals as being of high-grade and is suitable for highway construction. There is also insufficient supply of these high-grade rock within the Sandakan vicinity, thereby creating good demand for these rocks. As FYE 2018, PHSB has generated total quarry sales of RM0.604 million from the sale of approximately 19,937 mt of crusher run mixed with quarry wastes. The Board is confident that this new segment will be able to contribute positively to the Group in the medium to long-term.

BUSINESS REVIEW (CONT'D)

3. MINING OPERATION

During the FYE 2018, total operating expenses of RM4.51million (FYE 2017:RM0.137 million) are incurred for the pre-operational cost for the preparation and setting up of the mining and processing plants for the Mining operations to be carried out by Wullersdorf.

As at June 2018, Wullersdorf has completed explored approximately 70 hectares and construction of infrastructure and expected to commence operation soon in third quarter of calendar year 2018.

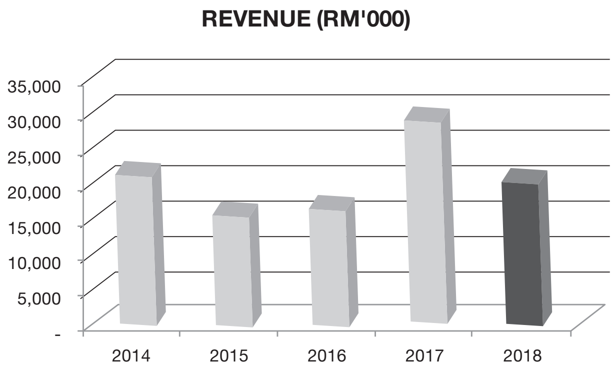
Financial Review

Five Years Financial Highlights

	Financial Year ended 31 March				
Amount (RM'000)	**2014**	**2015**	**2016**	**2017 (Restated)**	**2018**
Income Statement					
Revenue	23,023	17,211	18,299	31,091	22,219
(Loss)/ Profit before taxation	(3,272)	(4,566)	(4,025)	19,364	30,516
Taxation	(1,011)	2,238	683	(8,398)	(11,968)
(Loss) for the financial year	(4,283)	(2,328)	(3,342)	10,966	18,548
Assets					
Property,plant and equipment	59,258	53,009	45,955	39,390	62,196
Intangible assets	32	32	32	96,134	96,134
Non-current asset held for sale					1,506
Non-current and current biological assets	57,605	79,111	88,050	102,103	156,836
Inventories	407	571	853	932	1,359
Trade and other receivable	33,693	28,618	33,422	39,006	37,236
Tax recoverable	76	77	65	148	127
Cash and bank balances	5,851	408	778	36,973	5,905
Total Assets	156,922	161,826	169,155	314,686	361,299
Equity and liabilities					
Share capital and premium	101,860	114,769	127,089	274,189	278,873
Other reserve	13,050	13,672	13,048	10,718	10,815
Retained profits / (Accumulated losses)	9,760	7,432	4,090	(7,584)	10,958
Total equity	124,670	135,873	144,227	277,323	300,646
Loans and borrowings (Non-current)	3,642	2,560	1,402	192	7,660
Deferred income	7,516	6,640	5,764	4,889	4,013
Deferred tax liabilities	5,999	3,709	3,011	13,726	25,701
Loans and borrowings	12,103	10,505	9,851	12,680	15,583
Trade and other payables	2,992	2,539	4,900	5,876	7,696
	32,252	25,953	24,928	37,363	60,653
Total equity and liabilities	156,922	161,826	169,155	314,686	361,299
(Loss) per share (sen)	(1.09)	(0.57)	(0.78)	2.38	3.09
Total asset per share (sen)	38.73	38.63	39.16	52.58	59.72

BUSINESS REVIEW (CONT'D)

3. MINING OPERATION (CONT'D)



The Group recorded a revenue of RM22.22 million for FYE2018 (FYE2017: RM 31.09 million), revenue has decreased by 28.5% compared with the revenue in FYE 2017. The decrease mainly due to the continuation abnormal low temperature in Hong Kong and Southern China during the last quarter of the FYE2018. The temperature in Hong Kong and Southern China has dropped to below 19°C during day time and in certain times dropped below 10°C. This has affected the sales or shipment of the Group's fishes to Hong Kong and Sothern China as those fishes may not be able to survive at such cold weather when they arrive in Hong Kong and Southern China.

Profit before taxation

Other Income & Expenses before taxation

	Financial Year ended 31 March				
Amount (RM'000)	**2014**	**2015**	**2016**	**2017 (Restated)**	**2018**
<u>Other Income</u>					
Interest Income	212	18	50	9	2
Other Operating Income	1,461	3,314	1,701	3,271	2,696
Net Changes in Fair Value				39,031	55,549
<u>Expenses</u>					
Cost of Sales	11,459	8,792	10,834	36,156	22,402
Selling and Distribution Expenses	5,934	6,063	5,669	7,833	6,632
Administrative Expenses	9,324	9,131	6,557	9,030	19,814
Finance Cost	1,251	1,123	1,015	1,018	1,102

The decrease in cost of sales from RM36.16 million to RM22.40 million is mainly due to increase in survivor rate of the fish fry in FYE 2018 which led to an decrease in the associated cost in FYE 2018.

The Selling and Distribution Expenses of RM6.63 million (FYE 2017: RM7.83 million) was approximately 15.4% lower than previous year mainly due to the decrease in sales commission for export sales.

The Administrative Expenses of RM19.84 million (FYE 2017: RM9.03 million) and the Finance Cost of RM1.10 million (FYE 2017: RM1.02 million) mainly due to the following reasons:

(a) Allowance for impairment on trade receivable of RM7.55 million for long outstanding debts from Hong Kong Wholesalers which are individually determined to be impaired as at FYE 2018 relate to receivables that are defaulted on payment within the credit terms granted.

(b) The increase in finance cost was mainly due to hire purchase and loan interest of RM0.36 million incurred during the FYE 2018 pursuant to vehicle and heavy machineries purchased for the mining operations.

BUSINESS REVIEW (CONT'D)

3. MINING OPERATION (CONT'D)

Taxation

During the financial year, there is increase in income tax expenses, mainly due to the increase in deferred tax liabilities after the fair value adjustment on biological assets are recognized during the financial year.

PESB, an indirect wholly-owned subsidiary of the company, has been granted tax incentive under Section 127, of the Income Tax Act, 1967 for the exemption of tax on statutory income from fish breeding, fish fry hatchery and fish rearing activities for a period of 10 years commencing 1 April 2013.

Cash flow

As at the end of 2018, the decrease in Cash and Bank balances from RM26.15 million in FYE 2017 overdraft of RM2.47 million mainly due to the mainly due to the following reasons:

(a) Proceeds from exercise of employee share option decreased by RM7.56 million due to less of employees' exercise their ESOS.

(b) Proceeds of RM36.09 raised from private placement during FYE 2017, however, RM23.42 million have been used for purchase of vehicles and heavy machineries for mining operations.

Assets, Equity and Liabilities

1. Property, Plant and Equipment increased by RM22.81 million from RM39.39 million in FYE 2017 to RM62.20million in the current financial year due to purchase of vehicles and heavy machineries for mining operations and capitalization of constructed infrastructure at mining site.
2. The Biological Assets of RM156.84 million as at the end of the current financial year (Restated FYE 2017: RM102.10 million) is approximately 53.6% higher year-on-year due to the early adoption of MFRS 141 – Agriculture. The biological assets are measure at fair value less cost to sell which will the cost of sales in Financial Statement.
3. The Trade and other Receivables of RM37.24 million (FYE 2017: RM39.00 million) decreased due to the decrease in turnover of the Group during FYE 2018.
4. The Group's Total Equity increased by approximately RM23.32 million in FYE 2018 in comparison with FYE 2017 mainly due to increase in profit for the year after adoption of MFRS 141 – Agriculture.
5. The Non-current loans and borrowings of the Group increased from RM0.19 million in FYE 2017 to RM7.66 million in the current financial year mainly due to loan amount of RM5.0 million obtained from Kenanga Capital Sdn Bhd for working capital of Wullersdorf.
6. Short-term loans and borrowing increased from RM12.68 million in FYE 2017 to RM15.58 million in FYE 2018 due to the drawdown of a new revolving credit financing facility obtained from a local financial institution for the purpose of financing feedstock purchase for aquaculture and also hire purchase facility obtained for minin operation.
7. The Trade and other Payables increased by 33.5% to RM7.70 million (FYE 2017: RM5.88 million) due mainly to outstanding balances owing to trade creditors for the purchase of machineries and material for construction of infrastructure purposes on mining operation.

CORPORATE PROPOSAL

1. PRIVATE PLACEMENT

Bursa Securities had vide its letter dated 3 March 2017 approved the listing of and quotation for up to 59,212,766 new ordinary shares in the Company ("Placement Shares") representing up to 10% of the issued and paid up share capital of the Company pursuant to the Proposed Private Placement.

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

The status of utilisation of proceeds from the abovementioned Private Placement as at 31 March 2018 are as follows:

Amount (RM'000)	Proceeds Raised	Amount Utilised	Amounts Unutilised
Capital Expenditure	25,266	(21,445)	3,821
Working Capital	9,874	(9,874)	–
Estimated Expenses	950	(950)	–
	36,090	(32,269)	3,821

2. FREE WARRANTS

Bursa Securities had vide its letter dated 7 July 2017 approved the listing of and quotation for up to 325,670,213 Free Warrants to be issued pursuant to the proposed free Warrants Issue on the basis of 1 Warrants for every 2 existing ordinary shares in Borneo Aqua held by its shareholders on an entitlement date to be determined.

COMPANY'S PROSPECTS

As at FYE 2018 Borneo Aqua will continue to face economic challenges and uncertainties both domestically as well as globally such as fluctuation of the local currency against the US Dollar, HK Dollar and China RMB; increasing in production cost due to fatality rate and any other unforeseen circumstances. Nevertheless, the Group places great emphasis on the improvement of its operational efficiency, while at the same time focusing on the Group's long-term growth plan of building a sustainable aquaculture business organically.

Borneo Aqua has also diversified its core business into gold mining and operation of quarry, instead of wholly dependent on aquaculture. Through the diversification into gold mining business, the Group expects the new segment to contribute positively to the future earnings as well as its long-term objective of achieving sustainable growth and value enhancement to the shareholders of Group.

OVERVIEW STATEMENT
ON 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 2017("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. 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.

This statement should be read together with Corporate Governance Report 2018 which is available on the Company's website at www.borneoaqua.com.my.

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.

The Board Charter was reviewed by the Board during the financial year.

1. THE BOARD OF DIRECTORS (CONT'D)

1.2 Board Composition and Balance

The Board headed by the Non-Independent Non-Executive Chairman currently consists of six (6 members comprising of three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) 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 8 to 9 outlined briefly the background of each Director.

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	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman Sim Kay Wah

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 Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman, who is the Group's Senior Independent Non-Executive Director.

The Board recognises 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. The Company do not have a specific policy governing the tenure of independent directors for the time being.

During the financial year, the Board has conducted an assessment on the Independent Directors and obtained confirmation of independence from each Independent Director, satisfied with the level of independence demonstrated by each of them. None of the independent directors has served the Company exceeding a cumulative term of nine (9) years.

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 has presented the findings of the appraisal and performance evaluation at the Nominating Committee meeting to the Board.

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

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 Constitution, 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 Constitution 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. There is no new appointment of Director in FYE 2018. At the forthcoming Fourteenth Annual General Meeting of the Company, Mr Akinori Hotani and Mr Sim Kay Wah shall retire in accordance with Article 93 of the Company's Constitution 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 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 entirely Independent Non-Executive Directors as follows:

- Chairman : Sim Kay Wah
- Members : Dato' Seri Dr. Md Kamal Bin Bilal
  : Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman

(b) Full details of the Audit Committee Term 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 26 to 28 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 : Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
- Members : Sim Kay Wah
  : 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) who are subject to re-election at the next Annual General Meeting.

(c) The current Chairman of the Nominating Committee is Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman, 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
- Reviewed the term of office and performance of the Audit Committee and each of its members.

(iii) Remuneration Committee

(a) The Remuneration Committee comprises all Non-executive Directors as follows:
- Chairman : Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
- Members : Dato' Sri Dr. Md Kamal Bin Bilal
  : Sim Kay Wah

1. THE BOARD OF DIRECTORS (CONT'D)

1.4 Committees of Directors (Cont'd)

(iii) Remuneration Committee (Cont'd)

(b) Primary Responsibilities and Functions

- 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 before recommending to the Board and shareholders.

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 before recommending to the shareholders.

During FYE 2018, the Remuneration committee has reviewed the remuneration package of the Executive Directors.

(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 2018, a total sum of RM1.383 million was paid or payable to the Directors of the Group. Details movement of Director's shares option during the financial year ended 31 March 2018 is presented on Page 38 of this Annual Report. The details of the Directors' remuneration of the Company and the group for the financial year ended 31 March 2018 are as follow:

(i) Director Remuneration for service rendered to the Group:

	Salaries and other emoluments RM(000)	Fee RM(000)	Breeding Commissions RM(000)	Total RM(000)
Executive Directors				
Datuk Lo Fui Ming	628	–	–	628
Lo Teck Yong	250	–	–	250
Akinori Hotani	96	–	42	138
Non-Executive Directors				
Dato' Sri Dr. Md Kamal Bin Bilal	–	180	–	180
Tan Sri Dato' Nik Hasim Bin Nik Ab. Rahman	4	60	–	64
Sim Kay Wah	4	36	–	40
YB Mejar (K) Datuk Samsudin Bin Yahya *(1)	2	18	–	20
Mau Kam Wai *(1)	–	60	–	60
Chong Khing Chung *(2)	–	3	–	3

1. THE BOARD OF DIRECTORS (CONT'D)

1.4 Committees of Directors (Cont'd)

(iii) Remuneration Committee (Cont'd)

(d) Summary of Reports (Cont'd)

(ii) Director Remuneration for service rendered to the Company:

	Salaries and other emoluments RM(000)	Fee RM(000)	Breeding Commissions RM(000)	Total RM(000)
Non-Executive Directors				
Dato' Sri Dr. Md Kamal Bin Bilal	–	180	–	180
Tan Sri Dato' Nik Hasim Bin Nik Ab. Rahman	4	60	–	64
Sim Kay Wah	4	36	–	40
YB Mejar (K) Datuk Samsudin Bin Yahya *(1)	2	18	–	20
Mau Kam Wai *(1)	–	60	–	60
Chong Khing Chung *(2)	–	3	–	3

*(1) – Resigned on 25 May 2018
*(2) – Resigned on 28 April 2017

Remuneration paid to the four (4) Key Senior Management who are not Directors of Borneo Aqua for the financial year ended 31 March 2018 fall into the following bands:

Range of remuneration	Group	Company
RM50,001 – RM200,000	2	–
RM200,001 – RM350,000	1	–
RM350,001 – RM500,000	1	–

The remuneration of these four (4) Key Senior Management of the Company disclosed above are on an aggregate basis due to confidentiality and security concerns. The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully.

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.

1. THE BOARD OF DIRECTORS (CONT'D)

1.5 Board Meetings (Cont'd)

The Board held four (4) Board Meetings during the financial year ended 31 March 2018. 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
Sim Kay Wah	4/4
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	4/4

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 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")
- Term of reference of Audit Committee
- Term 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.

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

Directors	Name of Company	Directorship
Dato' Sri Dr. Md Kamal Bin Bilal	The Store Corporation Bhd	Independent Non-Executive Chairman
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Olympia Industries Bhd Tropicana Golf & Country Resort Bhd	Senior Independent Non-Executive Director Independent Non-Executive Chairman

1. THE BOARD OF DIRECTORS (CONT'D)

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, Directors of the Company has attended the following seminars with relevant topics as follows:

Directors	Course Name	Organizer
Datuk Lo Fui Ming	2018 Budget and Tax Conferecne	Ernst & Young Tax Consultants Sdn Bhd
Lo Teck Yong	2018 Budget and Tax Conferecne	Ernst & Young Tax Consultants Sdn Bhd
Sim Kay Wah	GST Conference 2017 GST In India, Inspired From Malaysia CFO Dialogue 2017: The New Business As Usual: Globalisation. Digitalisation. Disruption MIA International Accountant Conference 2017	Malaysia Institute of Accountant Malaysia Institute of Accountant Malaysia Institute of Accountant Malaysia Institute of Accountant
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Audit Committee Institute (ACI) Breakfast Roundtable 2017 Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	KPMG Bursa Malaysia Berhad

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;

3. SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS (CONT'D)

(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.

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.

The Sustainability Statement is reviewed by the board, is on Pages 34 to 37 of this Annual Report.

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 29 to 33 of this Annual Report.

5. ACCOUNTABILITY AND AUDIT (CONT'D)

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 Board at the recommendation of the Audit Committee, has agreed to recommend to shareholders to appoint Messrs PKF as auditor of the Company for the financial year ending 31 March 2019.

The roles of the Audit Committee in relation to the external and internal auditors are set out in the Audit Committee Report on Pages 26 to 28 of this Annual Report.

5.4 Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 2016 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, 2016 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.

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 2018.

Composition and Attendance

The AC comprises of three members. All the Committee members are Independent Non-Executive Directors ("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 for 31 March 2018 are listed below:

Audit Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Sim Kay Wah	Independent and Non-Executive	4/4
Member	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Senior Independent and Non-Executive	4/4
Member	Dato' Sri Dr. Md Kamal Bin Bilal (Appointed on 25 May 2018)	Non-Independent and Non-Executive	–

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 paragraph 15.09 (1)(c) of the ACE LR.

The term 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 in FYE 2018 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.

Meetings

During the financial year, the AC held four meetings. 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 WORKS

The followings works 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 2017 during its meeting on the 25 May 2017. The Group's annual audited financial statements and annual report for FYE 31 March 2017 were subsequently approved by the Board on 26 July 2017.

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 24 August 2017, 28 November 2017 and 27 February 2018 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 2018, the AC reviewed the quarterly financial results and statements for the fourth quarter of 2018. The AC's recommendations were presented for approval at the subsequent Board meeting.

2. EXTERNAL AUDIT

a. On 25 May 2017, the lead audit engagement partner of the External Auditors, 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 at 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 2017, and noted that the provision of such non-audit services was 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 2018.

b. On 27 February 2018, the AC reviewed the External Auditors' FYE 31 March 2018 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 2018 and onwards.

c. On 25 May 2018, 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 2018 were tax compliance services annual review of the Statement on Risk Management and Internal Control and the review of Performa Consolidated Statement of Financial Position pertaining to the proposed of acquisition of Wullersdorf Resources Sdn Bhd ("Assignment"). The non-audit service fees incurred or to be incurred for FYE 31 March 2018 approximated RM41,300, representing approximately 27.41%. of the total professional fees paid or payable to the External Auditors. AC has approved the engagement after the review of the Assignment and has ensured such Assignment is an acceptable non-audit service in compliance with the Group's "Policy on the Provision of Non-Audit Services by External Auditors", which was not likely to neither create any conflict of interest nor impair the independence and objectivity of the External Auditors.

d. 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 2018, of which the Board approved, subject to the shareholders' approval to be sought at the forthcoming 14th Annual General Meeting on the appointment of Messrs. PKF as External Auditors of the Company for financial year ending 31 March 2019.

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 FYE 31 March 2018, 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.

b. The total fee paid to the outsourced Internal Auditors during FYE 31 March 2018 amounted to RM20,000.

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 2018, 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.

6. OTHERS

a. On 25 May 2017, 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. Audit Committee also has obtained approval from the Board Member to engage external advisory firm relating to advisory on the accounting policy and development of fair value model for recognition and measurement of biological assets in accordance with MFRS 141 – Agriculture. During the FYE 2018, Financial Statement has prepared in accordance to MFRS 141 – Agriculture and financial statement FYE 2017 has also restated accordingly.

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

INTRODUCTION

The Board of Directors ("Board") recognises the importance of having a sound risk management and internal control system in order to safeguard shareholders' interests and the Group's assets. Thus, the Board is pleased to present its Statement on Risk Management and Internal Control for the financial year ended ("FYE") 31 March 2018, which outlines the nature and scope of the Group's risk management and internal controls. This Statement is prepared pursuant to paragraph 15.26(b) of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), guided by the Guidelines for Directors of Listed Issuers ("Guidelines") as well as the principles and best practices stipulated in the Malaysian Code on Corporate Governance 2017.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound and effective system of risk management and internal controls. The Board is assisted by the Audit Committee ("AC") and the Risk Management Committee ("RMC"), both committees are empowered by its respective terms of references, to ensure that key risk areas are managed adequately in order to achieve the Group's business objectives.

The Board recognises that this system of risk management and internal controls can only provide a reasonable, but not absolute assurance against material misstatement or loss. In view of the limitations inherent in such systems, the Risk Management Framework ("RMF") is designed 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 2018, independent reviews were conducted by the outsourced Internal Auditors and annual statutory audits were conducted by the External Auditors to ensure adequacy and effectiveness of the Group's internal controls system. Audit issues and actions taken by the Management to address the issues were presented to and deliberated by the AC during their scheduled meetings. Minutes of the AC meetings which recorded such deliberations were presented to the Board for their notation and/or further approval and deliberation, if any.

RISK MANAGEMENT PRACTICES

In pursuing the Group's continuous commitment to optimise shareholders value, the Group had, subsequent to the financial year end, appointed an external consultant, Axcelasia Columbus Sdn Bhd ("ACSB") to enhance its Enterprise Risk Management Framework. The enhanced framework outlines the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions.

A Risk Management Committee ("RMC") which consists of Executive Directors, Senior Management and selected Heads of Department was established to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified are assigned and facilitate the risk reporting to the Board.

The risk assessment process provides an integrated and structured approach in identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. It promotes risk ownership and continuous monitoring of significant risks identified by way of assigning accountabilities to the respective Heads of Department and key management staffs.

Significant risks identified were maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks were then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium, High and Extreme. Risk profiles established for both the aquaculture and mining operations provided Management with a holistic view of the risks in its formulation of strategies and decision making process.

Risk Owners and Risk Co-Owners were identified to manage the Group's top 5 risks and a workshop was conducted to deliberate and agree on the key risk action plans to manage the risks to an optimal level. Borneo Aqua will continuously assess, update and monitor the implementation of key action plans identified for the Group's top 5 risks and ensure embedment into the internal controls system.

RISK MANAGEMENT PRACTICES (CONT'D)

The Group's top 5 risks which were identified during a risk assessment process subsequent to the financial year end are outlined below:

i. *Liquidity Risk*

Approximately RM36 million has been invested into Wullersdorf Resources Sdn Bhd ("WRSB") for start-up and development of the mining operations. As at FYE 31 March 2018, no revenue has been generated from the mining operations as the processing plant has yet to be operational. The testing and commissioning of the processing plant is expected to take place in third quarter of calendar year 2018.

Nonetheless, WRSB managed to raise funds to finance the mining operation via internal funds, borrowings from banks and / or shareholder's advances to finance capital costs. Financial support letter / warrants by Borneo Aqua is also available for any additional working capital required to ensure the continuation of the mining operations. In addition, cash flow model is prepared to timely monitor the cash flow position of the Group.

Key action plans identified to manage this risk include formulating an optimum funding strategy, reviewing the existing financing facilities and borrowing capacity available by individual company, considering other credit lines of facilities and carrying out scenario analysis and planning for worst case scenario.

ii. *Succession Planning*

Effective succession planning is critical to ensure the continuity of leadership and smooth running of the business operations in the event of a long absence or departure of key Management staff, which includes the Managing Director, Executive Director, Finance Manager and respective Head of Departments.

Borneo Aqua had established Financial Authority Limit in delegating authority to respective senior management and informally identified successor for key positions. Moving forward, the Management had planned to further brief the Board on the overall succession planning process, successors of key positions and updated organisation structure. In addition, Management will prepare and implement a knowledge transfer plan for the identified successors. The effectiveness of the succession plan shall be reviewed to ensure that it is in tandem with the intended objectives and targets.

iii. *Breakdown of critical equipment and machineries*

Critical equipment and machineries such as excavators, earth movers, augers, ball mill grinder, Carbon-In-Leach tanks, electrowinning tank and other equipment are crucial for the day-to-day mining operations. Breakdown of critical equipment and machineries may lead to operations downtime and disruption which may affect the fulfilment of order and ultimately the cash liquidity of the Group.

External consultant from China provides maintenance assistance based on a one-year warranty period for equipment repair support. Equipment maintenance trainings and in-house foremen are available to provide repair and maintenance to the earth-moving equipment. To further enhance the internal controls, Management will set up a maintenance team for the maintenance of the processing plant. Standard Operating Procedures of maintenance will be formalised as a guide on the day-to-day work. Critical equipment will be identified and preventive maintenance schedule and checklist will be established.

RISK MANAGEMENT PRACTICES (CONT'D)

The Group's top 5 risks which were identified during a risk assessment process subsequent to the financial year end are outlined below (Cont'd):

iv. *Metallurgical risk (low recovery)*

The Competent Person's Report is prepared based on sampling method to ascertain the mineral content of the Initial Mine Area. However, there is probability that the results may not be representative of the actual population / mine area, particularly on the minerals recovery from the metal rocks / ore. In addition, the processing plant is designed based on the quality specifications of the samples provided.

Management had employed qualified and experienced staff internally, appointed Australia consultant during the exploration of the Initial Mine Area and continuously prospecting on the Remaining Mine Area to identify new mine development area.

To address metallurgical risk, Management will continuously improve the research and development capability of WRSB by conducting various tests before identification of mine development areas for blasting. The mining team will also continue to explore and identify other mine areas for development before hitting hard rock and continuously communicate with the external consultants on various possible issues during the testing and commission of the plant.

v. *Inaccurate geological assessment*

A 40m x 40m sampling was carried out by the external consultants during the preparation of the Competent Person's Report. This is followed by a more detailed 3m x 3m sampling and examination i.e., grade control, to determine the mine area to be developed.

The Australasian Joint Ore Reserves Committee (JORC) standard is applied during the collection of samples for analysis before determining the mine development area, appointment of Australia consultant during the exploration of the Initial Mine Area and implementation of grade control process is in place to ascertain the actual resource model to manage this risk.

The above-mentioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks of the Group from the date of engagement subsequent to the financial year end and up to the date of approval of this Statement. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The internal audit activities of the Group are carried out according to an annual audit plan that was reviewed and approved by the Audit Committee and reported to the Board.

During FYE 31 March 2018, the business processes reviewed were Revenue and Property, Plant & Equipment. The results of the internal audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement, if any, were presented to the Audit Committee. In addition, follow up reviews on previous auditable activities of Borneo Aqua Harvest Berhad were also conducted to ensure that corrective actions have been implemented in a timely manner and the results of follow up reviews were also reported timely to the Audit Committee.

Total costs incurred for the outsourcing of the Internal Audit Function for FYE 31 March 2018 was RM20,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

An effective check and balance control environment within the Group is fundamental for ensuring a sound system of internal control. The following sets out other key elements of the Group's 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. An organisational 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.

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 processes 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 undertook during FYE 31 March 2018 are set out in the AC Report on pages 26 to 28.

3. **ISO Standards and HACCP Certification**

   The Group regularly reviews, improves on and continuously manages and controls the quality requirement of the Group's whole production process and distribution of Grouper species, in compliance with the ISO 9001:2015 Standards under the United Kingdom Accreditation Service ("UKAS") Management Systems and the quality standards of Malaysia. The ISO 9001:2015 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 are required and have been put in place by the Group to satisfy the stringent requirements laid down in both the ISO Standards and the HACCP Certification.

4. **Procurement**

   The Board has 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 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.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

In compliance with paragraph 15.23 of ACE LR, the External Auditors have reviewed this Statement for inclusion in the 2018 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the internal controls within the Group, and in material aspects, in accordance with the disclosures required by the Guidelines, nor is the Statement factually inaccurate.

CONCLUSION

The Chief Executive Officer/Managing Director and the Finance Manager are responsible for ensuring that the Group's risk management and internal control measures are systematically assessed and continuously upgraded to cater for changing business and operational environment. The Board has obtained assurance from the Chief Executive Officer/Managing Director and the Finance Manager that the Group's risks management and internal control systems are operating adequately and effectively.

The Board is of the view that the risk management and internal controls system are satisfactory and continue to take the appropriate and necessary measures to improve the Group's risk management and internal controls system in meeting the Group's corporate objectives.

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 26 July 2018.

SUSTAINABILITY
STATEMENT

We are pleased to report our first sustainability reporting in accordance with the Sustainability Reporting Guide ("SRG") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in Year 2015.

This statement describes the Group's sustainability activities covering both the key financial and non-financial for the period from 1 April 2017 to 31 March 2018. The Group has considered key sustainability matters as guided and defined by both the Global Reporting Initiative ("GRI") sustainability standards and Bursa Malaysia's SRG.

Borneo Aqua Harvest Berhad ("Borneo Aqua" or "Company") and its subsidiaries (collectively referred to as "Group") recognises the importance of sustainability practices in the Group's operations. Our core products consisting of live fishes, fish fry and eggs thrive on good and natural environment, thus, good environmental condition is critical to our operation enabling us to produce high quality fisheries products. Our mining operation relies on economic, environmental and social factors to achieve its business objectives.

SUSTAINABILITY GOVERNANCE

The Management discusses all relevant sustainability matters, programs and activities in various management meetings. The Management oversees the implementation of the Group's sustainability policies, processes and approach to ensure that key sustainability objectives are met. The Board of Directors are also briefed on key sustainability matters.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

The Group identified key material sustainability matters through a set of parameters established from the Group's risk management processes to priorities sustainability matters. Further information can be obtained from the Statement of Risk Management and Internal Control.

A detailed explanation for each sustainability areas of economic, environment and social is provided in the next section.

1. ECONOMIC

<u>Direct economic value generated and distributed</u>

The aquaculture operation conducts research and development ("R&D") activities such as cross-breeding to decrease the mortality rate and increase the speed of growth of the fishes. The benefits from these activities increase the size of the fishes, its immunity to diseases and generate higher prices. The better quality of fishes is also expected to improve in terms of taste for the consumer.

For the Group's mining operation, the Group expects to generate an approximately 100 employment opportunities for the local community. The Group anticipates that the mining operation will commence by the third quarter of calendar year 2018.

<u>Financial implications and other risks and opportunities due to climate change</u>

A risk assessment process was conducted for the aquaculture operation to identify key risk areas which may affect the sustainability of the business. Pollution, climate changes and weather risk were identified as key risk areas. The Group is continuously monitoring on the environmental parameters to reduce the impact of these key risks which will be explained in the next section of this statement.

In addition, a Special Environmental Impact Assessment ("EIA") was conducted for mining operations including identifying potential risks and environmental impact for the mine area as well as surrounding areas. Mitigation measures and monitoring programmes were undertaken to ensure these identified risks were managed.

1. ECONOMIC (CONT'D)

Financial assistance received from government

A government grant from National Key Economic Area ("NKEA") Agriculture Scheme was awarded to Borneo Aqua in November 2011. The Group had claimed up to RM8.7 million and the balance can only be claimed when Key Performance Indicators ("KPI") in the agreement are achieved. The KPI includes number of Grouper Fries, number of metric tonne of Grouper Fishes, and generating Gross National Income of approximately RM111 million.

Infrastructure investments and services supported

The construction of aquaculture sites involved constructing various infrastructure such as hatchery, nursery building, potable water supply, access road, and electricity supply. These infrastructures supported the local community businesses and indirectly enhance the economy of Sandakan and Lahad Datu.

Our mining operation is required to construct a number of infrastructure facilities. As part of the Mining Lease offered by the Land and Survey Department of Sabah to the Main Lessee, Southsea Gold Sdn Bhd, of which approximately 317.7 hectares were sub-lease to Wullersdorf Resources Sdn Bhd ("WRSB"), a subsidiary of Borneo Aqua is required to construct, maintain, alter and operate:

(a) Living accommodation and amenities for the Lessee's employees and workman; and

(b) Other buildings, installations and works necessary or useful for the effective carrying out of the Lessee's operations and activities under the Lease.

The construction of any road pipeline facilities shall require the prior written approval of the Minister of Infrastructure Development and other relevant authorities.

2. ENVIRONMENTAL

Water

The Group constructed a retention pond to capture rainwater and rock stream water and processed into treated water for the use of its mining construction workers in Tawau, Sabah. This treated water is tested regularly to ensure it is safe for human consumption. For mining activities, a tailing storage facility was constructed to capture any water used during its mining and construction activities through various drainage system to mitigate any water rundown to the mainstream rivers. Forest buffers were also designed to avoid any contaminated water from breaching into the river mainstreams. Silt traps were constructed to trap silts bringing it to the tailing storage facility. These captured silts, sediments and water used for mining activities are settled and treated. Any excess treated waters are tested before it can be released back to the mainstreams to ensure its quality is safe for the environment. Any sediments and silts are treated and kept at the tailing storage facility in accordance with the standards set by Sabah's Department of Irrigation & Drainage and Department of Environment.

Our aquaculture operation requires highest quality of ecosystem including seawater to produce highest quality of fries and fishes. Seawater quality is managed and monitored, any potential contamination is investigated and actions will be taken such as removing the fishes in the sea cages to appropriate tanks to protect the fishes.

Effluent and waste management

Storage of chemical and diesel

The Group's mining operation requires the storage of diesel and chemical in protective casing and in appropriate bunkers and enclosures to prevent spillage. The bunkers provide protective layer preventing any spilled diesel and chemical from contaminating the soil flowing to the water catchment areas and water sources.

2. ENVIRONMENTAL

Compliance with environmental laws and regulations

The Group did not violate any environmental laws and regulations and has not been penalised or fined for any environmental violation in FYE 31 March 2018.

The Group regularly reviews any risks and potential issues related to the environment for its aquaculture and mining operations. Actions and steps are taken ensuring all environmental factors are within the regulatory requirements for both aquaculture and mining operations. This include reviewing and monitoring all environmental parameters at both the aquaculture sea cages and its mining operations.

3. SOCIAL

Diversity and equal opportunity

The Group encourages employee diversity and provides opportunities to the employees for advancement in the Group. As at FYE 31 March 2018, the male represented almost 79% of its employees' profile. This is in consideration of both Group's activities – mining and aquaculture – which are located in remote areas in Sabah and as a result, male employee was significantly higher than female employees. The Group does not have any restriction on its employee diversity, however, the safety and wellbeing of its employees are given the highest priority and ensuring they can work in safe and conducive environment.

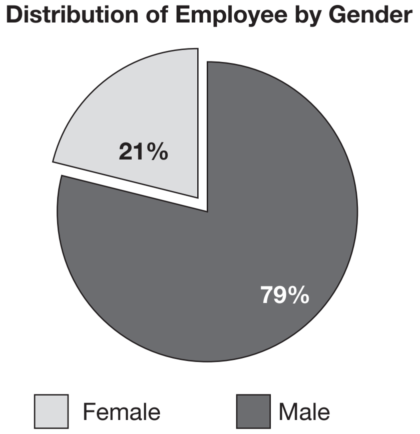


Figure 1: Distribution of Employee by Gender

Occupational safety, health and environment

The Group takes occupational safety, health and environment ("SHE") seriously and a top priority. Various programmes and initiatives were established to ensure employees' safety at both the aquaculture and mining operations. These programmes include continuous safety trainings, reviews on safety policies, implementation and monitoring of SHE procedures at project location. The Group controls access to the project location by imposing access restriction to only authorised trained employees.

There were no accidents and incidents occurring at its aquaculture operation.

3. SOCIAL (CONT'D)

Occupational safety, health and environment (Cont'd)

In the Group mining operation, no Lost Time Incident ("LTI") recorded. All activities were conducted in accordance with stringent safety and health procedures preventing any accidents or adverse incidents. Actions taken by the Group include:

i. Monitoring adverse weather

The Group monitors the weather patterns at its mining operation. This monitoring enables the Group identifies any potential adverse weather conditions early such as storms and landslides which endanger employee's safe working condition. The Group will advise employees or issue work stop orders until it can be determined the working condition is no longer detrimental to the employees.

ii. Chemical controls

One of the main chemicals in use for the mining activities is cyanide. Various controls have been considered and created ensuring safe and secure storage, use and disposal of the chemical in the mining plant. An Emergency Respond Plan has been established including Emergency Response Team to respond to any potential leakages and spillages. Various preventive measures have been instituted and these include:

- To monitor water condition;
- To collect data and analyse piezometer reading to identify any potential movement of embankment structure;
- To inspects all the facilities of spillage/emergency controls such as spillway ponds, discharge pumps, seepage ponds and drainages, piezometer etc.;
- Maintenance rounds – to observe and report any damage of any structure, pond, pump or equipment as to make fix them back immediately;
- Continuous trainings and drills on safety, health and environment for all staff including spillage situation; and
- Scheduled preventive maintenance – to check and ensure all access to the facilities are safe and good condition.

iii. Monitoring water and construction activities

The Group is currently constructing a mining plant to access gold in the areas marked for gold mining. Activities involved in managing SHE included water quality, soil condition testing and geological analysis to ensure safe working condition.

CORPORATE SOCIAL RESPONSIBILITIES

The Group established its corporate social responsibilities ("CSR") policy and available on its website at https://www.borneoaqua.com.my/corp/corpgov.html

Although the policy was established, the Group has yet to establish a formal corporate social responsibilities programmes and activities. During the FYE 31 March 2018, The Group has interned selected number of students from Polytechnic Sandakan in Sabah focusing on aquaculture.

In the future, the Group intends to intensify its internship programmes covering both the aquaculture and mining operations. The Group will work together with the polytechnic and selected universities offering aquaculture, mining and geology courses. The Group will provide internship opportunities for the students of these educational institution as well as identifying potential employment opportunities in the future.

ADDITIONAL COMPLIANCE **INFORMATION**

1. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

1.1 The movement of ESOS Options during the financial ended 31 March 2018 as follows:

		Number of options over ordinary shares of RM0.10 each				
Date of offer	**Exercise price**	**At 1.4.2017**	**Granted**	**Exercised**	**Forfeited**	**At 31.3.2018**
15.01.2013	RM0.70	34,991,040	–	(4,009,780)	–	30,981,260
17.08.2013	RM1.22	1,500,000	–	–	(1,500,000)	–
11.05.2015	RM0.80	100,000	–	–	–	100,000
25.08.2016	RM1.00	100,000	–	–	–	100,000
11.03.2017	RM0.75	3,849,295	–	(1,549,295)	–	2,300,000
20.09.2017	RM0.70	–	1,500,000	(1,022,000)	–	478,000
		40,540,335	1,500,000	(6,581,075)	(1,500,000)	33,959,260

Further details of the options granted to directors and senior management during the financial year ended 31 March 2018 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 2018	85% of ordinary shares of RM0.10 each available under the ESOS	68% 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 2018 are as follow:

	Number of options over ordinary shares of RM0.10 each		
	Since Commencement	**Exercised as at the Financial Year Ended 31 March 2018**	**Balance**
Dato' Sri Dr. Md Kamal Bin Bilal	2,500,000	(1,090,410)	1,409,590
Datuk Lo Fui Ming	10,500,000	(9,280,910)	1,219,090
Lo Teck Yong	10,500,000	(4,798,850)	5,701,150
Akinori Hotani	10,500,000	(8,702,500)	1,797,500
YB Mejar (K) Datuk Samdudin Bin Yahya	1,500,000	(189,970)	1,310,030

1.2 Issuance of Free Warrants

The Company had on 13 April 2017 announced that it proposes to undertake a propose issue of up to 325,670,213 free warrants in Borneo Aqua ("Warrants") on the basis of 1 Warrant for every 2 existing ordinary shares in Borneo Aqua held by the shareholders of Borneo Aqua. Total free warrants of 299,997,878 were completely issued on 25 August 2017.

2. UTILISATION OF PROCEEDS

Bursa Securities had vide its letter dated 3 March 2017 approved the listing of and quotation for up to 59,212,766 new ordinary shares in the Company ("Placement Shares") representing up to 10% of the issued and paid up share capital of the Company pursuant to the Proposed Private Placement.

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

The status of utilisation of proceeds from the abovementioned Private Placement as at 31 March 2018 are as follows:

Amount (RM'000)	**Proceeds Raised**	**Amount Utilised**	**Amounts Unutilised**
Capital Expenditure	25,266	(21,445)	3,821
Working Capital	9,874	(9,874)	–
Estimated Expenses	950	(950)	–
	36,090	(32,269)	3,821

3. AUDIT AND NON-AUDIT FEES

The audit and non-audit fee paid or payable to the External Auditors, PKF Malaysia and C Ho & Co. for the financial year ended 31 March 2018 as follows:

Company	Audit Fees (RM)	Non-Audit Fees (RM)
Borneo Aqua Harvest Berhad ("BAHB")	78,000	18,300
BAHB's Subsidiaries	69,000	23,000
Total	147,000	41,300

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There are no others recurrent related party transactions of a revenue or trading nature which had been entered by the Group during the financial year ended 31 March 2017, except for transactions disclosed in the financial statements on pages 109 to 113 of this Annual Report.

5. CONTRACT RELATING TO LOAN BY THE COMPANY

There was no contract relating to loan by the Company.

6. MATERIAL CONTRACT

There was no material contract entered into by the Company and / or its subsidiary during the financial year ended 31 March 2018.

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 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 March 2018.

RESULTS

	Group RM	Company RM
Total comprehensive income/(loss) for the financial year	18,542,504	(116,801,650)

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 2018.

DIRECTORS

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

Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman
Dato' Sri Dr. Md Kamal Bin Bilal
Datuk Lo Fui Ming
Akinori Hotani
Lo Teck Yong
Sim Kay Wah
YB Mejar (K) Datuk Samsudin Bin Yahya (Resigned on 25 May 2018)
Mau Kam Wai (Resigned on 25 May 2018)

Pursuant to Section 253 of the Companies Act 2016, the Directors of subsidiary companies during the financial year and up to date of this report are as follows:

Datuk Lo Fui Ming
Akinori Hotani
Chong Khing Chung
Chong Tzu Khen
Lo Teck Yong
Muhammad Huzaimie Bin Yain

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 59 of the Companies Act 2016 ("CA2016") are as follows:

	Number of ordinary shares			
Direct interest:	**At 1.4.2017**	**Bought**	**Sold**	**At 31.3.2018**
YB Mejar (K) Datuk Samsudin Bin Yahya	163,550	26,420	–	189,970
Dato' Sri Dr. Md Kamal Bin Bilal	3,076,610	193,800	–	3,270,410
Datuk Lo Fui Ming	94,436,150	3,716,205	(727,000)	97,425,355
Akinori Hotani	–	57,500	(57,500)	–
Chong Khing Chung	1,750,000	57	(1,000,057)	750,000
Chong Tzu Khen	1,100,000	115,000	(250,000)	965,000
Lo Teck Yong	7,009,330	1,505,850	(2,200,000)	6,315,180
Indirect interest:				
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of shareholding of his child	70,000	300,000	300,000	70,000

	Number of options over ordinary shares			
Direct interest:	**At 1.4.2017**	**Granted**	**Exercised**	**At 31.3.2018**
YB Mejar (K) Datuk Samsudin Bin Yahya	1,336,450	–	(26,420)	1,310,030
Dato' Sri Dr. Md Kamal Bin Bilal	1,603,390	–	(193,800)	1,409,590
Datuk Lo Fui Ming	2,100,000	–	(880,910)	1,219,090
Akinori Hotani	1,855,000	–	(57,500)	1,797,500
Chong Khing Chung	1,700,000	–	–	1,700,000
Chong Tzu Khen	7,700,000	–	(115,000)	7,585,000
Lo Teck Yong	7,207,000	–	(1,505,850)	5,701,150
Indirect interest:				
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of his child	5,600,000	–	(300,000)	5,300,000

By virtue of Directors' interests in the ordinary shares of the Company, they are also deemed to have interest in ordinary shares of the subsidiary companies 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.

DIRECTORS' REMUNERATION

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM1,764,318 and RM367,000 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or liability insurance effected for any Director or officer of the Company during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company issued 6,581,075 new ordinary shares for cash persuant to the exercise of employees' share under the Employee Share Option Scheme for working capital purposes. The details of the new ordinary shares issued during the financial year are as follows:

Exercise price per share	Number of issued and paid-up ordinary shares
RM0.70	5,031,780
RM0.75	1,549,295
	6,581,075

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other shares or 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 this shall 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 under the approval from the Board of Directors.

(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.

(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.

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

(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 and the exercise prices are as follows:

		Number of options over ordinary shares				
Date of offer	**Exercise price**	**At 1.4.2017**	**Granted**	**Exercised**	**Withdrawn unexercised**	**At 31.3.2018**
15 January 2013	RM0.70	34,991,040	–	(4,009,780)	–	30,981,260
17 August 2013	RM1.22	1,500,000	–	–	(1,500,000)	–
3 May 2015	RM0.80	100,000	–	–	–	100,000
25 August 2016	RM1.00	100,000	–	–	–	100,000
11 March 2017	RM0.75	3,849,295	–	(1,549,295)	–	2,300,000
20 September 2017	RM0.70	–	1,500,000	(1,022,000)	–	478,000
		40,540,335	1,500,000	(6,581,075)	(1,500,000)	33,959,260

The names of persons to whom options have been granted during the financial year and details of their holdings as required under Section 129(2) of the Companies Act, 2016 are as follows:

				Number of options over ordinary shares			
Name	**Grant date**	**Expiry date**	**Exercise price**	**At 1.4.2017**	**Granted**	**Withdrawn exercised**	**At 31.3.2018**
Chong Kam Seng	20 September 2017	14 January 2023	RM0.70	–	1,500,000	–	1,500,000
Hiew Vun Pui	19 August 2013	14 January 2023	RM0.75	1,500,000	–	(1,500,000)	–

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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 2018 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.

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and the Company are amounted to RM155,800 and RM86,800 respectively.

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 26 July 2018

STATEMENT BY **DIRECTORS**

Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 52 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year ended on that date.

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 26 July 2018

STATUTORY **DECLARATION**

Pursuant to Section 251(1)(B) of the Companies Act, 2016

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 52 to 134 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 26 July 2018)

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 ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BORNEO AQUA HARVEST BERHAD, which comprise the Statements of Financial Position as at 31 March 2018 of the Group and of the Company, and the Statements of Profit or Loss and Other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Area of focus	How our audit addressed the key audit matter
Valuation of fishery livestocks As highlighted in Note 17, current biological assets comprise fishery livestocks and fish fry of which fishery livestocks amounted to RM153,756,866 which represents 43% of the Group's total assets. Previously, the valuation of fishery livestocks follows FRS 204 Accounting for Aquaculture, which measures income on a project basis by matching cost and revenue of each individual project or batch of production cycle, for which losses of failed units are a cost of those that are successful. Following the adoption of MFRS 141 Agriculture which requires biological assets to be measured at fair value less costs to sell, the Group would be subjected to significant volatility in its financial performance as fair values will fluctuate substantially based on the level of growth against fatalities, amongst others.	We have obtained the valuations of biological assets prepared by the management and professional advisor engaged by the Group. The fair value reports are reviewed by us for appropriateness of the fair value methodology used and reasonableness of the assumptions used. We also assessed the competence, capabilities and objectivity of the professional advisor engaged by the Group. We evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities. We observed the physical sighting of the biological assets at the year end and performed test of controls over the recording of inputs, sales and fatalities during the financial year.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Area of focus	**How our audit addressed the key audit matter**
Valuation of fishery livestocks (Cont'd) The fishery livestocks are fair valued by the management, assisted by professional advisor engaged by the Group using industry/market accepted valuation methodology and approaches. Due to the measurement of fair value being inherently judgemental, we have considered this to be a key audit matter. Additionally, while a physical sighting exercise is performed monthly, this is limited to the sighting of the sea cages and ensuring there are livestocks in these sea cages. It is not possible to perform an actual count of the livestocks within the sea cages as the only way to successfully perform this is to individually transfer the livestocks from one cage to another, the act of which increases the fatalities and therefore is not performed. Instead the quantities is estimated by management by the control over the inputs, fatalities and average weights based on the physical observation during the count.	
Valuation of receivables As highlighted in Note 18, trade receivables past due for more than 90 days amounts to RM23,198,515, including RM7,843,417 which has been outstanding for over One (1) year at the year-end date. These past due trade receivables relate mainly to the Group's Four (4) largest customers operating from Hong Kong and which represents 93% of total trade receivables as highlighted in Note 18. Notwithstanding the extended credit period granted to these customers of up to 270 days, the continued high level of long outstanding receivables indicates an increased degree of uncertainty as to whether the debts may be collectible in full and may cast doubt on the Group's policies and procedures for effective debt collection. If any one of these customers decides to abscond or becomes bankrupt, it will result in pervasive impact on the losses to the Group.	For these Four (4) largest customers of the Group, we have performed the following: (i) Ascertained that throughout the financial year under review, there have been regular payments made by these customers; (ii) Checked subsequent receipts from these customers; (iii) Assessed the basis on how the impairment amount is derived; and (iv) Obtained positive confirmation directly from these customers.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

(iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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

NGU SIOW PING
03033/11/2019 J
CHARTERED ACCOUNTANT

Kuala Lumpur
Dated 26 July 2018

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the financial year ended 31 March 2018

		Group		Company	
			Restated		
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	5	22,219,204	31,091,339	–	–
Cost of sales		33,146,907	2,874,515	–	–
Gross profit		55,366,111	33,965,854	–	–
Interest income	6	1,921	9,131	–	8,095
Other operating income	7	2,696,519	3,270,524	1	4
Selling and distribution expenses		(6,632,378)	(7,833,406)	–	–
Administrative expenses		(19,813,725)	(9,029,792)	(119,889,731)	(3,407,660)
Fair value adjustment on amount due from subsidiary company		–	–	3,086,137	2,877,564
Profit/(Loss) from continuing operations, net of tax	10	31,618,448	20,382,311	(116,803,593)	(521,997)
Finance costs	11	(1,102,495)	(1,017,944)	–	–
Profit/(Loss) before taxation		30,515,953	19,364,367	(116,803,593)	(521,997)
Income tax expense	12	(11,968,253)	(8,397,715)	1,943	(1,943)
Profit/(Loss) from continuing operations, net of tax		18,547,700	10,966,652	(116,801,650)	(523,940)
Discontinued operations					
Loss from discontinued operations, net of tax		(5,436)	–	–	–
Profit/(Loss) for the financial year		18,542,264	10,966,652	(116,801,650)	(523,940)
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operation		240	(1,370)	–	–
Other comprehensive income/(loss) for the financial year, net of tax		240	(1,370)	–	–
Total comprehensive income/(loss) for the financial year		18,542,504	10,965,282	(116,801,650)	(523,940)
Profit/(Loss) attributable to owners of the Company		18,542,264	10,966,652	(116,801,650)	(523,940)
Total comprehensive income/(loss) attributable to owners of the Company		18,542,504	10,965,282	(116,801,650)	(523,940)
Profit per share attributable to owners of the Company (sen per share)					
Basic	13	3.09	2.38		
Diluted	13	2.94	2.24		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2018

		Group		Company	
			Restated		
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	62,196,121	39,390,096	1,933	2,685
Intangible assets	15	96,133,664	96,133,664	95,990,000	95,990,000
Investments in subsidiary companies	16	–	–	7,804,167	63,603,170
Biological assets	17	1,054,361	1,864,557	–	–
Trade and other receivables	18	–	–	–	42,577,573
		159,384,146	137,388,317	103,796,100	202,173,428
Current assets					
Biological assets	17	155,782,404	100,237,906	–	–
Inventories	19	1,358,773	932,298	–	–
Trade and other receivables	18	37,236,413	39,006,398	48,392,583	26,756,526
Tax recoverable		127,338	147,582	2,976	–
Cash and bank balances	20	5,904,850	36,972,861	274,288	35,857,510
		200,409,778	177,297,045	48,669,847	62,614,036
Assets classified as held for sale	21	1,505,646	–	–	–
TOTAL ASSETS		361,299,570	314,685,362	152,465,947	264,787,464
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital and premium	22	278,873,049	274,188,832	278,873,049	274,188,832
Other reserves	23	10,814,857	10,717,934	10,814,857	10,814,857
Retained profits/(Accumulated losses)	24	10,958,002	(7,584,262)	(137,902,374)	(21,100,724)
TOTAL EQUITY		300,645,908	277,322,504	151,785,532	263,902,965
Non-current liabilities					
Loans and borrowings	25	7,660,369	191,671	–	–
Deferred income	26	4,013,304	4,888,934	–	–
Deferred tax liabilities	27	25,700,701	13,725,675	–	–
		37,374,374	18,806,280	–	–
Current liabilities					
Loans and borrowings	25	15,583,331	12,680,138	–	–
Trade and other payables	28	7,695,957	5,876,440	680,415	883,786
Taxation		–	–	–	713
		23,279,288	18,556,578	680,415	884,499
TOTAL LIABILITIES		60,653,662	37,362,858	680,415	884,499
TOTAL EQUITY AND LIABILITIES		361,299,570	314,685,362	152,465,947	264,787,464

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

STATEMENTS OF
CHANGES IN EQUITY
For The Financial Year Ended 31 March 2018

		← Attributable to owners of the Company →				
		← Non-distributable →				
			Distributable		(Accumulated losses)/	
		Share	Share	Other	Retained	Total
		capital	premium	reserves	profits	equity
Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 April 2016						
- As previously reported		43,196,617	83,892,091	13,048,118	4,090,335	144,227,161
- Effect of adopting MFRS 141	36	–	–	–	(22,641,249)	(22,641,249)
Restated balance at 1 April 2016		43,196,617	83,892,091	13,048,118	(18,550,914)	121,585,912
Loss for the financial year						
- As previously reported		–	–	–	(3,808,098)	(3,808,098)
- Effects of adopting MFRS 141	36	–	–	–	14,774,750	14,774,750
Other comprehensive loss						
- Foreign currency translation	23	–	–	(1,370)	–	(1,370)
Total comprehensive (loss)/income for the financial year		–	–	(1,370)	10,966,652	10,965,282
Contributions by owners of the Company						
- Issued during the financial year	22	10,212,766	85,787,234	–	–	96,000,000
- Issued under private placement	22	36,089,592	–	–	–	36,089,592
- Share-based payment transactions	23	–	–	689,481	–	689,481
- Share issuance expenses	22	–	(253,213)	–	–	(253,213)
- Share options exercised	22/23	4,802,060	10,461,685	(3,018,295)	–	12,245,450
Total transactions with owners of the Company		51,104,418	95,995,706	(2,328,814)	–	144,771,310
Restated balance at 31 March 2017		94,301,035	179,887,797	10,717,934	(7,584,262)	277,322,504
Profit for the financial year		–	–	–	18,542,264	18,542,264
Other comprehensive income						
- Foreign currency translation	23	–	–	240	–	240
Total comprehensive income for the financial year		–	–	240	18,542,264	18,542,504
Contributions by owners of the Company						
- Share options exercised	22	4,684,217	–	–	–	4,684,217
Total transactions with owners of the Company		4,684,217	–	–	–	4,684,217
Realisation of foreign currency translation reserve	23	–	–	96,683	–	96,683
At 31 March 2018		98,985,252	179,887,797	10,814,857	10,958,002	300,646,908

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

Company	Note	Attributable to owners of the Company Non-distributable Share capital RM	Distributable Share premium RM	Other reserves RM	(Accumulated losses)/ Retained profits RM	Total equity RM
At 1 April 2016		43,196,617	83,892,091	13,143,671	(20,576,784)	119,655,595
Total comprehensive loss for the financial year		–	–	–	(523,940)	(523,940)
Contributions by owners of the Company						
- Issued during the financial year	22	10,212,766	85,787,234	–	–	96,000,000
- Issued under private placement	22	36,089,592	–	–	–	36,089,592
- Share-based payment transactions	23	–	–	689,481	–	689,481
- Share issuance expenses	22	–	(253,213)	–	–	(253,213)
- Share options exercised	22/23	4,802,060	10,461,685	(3,018,295)	–	12,245,450
Total transactions with owners of the Company		51,104,418	95,995,706	(2,328,814)	–	144,771,310
At 31 March 2017		94,301,035	179,887,797	10,814,857	(21,100,724)	263,902,965
Total comprehensive loss for the financial year		–	–	–	(116,801,650)	(116,801,650)
Contributions by owners of the Company						
- Share options exercised	22	4,684,217	–	–	–	4,684,217
Total transactions with owners of the Company		4,684,217	–	–	–	4,684,217
At 31 March 2018		98,985,252	179,887,797	10,814,857	(137,902,374)	151,785,532

** The Companies Act 2016 ("the Act") which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM179,887,797 becomes part of the Group's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Group may within twenty four (24) months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

STATEMENTS OF
CASH FLOWS
for the financial year ended 31 March 2018

		Group		Company	
			Restated		
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit/(Loss) before taxation from:					
- continuing operations		30,515,953	19,364,367	(116,803,593)	(521,997)
- discontinued operations		(5,436)	–	–	–
		30,510,517	19,364,367	(116,803,593)	(521,997)
Adjustments for:					
Allowance for impairment on amounts due from subsidiary companies		–	–	57,369,486	–
Allowance for impairment on other receivables		–	132,864	–	127,862
Allowance for impairment on trade receivables		7,554,000	4,134	–	–
Amortisation of broodstocks		398,742	434,580	–	–
Amortisation of government grant		(875,630)	(875,630)	–	–
Depreciation of property, plant and equipment		8,167,640	7,259,893	752	945
Fair value adjustment on amount due from subsidiary company		–	–	(3,086,137)	(2,877,564)
Impairment loss on assets held for sale		824,576	–	–	–
Impairment loss on broodstock		397,116	–	–	–
Impairment loss on investments in subsidiary companies		–	–	60,789,003	–
Impairment loss on property, plant and equipment		43,767	–	–	–
Interest expenses		1,102,495	1,017,944	–	–
Interest income		(1,921)	(9,131)	–	(8,095)
Property, plant and equipment written off		624,931	2,104	–	–
Provision of fatalities charge on broodstock		8,976	1,932,932	–	–
Realised of translation reserves		96,683	–	–	–
Services received as an expense		–	689,481	–	12,858
Unrealised foreign exchange gain		(15,030)	(88,455)	–	–
Unrealised foreign exchange loss		1,570,394	1,176,095	–	–
Operating profit/(loss) before working capital changes		50,407,256	31,041,178	(1,730,489)	(3,265,991)
Change in biological assets		(55,5439,136)	(36,686,181)		
Change in receivables		(7,339,379)	(6,784,732)	(33,341,833)	(9,460,463)
Change in inventories		(426,475)	(79,713)	–	–
Change in payables		1,813,570	953,065	(203,371)	474,372
Cash used in operations		(11,084,164)	(11,556,383)	(35,275,693)	(12,252,082)
Income tax paid		(56,038)	(77,783)	(1,746)	(1,230)
Income tax refunded		83,055	–	–	–
Interest paid		(1,102,495)	(1,017,944)	–	–
Interest received		1,921	9,131	–	8,095
Net cash used in operating activities		(12,157,721)	(12,642,979)	(35,277,439)	(12,245,217)

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

	Note	Group 2018 RM	Group Restated 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from investing activities					
Acquisition of intangible assets		–	(96,101,488)	–	(96,000,000)
Acquisition of property, plant and equipment*		(23,424,809)	(663,305)	–	(1,684)
Addition of broodstocks		–	(63,078)	–	–
Increase in investment in subsidiary company		–	–	(4,990,000)	–
Net cash used in investing activities		(23,424,809)	(96,827,871)	(4,990,000)	(96,001,684)
		(35,582,530)	(109,470,850)	(40,267,439)	(108,246,901)
Cash flows from financing activities					
Fixed deposits pledged with a licensed bank		(202,000)	(400,000)	–	–
Proceeds from exercise of employees share options		4,684,217	12,245,450	–	12,245,450
Proceeds from issuance of share capital		–	132,089,592	4,684,217	132,089,592
Repayment of hire purchase payables		(885,172)	(55,245)	–	–
Repayment of revolving credit		(500,000)	(500,000)	–	–
Repayment of term loan		(1,137,128)	(1,084,051)	–	–
Share issuance expenses		–	(253,213)	–	(253,213)
Term loan draw down		5,000,000	–	–	–
Net cash generated from financing activities		6,959,917	142,042,533	4,684,217	144,081,829
Net (decrease)/increase in cash and cash equivalents		(28,622,613)	32,571,683	(35,583,222)	35,834,928
Effect of exchange rate changes		240	(1,370)	–	–
Cash and cash equivalents at beginning of financial year		26,150,691	(6,419,622)	35,857,510	22,582
Cash and cash equivalents at end of financial year	20	(2,471,682)	26,150,691	274,288	35,857,510

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

Non-cash transactions

* Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM33,966,638 and RMNil (2017: RM696,705 and RM1,684) of which RM10,541,829 and RMNil (2017: RM33,400 and RMNil) were acquired by means of hire purchase. Cash payments of RM23,424,809 and RMNil (2017: RM663,305 and RM1,684) were made to acquire property, plant and equipment.

Reconciliation of liabilities arising from financing activities:

Group	1 April 2017 RM	Cash flows RM	Non-cash acquisition RM	31 March 2018 RM
Bank overdrafts	9,837,170	(2,647,638)	–	7,189,532
Hire purchase payables	148,782	(885,172)	10,541,829	9,805,439
Revolving credit	1,500,000	(500,000)	–	1,000,000
Term loan	1,385,857	3,862,872	–	5,248,729
	12,871,809	(169,938)	10,541,829	23,243,700

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

1. GENERAL INFORMATION

The Company is a public limited liability company that is domiciled and incorporated 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 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 March 2018.

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 Lot 4, 3rd Floor, Block E, Bandar Nam Tung, Jalan Leila, 90000 Sandakan, Sabah, Malaysia respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 26 July 2018.

2. 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 Malaysian Financial Reporting Standards ("MFRSs") issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 March 2018 are the first set of financial statements prepared in accordance with MFRS, including MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards and MFRS 141 – Agriculture. Subject to certain transition elections as disclosed in Note 37 , the Group and the Company have consistently applied the same accounting policies in their opening MFRS Statements of Financial Position as at 1 April 2016, being the transition date, and throughout all years presented, as if these policies always been in effect. The impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are disclosed in Note 37.

The financial statements are prepared in Ringgit Malaysia (RM) which is 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.

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

MFRSs, Amendments to MFRSs and Interpretations

On 1 April 2017, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2017.

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
- MFRS 2 *Share-based Payment*
- MFRS 3 *Business Combinations*
- MFRS 4 *Insurance Contracts*
- MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- MFRS 6 *Exploration for and Evaluation of Mineral Resources*
- MFRS 7 *Financial Instruments: Disclosures*
- MFRS 8 *Operating Segments*
- MFRS 9 *Financial Instruments*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*

2. BASIS OF PREPARATION (CONT'D)

(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs (Cont'd)

MFRSs, Amendments to MFRSs and Interpretations (Cont'd)

- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 14 *Regulatory Deferral Accounts*
- MFRS 101 *Presentation of Financial Statements*
- MFRS 102 *Inventories*
- MFRS 107 *Statement of Cash Flows*
- MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- MFRS 110 *Events after the Reporting Period*
- MFRS 111 *Construction Contracts*
- MFRS 112 *Income Taxes*
- MFRS 116 *Property, Plant and Equipment*
- MFRS 117 *Leases*
- MFRS 118 *Revenue*
- MFRS 119 *Employee Benefits*
- MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
- MFRS 121 *The Effects of Changes in Foreign Exchange Rates*
- MFRS 123 *Borrowing Costs*
- MFRS 124 *Related Party Disclosures*
- MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
- MFRS 127 *Separate Financial Statements*
- MFRS 128 *Investment in Associates and Joint Ventures*
- MFRS 129 *Financial Reporting in Hyperinflationary Economies*
- MFRS 132 *Financial Instruments: Presentation*
- MFRS 133 *Earnings per Share*
- MFRS 134 *Interim Financial Reporting*
- MFRS 136 *Impairment of Assets*
- MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
- MFRS 138 *Intangible Assets*
- MFRS 139 *Financial Instruments: Recognition and Measurement*
- MFRS 140 *Investment Property*
- MFRS 141 *Agriculture*
- Amendments to MFRSs:
  - MFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*
  - MFRS 7 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*
  - MFRS 7 *Financial Instruments: Disclosure*
  - MFRS 9 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*
  - MFRS 9 *Financial Instruments (Hedge Accounting)*
  - MFRS 10 *Investment Entities: Applying the Consolidation Exception*
  - MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
  - MFRS 12 *Investment Entities: Applying the Consolidation Exception*
  - MFRS 12 *Disclosure of Interests in Other Entities*
  - MFRS 101 *Disclosure Initiative*
  - MFRS 107 *Disclosure Initiative*
  - MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*
  - MFRS 116 *Clarification of Acceptable Methods of Depreciation and Amortisation*
  - MFRS 116 *Agriculture: Bearer Plants*
  - MFRS 119 *Employee Benefits*
  - MFRS 127 *Equity Method in Separate Financial Statements*
  - MFRS 128 *Investments in Associates and Joint Ventures*
  - MFRS 128 *Investment Entities: Applying the Consolidation Exception*
  - MFRS 134 *Interim Financial Reporting*
  - MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
  - MFRS 140 *Agriculture: Bearer Plants*

2. BASIS OF PREPARATION (CONT'D)

(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs (Cont'd)

MFRSs, Amendments to MFRSs and Interpretations (Cont'd)

- IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
- IC Interpretation 4 *Determining Whether an Arrangement contains a Lease*
- IC Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- IC Interpretation 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
- IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 12 *Service Concession Arrangements*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 MFRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IC Interpretation 15 *Agreements for the Construction of Real Estate*
- IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
- IC Interpretation 18 *Transfers of Assets from Customers*
- IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- IC Interpretation 21 *Levies*
- IC Interpretation 107 *Introduction of the Euro*
- IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*
- IC Interpretation 115 *Operating Leases - Incentives*
- IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
- IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
- IC Interpretation 129 *Service Concession Arrangements: Disclosures*
- IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*
- IC Interpretation 132 *Intangible Assets – Web Site Costs*

Adoption of the above standards and interpretations did not have any effect an the financial performance or position of the Group and the Company except for the possible changes on the adoption of the new and amended MFRSs, as below:

- Disclosure Initiative (Amendments to MFRS 107)

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

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

(i) Disclosure Initiative (Amendments to MFRS 107)

The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

To achieve this objective, the MASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

2. BASIS OF PREPARATION (CONT'D)

(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs (Cont'd)

(i) Disclosure Initiative (Amendments to MFRS 107) (Cont'd)

The MASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Since the amendments are being issued less than one year before the effective date, entities need not provide comparative information when they first apply the amendments.

This adoption does not have any impact on the financial statements of the Group and the Company.

(ii) Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify the following aspects:

(i) Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

(ii) The carrying amount of an asset does not limit the estimation of probable future taxable profits.

(iii) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

(iv) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

As transition relief, an entity may recognise the change in the opening equity of the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity. The Board has not added additional transition relief for first-time adopters.

This does not have any impact on the financial statements of the Group and the Company as the Group and the Company did not incur any unrealised tax losses during the financial year.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards issued but not yet effective (Cont'd)

The Group and the Company have 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 2018

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases
- Amendments to MFRS 112 (Annual Improvements to MFRSs Standards 2015-2017 Cycle)
- Amendments to MFRS 123 (Annual improvements to MFRSs Standards 2015-2017 cycle)

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

(i) MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 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.

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(i) Classification and measurement

MFRS 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 MFRS 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.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards issued but not yet effective (Cont'd)

(i) MFRS 9 Financial Instruments (Cont'd)

(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

MFRS 9 establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in MFRS 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.

MFRS 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.

(ii) MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards issued but not yet effective (Cont'd)

(iii) MFRS 16 Leases

Under MFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under MFRS 117 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

As with MFRS 16's predecessor, MFRS 117, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

Recognition exemptions: Instead of applying the recognition requirements of MFRS 16 described above, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

- leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

(iv) Amendments to MFRS 112 (Annual Improvements to MFRSs Standards 2015-2017 Cycle)

Under MFRS 112, Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle), an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Early application of these amendments is permitted provided that the entity discloses the fact. When an entity first applies these amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

(v) Amendments to MFRS 123 (Annual Improvements to MFRSs Standards 2015-2017 cycle)

The amendments are made on the borrowing costs eligible for capitalisation. MFRS 123 states that the capitalisation rate of borrowing costs shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period other than borrowings made specifically for the purpose of obtaining a qualifying asset. Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle) has extended the statement by stating that an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The Group plans to assess the potential effect of the adoption of the above new standards on their financial statements in 2019.

3. 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.

(a) 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:

(i) 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 5.76% at 31 March 2018 (4.05% at 31 March 2017).

(ii) Acquisition of mineral rights

The acquisition of mineral rights is typically undertaken via the acquisition of an incorporated company holding these rights. As these incorporated companies have generally limited activities other than holding the mineral rights, it is not considered an acquisition of a business and therefore MFRS 3 Business Combination is not applicable. These acquisitions are therefore accounted for as the purchase of individual assets. This distinction is important because in an asset purchase:

- No goodwill is recognised
- Deferred tax is generally not recognised for asset purchases (because of the initial recognition exemption in MFRS 112 Income Taxes, which does not apply to business combinations
- Transaction costs are generally capitalised; and
- Assets purchases settled by the issue of shares are within the scope of MFRS 2 Share-Based Payments.

(iii) Production start date

The Company assesses the stage of each mine under development/construction to determine when a mine moves into production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the nature of each mine development/construction project, such as the complexity of the project and its location. The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "construction work-in progress" to "Producing mines" and/or "Property, plant and equipment".

Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate.
- Completion of a reasonable period of testing of the mine plant and equipment.
- Ability to produce gold in saleable form (within specifications).
- Ability to sustain ongoing production of gold.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, deferred stripping activities or ore reserve development. It is also at this point that depreciation/amortisation commences.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

(b) 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 equipment to be within 5 to 15 years. These are common life expectancies applied in the aquaculture industry.Changes in the expected level of usage and technological 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 Statement of Profit or Loss and Other Comprehensive Income in the period in which actual realisation and settlement occurs.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

(b) 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(b)(ix) 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) Fair value of fishery livestocks

Estimates are involved in determining the fair value of fishery livestocks relating to market prices, average weight, quality of the fishes and mortality rates. There is no effective market for fishery livestocks, so market price is derived from observable market prices (when available), contracted prices or estimated future prices based on historical data. Weight of the fishes is determined based on the estimated number of fishes at the period end less expected mortality rate multiplied by the estimated average weight of the fishes. The fishes grow at different rates and there can be a considerable spread in the quality and weight of the fishes that affects the price achieved.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These financial statements are the consolidated financial statements of the Borneo Aqua Harvest Berhad and entities controlled by it and its subsidiaries ("the Group")

Control is achieved when the investor:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the investor shall reassess whether it controls the investee.

An investor can have power over an investee even if it holds less than a majority of the voting rights of an investee. All facts and circumstances are considered in assessing whether or not voting rights in an investee are sufficient to give it power, for example, through:

- contractual arrangements with other vote holders;
- rights from other contractual arrangements that indicate that the company has the current ability to direct the relevant activities of the investee;
- the size of the company's holding of voting rights relative to the size and dispersion of holdings of other vote holders; or
- potential voting rights held by the company that are substantive.

(i) Investment in subsidiaries

Consolidation of a subsidiary begins from the date the investor gains control of an investee and ceases when the investor loses control of an investee.

The purchase, or acquisition, method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of the acquisition is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred at the date of exchange.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented in the consolidated statement of financial position separately from the equity attributable to equity owners of the parent company. Non-controlling shareholders' interest may initially be measured either at fair value or at the non-controlling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisitions or disposals of non-controlling interests which do not affect the parent company's control of the subsidiary are accounted for as transactions with equity holders. Any difference between the fair value of the amount paid or received and the change in non-controlling interests is recognised directly in equity.

When the Group ceases to have control of a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost with the adjustment being recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (this may mean that these amounts are reclassified to profit or loss or transferred to another category of equity as specified by applicable MFRS).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured at the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in order to obtain control of the acquiree (at the date of exchange). Costs incurred in connection with the acquisition are recognised in profit or loss as incurred. Where a business combination is achieved in stages, previously held interests in the acquiree are re-measured to fair value at the acquisition date (date the Group obtains control) and the resulting gain or loss, is recognised in profit or loss. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. The costs of integrating and reorganising acquired businesses are charged to the post acquisition profit or loss.

If the initial accounting is incomplete at the reporting date, provisional amounts are recorded. These amounts are subsequently adjusted during the measurement period, or additional assets or liabilities are recognised when new information about its existence is obtained during this period.

Non-measurement period adjustments to contingent consideration(s) classified as equity are not remeasured. Non-measurement period adjustments to other contingent considerations are remeasured at fair value with changes in fair value recognised in profit or loss.

(b) Foreign currency transactions

(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) Foreign currency transactions

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency transactions (Cont'd)

(iii) Foreign operations

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

(iii) Foreign operations (continued)

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

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

	2018 **RM**	**2017** **RM**
1 Renminbi	0.6157	0.6421
1 Hong Kong Dollar	0.4922	0.5693
1 United States Dollar	3.8630	4.4240

(c) Discountinued operations and non-current assets held for sale

The results of discontinued operations are to be presented separately in the statement of profit or loss and other comprehensive income.

Non-current assets (or disposal group) classified as held for sale are measure at the lower of carrying amount and fair value less cost to sell.

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within One (1) year from the date that it is classified as held for sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) 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. It is measured at the fair value of consideration received or receivable.

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

Other income item of the Group, presented separately from reserve, are recognised using the following bases :

(i) Interest income is recognised using the effective interest rate method; and
(ii) Rental income is recognised on the straight-line basis over the terms of the relevant agreement.

(e) Employee benefits

The Group and the Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group and the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short-term employee benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company has a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company makes statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Mine development costs

Capitalised mine development costs includes expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of a mine. Mine development costs includes the acquisition cost of mineral rights and exploration properties.

These cost are amortised from the date on which commercial production begins. Depreciation, depletion and amortisation of mine development costs are computed by the units-of-production method based on estimated proven and probable Ore Reserve. The proven and probable Ore Reserve reflects estimated quantities of reserves which can be recovered economically in the future from known mineral deposits.

(g) Exploration, evaluation and development expenditure

(i) Exploration

Exploration expenditures reflect the costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits.

Exploration expenditures typically include costs associated with the acquisition of mineral licenses, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

All expenditures relating to exploration activities are expensed as incurred except for the costs associated with the acquisition of mineral rights which are capitalised.

(ii) Evaluation

Evaluation expenditures reflect costs incurred at projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition.

Evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Evaluation expenditures are capitalized if management determines that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected the technical feasibility and commercial viability of extraction of the mineral resource is demonstrable considering long-term metal prices. Therefore, prior to capitalizing such costs, management determines that the following conditions have been met:

- There is a probable future benefit that will contribute to future cash inflows;
- The Company can obtain the benefit and control access to it; and
- The transaction or event giving rise to the benefit has already occurred.

The evaluation phase is complete once technical feasibility of the extraction of the mineral deposit has been determined through preparation of a reserve and resource statement, including a mining plan as well as receipt of required permits and approval of the Board of Directors to proceed with development of the mine.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Exploration, evaluation and development expenditure (Cont'd)

(iii) Development

Development expenditures are those that are incurred during the phase of preparing a mineral deposit for extraction and processing. These include pre-stripping costs and underground development costs to gain access to the ore that is suitable for sustaining commercial mining, preparing land, construction of plant, equipment and buildings and costs of commissioning the mine and mill.

Expenditures incurred on development projects continue to be capitalised until the mine and mill moves into the production stage. The Company assess each mine construction project to determine when a mine moves into production stage.

The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant or its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. Some of the criteria considered would include, but are not limited to, the following:

(i) the level of capital expenditures compared to construction cost estimates;

(ii) the completion of a reasonable period of testing of mine plant and equipment;

(iii) the ability to produce minerals in saleable form (within specification); and

(iv) the ability to sustain ongoing production of minerals.

Alternatively, if the factors that impact the technical feasibility and commercial viability of a project change and no longer support the probability of generating positive economic returns in the future, expenditures will no longer be capitalised.

(h) Tax assets and tax liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Tax assets and tax liabilities (Cont'd)

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group and the Company treats these as part of initial recognition differences.

Deferred taxes are measured using tax rates/(and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed and is reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probably that sufficient taxable profit will be available.

A current or deferred tax is recognised as income and expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

(i) 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.

(j) Property, plant and equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Group and the Company obtains control of the asset. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspections) but excludes internal profits. For an exchange of non-monetary asset that has commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Construction work-in-progress is not depreciated but is subject to impairment test if there is any indication of impairment.

Leasehold land with lease period of more than Fifty (50) years is classified as long leasehold land. Leasehold land with remaining unexpired lease ranging from 30 to 90 years are amortised over the remaining period of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property, plant and equipment (Cont'd)

All other property, plant and equipment are depreciated on a straight-line basis by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

The principal annual rates of depreciation used are as follows:

	%
Buildings	10
Floating platforms, net and cages	10
Hatchery ponds	10
Heavy equipment	20
Motor vehicles	20
Fish pond equipment, furniture, fittings and equipment	10

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

(k) 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.

(l) Biological assets

Biological assets represent broodstocks, fishery livestocks and fish fry.

(i) Broodstocks

Broodstocks are measured at cost less accumulated amortisation and impairment losses as the quoted market prices are not available and for which alternative estimates of fair value measurements are determined to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

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.

Broodstocks are fishes held for reproduction purpose, not intended for sale and classified as non-current asset. 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 profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Biological assets (Cont'd)

(ii) Fishery livestocks

Fishery livestocks are measured at fair value less costs to sell, based on market prices of livestock of similar age, species, genetic merit with adjustments, where necessary, to reflect the differences. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including fees and commission paid to dealers and estimated costs of transport to market. Changes in fair value of livestock are recognised in profit or loss.

In measuring the fair value of fishery livestocks, various management estimates and judgements are required. Estimates and judgements in determining the fair value of fishery livestocks relate to the market prices, average weight, quality of the fishery livestocks and mortality rates.

(iii) Fish fry

Fish fry is measured at cost less impairment losses as the fair value cannot be measured reliably and there is little biological transformation. The cost of fish fry is measured based on monthly weighted average cost formula, and includes cost of purchase plus transportation charges (if any), feed and medication, direct labour cost and and an appropriate proportion of farm operating overheads accumulated on a project basis.

(m) Financial assets

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial assets (Cont'd)

(ii) Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

(iii) Loans and receivables

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

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

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

(iv) Available-for-sale financial assets

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

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

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within Twelve (12) months after the reporting date.
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Inventories

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.

(o) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset of the Group and the Company that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments. The probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

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

  For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based in similar risk characteristics.

  Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

- **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 at 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.

(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.

(p) Equity instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) Leases

(i) Classification

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

(ii) Finance leases – the Group as lessee

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

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

(iii) Operating leases – the Group as lessee

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Government grant

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

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

(t) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

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

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

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

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

(ii) Financial liabilities measured at amortised cost

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net transaction costs. Subsequent to initial recognition, financial guarantee contracts are 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.

(v) Provisions

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

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current per-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(w) Contingencies

A contingent liability or asset is a possible obligation 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.

(x) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement 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.

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.

5. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sales of adult fish	19,918,355	24,331,655	–	–
Sales of fish fry	379,250	5,417,447	–	–
Sales of frozen products	1,921,599	1,342,237	–	–
	22,219,204	31,091,339	–	–

6. INTEREST INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Bank interest income	1,921	9,131	–	8,095

7. OTHER OPERATING INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amortisation of government grant	875,630	875,630	–	–
Foreign exchange gain				
- Realised	70,548	2,284,230	–	–
- Unrealised	15,030	88,455	–	–
Gains from logs and timber income	1,590,292	–	–	–
Insurance compensation	119,000	–	–	–
Miscellaneous income	26,019	3,009	1	4
Rental income	–	19,200	–	–
	2,696,519	3,270,524	1	4

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Commissions	144,166	804,656	–	–
Contributions to defined contribution plan	329,461	223,464	–	1,300
Contributions to employment insurance scheme	748	–	–	–
Fee	–	50,000	–	50,000
Salaries and wages	6,269,295	4,782,280	–	10,000
Services received as an expense	–	676,623	–	–
Social security contributions	28,223	20,412	–	103
	6,771,893	6,557,435	–	61,403

8. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration consisting salaries and other emoluments and fees amounting to RM1,397,318 (2017: RM1,141,324) and RMNil (2017: RM61,403) respectively as further disclosed in Note 9 to the financial statements.

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 ("ESOS") approved by the shareholders of the Company on 3 January 2013. On 17 August 2013, 3 May 2015, 25 August 2016, 11 March 2017, and 20 September 2017, 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 (Extended for another 5 years)
Options granted to an employee on 17 August 2013	1,500,000	Vested on the grant date	4 years (Extended for another 5 years)
Options granted to employees on 3 May 2015	1,307,150	Vested on the grant date	2 years (Extended for another 5 years)
Options granted to employees on 25 August 2016	3,569,295	Vested on the grant date	1 year (Extended for another 5 years)
Options granted to employees on 11 March 2017	3,849,295	Vested on the grant date	1 year (Extended for another 5 years)
Options granted to employees on 20 September 2017	1,500,000	Vested on the grant date	5 years

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

	Weighted average exercise price 2018 RM	Number of options 2018	Weighted average exercise price 2017 RM	Number of options 2017
Outstanding at 1 April	0.70	40,540,335	0.70	58,033,835
Exercised during the financial year	0.70	(5,031,780)	0.70	(17,493,500)
Exercised during the financial year	0.75	(1,549,295)	0.75	-
Granted during the financial year	0.70	1,500,000	0.70	7,418,590
Withdrawn unexercised	1.22	(1,500,000)	0.70	(7,418,590)
Outstanding at 31 March	0.80	33,959,260	0.70	40,540,335
Exercisable at 31 March	0.80	33,959,260	0.70	20,941,425

8. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Share-based payment arrangements (Cont'd)

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

The options outstanding at 31 March 2018 have an exercise price in the range of RM0.70 to RM0.80 (2017: RM0.70 to RM1.22) and a weighted average contractual life of 3 years (2016: 4 years).

During the financial year, 5,031,780 (2017: 17,493,500) and 1,549,295 (2017 : Nil) share options were exercised with weighted average exercise price of RM0.70 and RM0.75 respectively (2017: 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	**20 September 2017**	**11 March 2017**	**25 August 2016**	**3 May 2015**	**17 August 2013**
Fair value of share options and assumptions					
Exercise price of options	RM0.70	RM0.75	RM1.00	RM0.80	RM1.22
Share price at grant date	RM0.68	RM0.84	RM1.10	RM0.89	RM1.35
Expected volatility	10.67%	10.66%	13.55%	6.36%	23.80%
Options life	5 year	1 year (Extended for another 5 years)	1 year (Extended for another 5 years)	2 years (Extended for another 5 years)	3 years (Extended for another 5 years)
Risk-free interest rate (based on Malaysian government bonds)	3.88%	3.76%	3.76%	3.76%	3.22%
Fair value at grant date	RM0.39	RM0.12	RM0.15	RM0.14	RM0.39

Value of employee services received for issue of share options	**Group 2018 RM**	**Group 2017 RM**	**Company 2018 RM**	**Company 2017 RM**
Share options granted in 2013	-	689,481	-	12,858
Total expense recognised as share-based payments	-	689,481	-	12,858

An amount of RMNil (2017: RM676,623) has been re-charged to the subsidiaries benefiting from the services of the employees.

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors' remuneration:				
- Commissions	42,425	194,946	–	–
- Fee	–	50,000	––	50,000
- Other emoluments	103,893	50,285	–	1,403
- Salaries	1,251,000	502,000	–	10,000
- Services received as an expense	–	344,093	–	–
	1,397,318	1,141,324	–	61,403
Non-executive Directors' remuneration:				
- Fee	357,000	330,000	357,000	330,000
- Other emoluments	10,000	14,000	10,000	14,000
- Services received as an expense	–	12,858	–	12,858
	367,000	356,858	367,000	356,858
Total Directors' remuneration	1,764,318	1,498,182	367,000	418,261

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	
	2018	2017
Executive directors:		
RM50,001 – RM200,000	2	–
RM200,001 – RM350,000	1	1
RM350,001 – RM500,000	1	2
RM500,001 and above	1	-
Non-executive directors:		
Below RM50,000	3	2
RM50,001 – RM200,000	3	4
RM200,001 – RM350,000	–	–

10. PROFIT/(LOSS) FROM CONTINUING OPERATIONS, NET OF TAX

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Other than disclosed in Note 5, 6, 7, 8 and 9, profit/(loss) from continuing operations is arrived at after charging:				
Allowance for impairment on amounts due from subsidiary companies	–	–	57,369,486	–
Allowance for impairment on other receivables	–	132,864	–	127,862
Allowance for impairment on trade receivables (Note 18)	7,554,000	4,134	–	–
Amortisation of broodstocks (Note 17)	398,742	434,580	–	–
Auditors' remuneration				
- Statutory audit	147,000	140,556	78,000	65,000
- Other services	8,800	56,500	8,800	56,500
Depreciation of property, plant and equipment (Note 14)	8,167,640	7,259,893	752	945
Foreign exchange loss				
- Realised	70,680	2,895	–	–
- Unrealised	1,570,394	1,176,095	–	–
Hire of live fish carrier	–	450,000	–	–
Hiring of heavy machineries	71,161	–	–	–
Impairment loss on investment in subsdiary companies	–	–	60,789,003	–
Impairment loss on broodstocks (Note 17)	397,116	–	–	–
Impairment loss on property, plant and equipment (Note 14)	43,767	–	–	–
Impairment loss on assets held for sale (Note 21)	824,756	–	–	–
Property, plant and equipment written off	624,931	2,104	–	–
Provision of fatalities charge on broodstock (Note 17)	8,976	1,932,932	–	–
Rental expenses				
- Fish stall	128,201	75,243	–	–
- Jetty	12,000	–	–	–
- Land	100,550	36,550	–	–
- Office	29,880	4,700	–	–
- Quarter	206,472	190,120	–	–
Royalty	1,202,220	33,700	–	–

11. FINANCE COSTS

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Interest expenses:				
- Bank overdrafts	584,906	747,168	–	–
- Hire purchase	266,801	7,688	–	–
- Overdue	641	–	–	–
- Revolving credit	85,114	120,019	–	–
- Term loan	165,033	143,069	–	–
	1,102,495	1,017,944	–	–

12. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Current taxation	–	6,774	–	1,943
Deferred tax liabilities (Note 27)	11,975,026	8,402,285	–	–
	11,975,026	8,409,059	–	1,943
Over provision in prior year				
- Current taxation	(6,773)	(11,344)	(1,943)	–
	11,968,253	8,397,715	(1,943)	1,943

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Profit/(Loss) before taxation				
- continuing operations	30,515,953	19,364,367	(116,803,593)	(521,997)
- discontinued operations	(5,436)	–	–	–
	30,510,517	19,367,367	(116,803,593)	(521,997)

12. INCOME TAX EXPENSE (CONT'D)

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	7,322,525	4,652,027	(28,032,862)	(125,280)
Effect of tax rate in foreign jurisdiction at 16.5% (2017: 16.5%)	897	(3,148)	–	–
Non-tax deductible expenses	3,035,625	1,115,033	28,773,354	817,612
Non-taxable income	(200,168)	(901,016)	(740,672)	(690,616)
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	1,816,147	3,546,163	180	227
	11,975,026	8,409,059	–	1,943
Over provision in prior year - Current taxation	(6,773)	(11,344)	(1,943)	–
	11,968,253	8,397,715	(1,943)	1,943

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.

13. PROFIT PER SHARE

(a) Basic

Basic profit per share amounts are calculated by dividing profit 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	
	2018 RM	**2017 RM**
Profit net of tax attributable to owners of the Company	18,542,504	10,965,282
Weighted average number of ordinary shares in issue	600,491,296	460,570,851

	Group	
	2018 Sen	**2017 Sen**
Basic profit per share	3.09	2.38

13. PROFIT PER SHARE (CONT'D)

(b) Diluted

Diluted profit per share amounts are calculated by dividing profit 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	
	2018	**2017**
	RM	**RM**
Profit net of tax attributable to owners of the Company	18,542,504	10,965,282
Weighted average number of ordinary shares in issue (basic)	600,491,296	460,570,851
Effect of share options on issue	29,230,362	29,549,251
Weighted average number of ordinary shares in issue (diluted)	629,721,658	490,120,102

	Group	
	2018	**2017**
	Sen	**Sen**
Diluted profit per share	2.94	2.24

14. PROPERTY, PLANT AND EQUIPMENT

Group 2018 Cost	Long term leasehold land RM	Buildings RM	Road and drainage 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 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
Addition	–	65,638	–	1,188	–	–	–	36,090	305,544	288,245	696,705
Reclassification	–	33,627	–	–	–	–	–	–	–	(33,627)	–
Written off	–	–	–	–	–	–	–	–	(69,806)	–	(69,806)
At 31 March 2017	2,979,292	35,200,560	–	18,382,242	10,253,798	343,000	13,356,441	865,997	9,793,809	3,422,809	94,597,948
Addition	–	1,778,379	6,000,000	–	–	7,253,373	–	844,148	333,077	17,843,633	34,052,610
Disposal	–	–	–	–	–	–	–	(125,000)	(317,700)	–	(442,700)
Transferred to assets held for sale (Note 20)	–	–	–	–	–	–	(5,111,856)	–	(737,677)	–	(5,849,533)
Written off	–	(240,301)	–	–	–	–	–	(26,121)	(691,386)	(24,339)	(982,147)
Reclassification	–	130,061	–	–	175,832	–	–	–	39,284	(345,177)	–
At 31 March 2018	2,979,292	36,868,699	6,000,000	18,382,242	10,429,630	7,596,373	8,244,585	1,559,024	8,419,407	20,896,926	121,376,178

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2018 Accumulated depreciation	Long term leasehold land RM	Buildings RM	Road and drainage 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 2016	549,281	15,813,733	–	12,706,849	8,067,709	342,997	4,284,978	595,471	5,654,643	–	48,015,661
Charge for the financial year	70,988	3,362,075	–	1,386,060	680,965	–	890,429	105,485	763,891	–	7,259,893
Written off	–	–	–	–	–	–	–	–	(67,702)	–	(67,702)
At 31 March 2017	620,269	19,175,808	-	14,092,909	8,748,674	342,997	5,175,407	700,956	6,350,832	–	55,207,852
Addition	70,989	3,249,943	225,000	1,272,077	514,084	1,039,820	890,429	250,371	654,927	–	8,167,640
Transferred to assets held for sale (Note 21)	–	–	–	–	–	–	(3,180,233)	–	(339,078)	–	(3,519,311)
Written back	–	–	–	–	–	–	–	(125,000)	(237,675)	–	(362,675)
Written off	–	(72,010)	–	–	–	–	–	(26,119)	(259,087)	–	(357,216)
At 31 March 2018	691,258	22,353,741	225,000	15,364,986	9,262,758	1,382,817	2,885,603	800,208	6,169,919	–	59,136,290
Accumulated impairment											
At 1 April 2016/31 March 2017	–	–	–	–	–	–	–	–	–	–	–
Charge for the financial year	–	5,020	–	1	15,454	–	–	–	23,292	–	43,767
At 31 March 2018	–	5,020	–	1	15,454	–	–	–	23,292	–	43,767
Net book value											
At 31 March 2017	2,359,023	16,024,752	–	4,289,333	1,505,124	3	8,181,034	165,041	3,442,977	3,422,809	39,390,096
At 31 March 2018	2,288,034	14,509,938	5,775,000	3,017,255	1,151,418	6,213,556	5,358,982	758,816	2,226,196	20,896,926	62,196,121

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	**Furniture, fittings and equipment**	
	2018	**2017**
Cost	**RM**	**RM**
At 1 April	11,444	9,760
Addition	–	1,684
At 31 March	11,444	11,444
Accumulated depreciation		
At 1 April	8,759	7,814
Charge for the financial year	752	945
At 31 March	9,511	8,759
Net book value		
31 March	1,933	2,685

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

Group		**Accumulated**	**Net book**
	At cost	**depreciation**	**value**
2018	**RM**	**RM**	**RM**
Construction work-in-progress	7,092,466	–	7,092,466
Motor vehicles	1,041,120	(322,030)	719,090
Heavy equipment	5,953,050	(868,329)	5,084,721
Motor vehicles	14,086,636	(1,190,359)	12,896,277
2017			
Motor vehicles	412,274	(305,759)	106,515

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Property, plant and equipment of the Group at net book value are pledged to secure the loans and borrowings granted to the Group as disclosed in Note 25 to the financial statements as follows:

	Group	
	2018 **RM**	**2017** **RM**
Long term leasehold land	2,288,034	2,359,023
Buildings	12,830,613	16,004,502
Floating platforms, net and cages	2,946,203	4,202,881
Hatchery ponds	1,151,418	1,505,124
Heavy equipment	3	3
Motor vehicles	200,781	165,041
Fish pond equipment, furniture, fittings and equipment	1,134,371	1,994,259
Construction work-in-progress	3,320,591	3,422,809
	23,872,014	29,653,642

Motor vehicles of the Group at cost of RM267,534 (2017: RM267,534) and RM108,650 (2017: RM108,650) were held in trust under the name of third parties and a person connected to certain Directors of the Company respectively.

15. INTANGIBLE ASSETS

Group

Cost	**Goodwill** **RM**	**Mineral rights** **RM**	**Total** **RM**
At 1 April 2016/31 March 2017/ 31 March 2018	32,176	96,101,488	96,133,664

Company

Cost	**Mineral rights** **RM**	**Total** **RM**
At 1 April 2016/31 March 2017/ 31 March 2018	95,990,000	95,990,000

Goodwill

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.

Mineral rights acquired under MFRS 2 Share-based payment

During the financial year, the Group acquired mineral rights at aggregate costs of RMNil (2017: RM96,101,488) by means of acquiring the entire equity interest of Wullersdorf Resources Sdn. Bhd. As Wullersdorf Resoures Sdn. Bhd. has generally limited activities other than holding the mineral rights, it is not considered an acquisition of business, and therefore MFRS 3 Business Combination is not applicable. The acquisition is therefore accounted for as the purchase of individual assets.

15. INTANGIBLE ASSETS (CONT'D)

Mineral rights acquired under MFRS 2 Share-based payment (continued)

The mineral rights are amortised from the date on which the commercial production begins. Depreciation, depletion and amortisation of mine development costs are computed by the units-of-production method based on estimated proven and probable Ore Reserve. The proven and probable Ore Reserve reflects estimated quantities of reserves which can be recovered economically in the future from known mineral deposits.

16. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2018	**2017**
	RM	**RM**
Unquoted shares, at cost	70,927,900	65,937,900
Less: Impairment loss	(63,123,733)	(2,334,730)
	7,804,167	63,603,170

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %	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
Wullersdorf Resources Sdn. Bhd.	Malaysia	100	100	Mining
Held through Plentiful Harvest Sdn. Bhd.				
Plentiful Earnings Sdn. Bhd.*	Malaysia	100	100	Fish rearing
Salient Horizon Sdn. Bhd.	Malaysia	100	100	Live fish transportation services

* Audited by firm of auditors other than PKF.

On 12 October 2017, the Group further invested 4,990,000 ordinary shares of RM1 each, representing 100% equity interest in Wullersdorf Resources Sdn. Bhd., for a total consideration of RM4,990,000 satisfied by way cash.

17. BIOLOGICAL ASSETS

(a) Biological assets (Non-current) - Broodstock

At cost	**2018 RM**	**2017 RM**
At 1 April	1,864,557	4,168,991
Addition	–	63,078
Amortisation charge for the financial year (Note 10)	(398,742)	(434,580)
Impairment loss on the broodstock (Note 10)	(397,116)	–
Fatalities charge (Note 10)	(8,976)	(1,932,932)
Transfer to frozen products	(5,362)	–
At 31 March	1,054,361	1,864,557

(b) Biological assets (Current) – Fishfry

At cost	**2018 RM**	**2017 RM**
At 1 April	2,077,416	4,605,096
Addition	4,503,044	9,658,738
Sold	(4,554,922)	(12,186,418)
At 31 March	2,025,538	2,077,416

(c) Biological assets (Current) – Fishery livestocks

At fair value	**2018 RM**	**2017 RM**
At 1 April	98,629,563	59,598,688
Increase due to purchases	9,273,963	9,492,384
Increase due to changes in fair value less cost to sells	42,006,573	15,147,290
Increase due to biological transformation	34,883,148	32,699,542
Decrease due to transfers to frozen products	(540,605)	(280,469)
Decrease due to sales	(7,774,094)	(4,510,090)
Decrease due to mortalities/losses	(22,299,645)	(13,517,782)
	154,178,903	98,629,563
Less: Unrealised gain	(422,037)	(469,073)
At 31 March	153,756,866	98,160,490

17. BIOLOGICAL ASSETS (CONT'D)

	2018 RM	2017 RM
Representing:		
Non-current	1,054,361	1,864,557
Current	155,782,404	100,237,906
	156,836,765	102,102,463

Had the biological assets been carried under the cost model, the carrying amount of the fishery livestocks that would have been included in the financial statements of the Company would be as follows:

At cost	2018 RM	2017 RM
At 1 April	94,339,432	79,275,948
Capitalised during the year	9,736,995	23,381,114
Transferred to cost of sales	(10,479,384)	(8,317,630)
At 31 March	93,597,043	94,339,432

As at 31 March 2018, the Group has 702,061 tails fishery livestocks (2017: 887,672 tails). The Group is exposed to risks arising from fluctuations in the price and sale volume of fishery livestock which it addresses by entering into long-term contracts with its customers.

The Group is also exposed to the damage and fatalities from climate changes, disease and other natural forces. The Group's geographic spread of farms allow of mitigation against adverse climatic conditions such as storms and disease outbreaks. The Group has environmental policies and procedures in place to comply with environmental and other laws.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
Non-current	2018 RM	2017 RM	2018 RM	2017 RM
Amount due from subsidiary company	–	–	48,973,539	48,973,539
Less: Fair value adjustment	–	–	(3,309,829)	(6,395,966)
Less: Allowance for impairment	–	–	(45,663,710)	–
Trade and other receivables (non-current)	–	–	–	42,577,573

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2018	**2017**	**2018**	**2017**
Current				
Trade receivables				
- Related parties	328,965	292,108	–	–
- Third parties	40,465,065	39,360,586	–	–
	40,794,030	39,652,694	–	–
Less: Allowance for impairment	(9,029,230)	(1,475,230)	–	–
Trade receivables, net	31,764,800	38,177,464	–	–
Amounts due from subsidiary companies	–	–	60,025,593	26,658,341
Less: Allowance for impairment	–	–	(11,705,776)	–
Amounts due from subsidiary companies, net	–	–	48,319,817	26,658,341
Other receivables				
Deposits	977,588	184,850	500	500
Prepayments	864,462	269,631	21,000	21,000
Other receivables				
- Related party	–	10,898	–	10,898
- Third parties	3,647,563	363,555	51,266	65,787
Other receivables, net	5,471,613	828,934	72,766	98,185
Trade and other receivables (current)	37,236,413	39,006,398	48,392,583	26,756,526
Total trade and other receivables	37,236,413	39,006,398	48,392,583	69,334,099

The amount due from subsidiary company of RM48,973,539 (2017: RM48,973,539) is unsecured, interest free and repayable in full in 2019. The amounts due from subsidiary companies of RM60,025,593 (2017: RM26,658,341) are unsecured, interest free and repayable on demand.

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 30 to 270 days (2017: 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 balances due from 4 (2017: 4) overseas customers representing 93% (2017: 91%) of total trade receivables.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

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

2018	Gross amount RM	Individual impairment RM	Carrying value RM
Not past due	4,613,213	–	4,613,213
Past due:			
- less than 30 days	2,767,323	–	2,767,323
- between 31 to 60 days	1,107,390	–	1,107,390
- between 61 to 90 days	78,359	–	78,359
- more than 90 days	32,227,745	(9,029,230)	23,198,515
	36,180,817	(9,029,230)	27,151,587
	40,794,030	(9,029,230)	31,764,800
2017			
Not past due	13,887,490	–	13,887,490
Past due:			
- less than 30 days	787,090	–	787,090
- between 31 to 60 days	2,492,085	–	2,492,085
- between 61 to 90 days	1,895,428	–	1,895,428
- more than 90 days	20,590,601	(1,475,230)	19,115,371
	25,765,204	(1,475,230)	24,289,974
	39,652,694	(1,475,230)	38,177,464

	Group 2018 RM	Group 2017 RM
Movement in allowance account for trade receivables:		
At 1 April	1,475,230	1,528,372
Charge for the financial year (Note 10)	7,554,000	–
Reversal of allowance for doubtful debts	–	(53,142)
At 31 March	9,029,230	1,475,230

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.

18. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

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

The Group has trade receivables amounting to RM26,977,100 (2017: RM24,289,974) 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	
	2018	**2017**
	RM	**RM**
Movement in allowance account for other receivables:		
At 1 April	–	124,033
Reversal of the allowance for doubtful debts	–	(124,033)
At 31 March	–	–

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.

Amounts due from related parties are unsecured, interest free and repayable on demand.

19. INVENTORIES

	Group	
	2018	**2017**
Cost	**RM**	**RM**
Chemicals	11,134	24,791
Crusher run	422,225	66,540
Feeds	146,986	271,862
Frozen products	501,884	376,734
Fuel and oil	276,544	192,371
	1,358,773	932,298

The amount of inventories recognised as an expense in cost of sales of the Group was RM4,063,072 (2017: RM6,526,584).

20. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Cash in hand	51,045	65,314	–	–
Cash at banks	4,666,805	35,922,547	274,288	35,857,510
Deposits with licensed banks	1,187,000	985,000	–	–
Cash and bank balances	5,904,850	36,972,861	274,288	35,857,510
Bank overdrafts (Note 25)	(7,189,532)	(9,837,170)	–	–
Less: Deposits with licensed banks with maturity of more than three months	(1,187,000)	(985,000)	–	–
Cash and cash equivalents	(2,471,682)	26,150,691	274,288	35,857,510

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

The weighted average effective interest rate of deposits with licensed banks at the end of the financial year of the Group is 3.55% (2017: 3.65%) per annum.

Deposits with licensed banks amounting to RM1,100,000 (2017: RM900,000) are held under lien as security for term loan facility granted to the Group and have a maturity of 365 days (2017: 365 days).

Deposits with licensed banks amounting to RM87,000 (2017: RM85,000) are held under lien for bank guarantee facilities in favour of Sabah Electricity Sdn. Bhd., Royal Malaysian Custom Department and Sabah Ports Sdn. Bhd.

21. ASSETS HELD FOR SALE

	2018 RM	**2017 RM**
At 1 April	–	–
Transferred from plant and equipment (Note 14)	2,330,222	–
Impairment loss on assets held for sale (Note 10)	(824,576)	–
At 31 March	1,505,646	–

At 31 March 2018, the assets held for sale relates to the sale of the vessels and its furniture, fittings and equipment of the Group on 7 May 2018 to an oversea buyer, namely, Ocean Rich Shipping Limited at a sale consideration of HKD$ 3,000,000.

22. SHARE CAPITAL AND PREMIUM

	No. of shares		Group/Company	
	2018	2017	2018 RM	2017 RM
Issued and paid up:				
Ordinary shares				
At 1 April	598,456,925	431,966,165	94,301,035	43,196,617
Issued during the financial year	–	102,127,660	–	10,212,766
Issued under Employees Share Option Scheme ("ESOS")	6,581,075	17,493,500	4,684,217	4,802,060
Issued under private placement	–	46,869,600	–	36,089,592
At 31 March	605,038,000	598,456,925	98,985,252	94,301,035

	Group/Company		
	Share capital RM	Share premium RM	Total share capital and share premium RM
At 1 April 2016	43,196,617	83,892,091	127,088,708
Issued under Employees Share Option Scheme ("ESOS")	4,802,060	10,461,685	15,263,745
Issued during the financial year	10,212,766	85,787,234	96,000,000
Issued under private placement	36,089,592	–	36,089,592
Share issuance expenses	–	(253,213)	(253,213)
At 31 March 2017	94,301,035	179,887,797	274,188,832
Issued under Employees Share Option Scheme ("ESOS")	4,684,217	–	4,684,217
At 31 March 2018	98,985,252	179,887,797	278,873,049

During the financial year, the Company issued 5,031,780 and 1,549,295 new ordinary shares arising from the exercise of employees' share options at an exercise price of RM0.70 and RM0.75 per share respectively for additional working capital purposes during the financial year. 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.

23. OTHER RESERVE

Group 2018	Foreign currency translation reserve RM	Employees' share options scheme ("ESOS") reserve RM	Total RM
At 1 April 2017	(96,923)	10,814,857	10,717,934
Exchange differences on translation of foreign operation	240	–	240
Translation reserve transferred to equity	96,683	–	96,683
At 31 March 2018	–	10,814,857	10,814,857
2017			
At 1 April 2016	(95,553)	13,143,671	13,048,118
Share-based payment transactions	–	689,481	689,481
Share options exercised	–	(3,018,295)	(3,018,295)
Exchange differences on translation of foreign operation	(1,370)	–	(1,370)
At 31 March 2017	(96,923)	10,814,857	10,717,934

Company	Share options reserve 2018 RM	2017 RM
At 1 April	10,814,857	13,143,671
Share-based payment transactions	–	689,481
Share options exercised	–	(3,018,295)
At 31 March	10,814,857	10,814,857

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. On cease of operation of foreign operation, all accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Employees' share options ("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 8 to the financial statements.

24. RETAINED PROFITS/(ACCUMULATED LOSSES)

The Group's and the Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses is the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

25. LOANS AND BORROWINGS

	Group	
	2018	**2017**
Current	**RM**	**RM**
Secured:		
Bank overdrafts	7,189,532	9,837,170
Hire purchase payables	2,145,070	58,925
Revolving credit	1,000,000	1,500,000
Term loan	5,248,729	1,284,043
	15,583,331	12,680,138
Non-current		
Secured:		
Hire purchase payables	7,660,369	89,857
Term loan	–	101,814
	7,660,369	191,671
Total loans and borrowings		
Secured:		
Bank overdrafts	7,189,532	9,837,170
Hire purchase payables	9,805,439	148,782
Revolving credit	1,000,000	1,500,000
Term loan	5,248,729	1,385,857
	23,243,700	12,871,809

25. LOANS AND BORROWINGS (CONT'D)

	Group	
Maturity structure of loans and borrowings	**2018 RM**	**2017 RM**
Within one year	15,583,331	12,680,138
Between one to two years	2,866,175	124,117
Between two to five years	3,874,619	67,554
More than five years	919,575	–
	23,243,700	12,871,809

The interest rate structures are as follows:

	Effective interest rate	
	2018	**2017**
Bank overdrafts	6.00% - 8.35%	6.61% - 8.85%
Hire purchase payables	4.52% - 7.36%	4.52% - 6.08%
Revolving credit	6.51%	6.14%
Term loan	6.00% - 11%	6.00%

The loans and borrowings are secured by the followings:

Bank overdrafts

(i) second legal charges over all the fixed and floating, present and future assets of a subsidiary company;
(ii) debentures incorporating all the fixed and floating, present and future assets of the 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, namely, Plentiful Harvest Sdn. Bhd.

Hire purchase payables

(i) plant and equipment acquired under hire purchase arrangements as disclosed in Note 14 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, namely, Plentiful Harvest Sdn. Bhd.;
(ii) debentures incorporating all the fixed and floating, present and future assets of the Company;
(iii) corporate guarantee by the Company;
(iv) joint and several guarantees by Directors of a subsidiary company, namely, Plentiful Harvest Sdn. Bhd.;
(v) against adequate number of ordinary shares in the capital of the Company free and unencumbered (collectively referred to as the "pledger shares") to be provided by the Director of the Company, namely, Datuk Lo Fui Ming to be deposited into Kenaga Capital Sdn. Bhd. Pledge securities account for a subsidiary company, namely, Wullerdorf Resources Sdn. Bhd.; and
(vi) personal guarantee and indemnity from the Director of the subsidiary company, namely, Wullerdorf Resources Sdn. Bhd.

26. DEFERRED INCOME

	Group	
	2018 **RM**	**2017** **RM**
Government grant	8,756,300	8,756,300
Less: Accumulated amortisation	(4,742,996)	(3,867,366)
	4,013,304	4,888,934

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 (2017: RM875,630) has been amortised and recognised as other operating income in the Statements of Profit or Loss and Other Comprehensive Income.

27. DEFERRED TAX LIABILITIES

	Group	
	2018 **RM**	**2017** **RM**
At 1 April	13,725,675	5,323,390
Transfer to Statements of Profit or Loss and Other Comprehensive Income (Note 12)	11,975,026	8,402,285
At 31 March	25,700,701	13,725,675

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

	Group	
Deferred tax assets	**2018** **RM**	**2017** **RM**
Unabsorbed capital allowances	(10,761,214)	(7,466,670)
Unutilised business losses	(2,684,749)	(276,972)
	(13,445,963)	(7,743,642)
Deferred tax liabilities		
Plant and equipment	14,843,550	16,235,800
Broodstocks	1,439,644	–
Fair value adjustment on biological assets	104,249,023	48,698,155
	107,086,254	57,190,313
Tax rate	24%	24%
Deferred tax liabilities recognised	25,700,701	13,725,675

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.

28. TRADE AND NON-TRADE PAYABLES

	Group		Company	
Trade payables	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
Third parties	2,656,956	3,379,513	–	–
Other payables				
Accruals	1,257,391	898,625	135,033	97,500
Amounts due to Directors	36,660	103,858	6	7,181
Deposit payable	4,000	4,000	–	–
Other payables				
- Third parties	3,718,421	1,394,058	346,215	772,719
- Related parties	22,529	96,386	–	6,386
	5,039,001	2,496,927	481,254	883,786
Amount due to a subsidiary company	–	–	199,161	–
Total trade and non-trade payables	7,695,957	5,876,440	680,415	883,786

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.

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

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 companies which have common Directors with the Company, Directors of the Company, key management personnel, person connected with certain Directors of the Company and entity owned by a person connected to a Director of the Company.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions and outstanding balances

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

Group		Transaction value		Balance outstanding as at 31 March	
Name of related parties	Type of transactions	2018 RM	2017 RM	2018 RM	2017 RM
Companies with common Directors:					
Giant Grouper Retail Chain (Sabah) Sdn.Bhd.	Sale of frozen products	(452,583)	(488,747)	324,730	266,085
	Settlement of accounts	393,938	425,706		
Southsea Gold Sdn. Bhd.	Advances	10,898	–	(22,529)	(79,102)
	Rental of land	60,000	20,000	–	–
	Settlement of accounts	(127,471)	–		
Directors of the Company:					
Akinori Hotani	Breeding commission	42,425	194,946	(12,875)	(35,006)
	Payment of accounts	(159,099)	(183,971)		
	Payment on behalf	94,543	3,585		
	Settlement of accounts	–	1,930,100		
	Share options exercised	–	(1,930,100)		
Chong Khing Chung	Payment of accounts	(3,834)	(40,840)	–	–
	Payment on behalf	3,834	33,171		
	Settlement of accounts	–	1,416,700		
	Share options exercised	–	(1,416,700)		
Dato' Sri Dr. Md Kamal Bin Bilal	Payment of accounts	–	1,930,100	–	–
	Share options exercised	–	(1,930,100)		
Datuk Lo Fui Ming	Payment of accounts	(403,706)	(720,015)	(20,090)	(54,107)
	Payment on behalf	369,683	662,245		
	Settlement of accounts	241,513	612,340		
	Share options exercised	(241,807)	(612,340)		
Lo Teck Yong	Payment of accounts	(29,375)	(40,500)	(3,695)	(13,054)
	Payment on behalf	20,016	20,190		
	Settlement of accounts	980,095	150,500		
	Share options exercised	(980,095)	(150,500)		

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions and outstanding balances (Cont'd)

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

Group		**Transaction value**		**Balance outstanding as at 31 March**	
Name of related parties	**Type of transactions**	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
Companies with common Directors:					
Sim Kay Wah	Payment of accounts	(1,859)	–	–	(1,690)
	Payment on behalf	169	1,690		
YB Mejar (K) Datuk Samsudin Bin Yahya	Settlement of accounts	–	10,990	–	–
	Share options exercised	–	(10,990)		
Entity owned by a person connected to a Director of of the Company					
Restoran Sabah Keratang, Sandakan	Sale of frozen products	(28,395)	(34,112)	4,235	26,023
	Settlement of accounts	50,183	8,089		
Company					
Subsidiary companies:					
Marine Terrace Sdn. Bhd.	Advances	658,147	3,632	(199,161)	446,910
	Payment on behalf	(12,076)	(243,531)		
Plentiful Earnings Sdn. Bhd.	Advances	3,613,493	1,407,526	–	–
	Payment on behalf	(3,613,493)	(1,407,526)	–	
Plentiful Harvest Sdn. Bhd.	Advances	778,419	11,153,190	26,158,471	68,706,335
	Allowance for impairment on amounts due from subsidiary companies	57,369,486			
	Fair value adjustment	3,086,137	2,877,564		
	Impairment loss on investments in subsidiary companies	60,789,003			
	Payment on behalf	(12,513,903)	(1,460,084)		
Salient Horizon Sdn. Bhd.	Advances	921,365	128,320	–	–
	Payment on behalf	(921,365)	(128,320)		
Wullersdorf Resources Sdn. Bhd.	Advances	1,287,935	82,669	22,161,346	82,669
	Allotment of shares	4,990,000			
	Payment on behalf	(28,356,612)			

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions and outstanding balances (Cont'd)

Company		Transaction value		Balance outstanding as at 31 March	
Name of related parties	**Type of transactions**	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
Companies with common Directors:					
Southsea Gold Sdn. Bhd.	Advances	(10,898)	–	–	10,898
Directors of the Company:					
Akinori Hotani	Settlement of accounts	–	1,930,100	–	–
	Share options exercised	–	(1,930,100)		
Chong Khing Chung	Payment of account	(3,834)	(40,840)	–	–
	Payment on behalf	3,834	33,171		
	Settlement of accounts	–	1,416,700		
	Share options exercised		(1,416,700)		
Dato' Sri Dr. Md Kamal Bin Bilal	Settlement of accounts	–	1,930,100	–	–
	Share options exercised	–	(1,930,100)		
Datuk Lo Fui Ming	Payment of account	(1,220)	(250,620)	(6)	(1,220)
	Payment on behalf	–	226,840		
	Settlement of accounts	241,513	612,340		
	Share options exercised	(241,507)	(612,340)		
Lo Teck Yong	Payment on behalf	–	4,271	–	(4,271)
	Payment of accounts	(4,271)			
	Settlement of accounts	980,095	150,500		
	Share options exercised	(980,095)	(150,500)		
Sim Kay Wah	Payment of accounts	(1,859)	–	–	(1,690)
	Payment on behalf	169	1,690		
YB Mejar (K) Datuk Samsudin Bin Yahya	Settlement of accounts	–	10,990	–	–
	Share options exercised	–	(10,990)		
Person connected with certain Directors of the Company:					
Lo Choon Fung @ Michelle	Payment of account	(6,386)	(16,701)	–	(6,386)
	Payment on behalf	–	21,774		
	Settlement of accounts	–	140,000		
	Share options exercised	–	(140,000)		

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Short-term employee benefits	2,110,000	1,230,000	357,000	390,000
Other emoluments	178,194	109,746	10,000	15,403
Commissions	42,425	194,946	–	–
Services received as an expense	–	966,262	–	12,858
	2,330,619	2,500,954	367,000	418,261

Included in the key management personnel are:	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Directors' remuneration	1,764,318	1,498,182	367,000	418,261
Key management personnals' remuneration	566,301	1,002,772	–	–
	2,330,619	2,500,954	367,000	367,000

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, except for amount due from subsidiary company of RM48,973,539 (2017: RM48,973,539) which is repayable in full in 2019 as per disclosed in Note 18 to the financial statements.

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 25 to the financial statements with nominal amount of RM24,582,780 (2017: RM22,650,000) are negligible as the probability of the financial guarantees being called upon is remote due to the outstanding loans and borrowings are adequately secured by a debenture incorporating fixed and floating, present and future assets of a subsidiary in which its market values upon realisation are higher than the outstanding loans and borrowings amounts.

31. COMMITMENTS

(a) Capital commitments

Property, plant and equipment	Group 2018 RM	Group 2017 RM
Authorised but not contracted for		
- Construction of buildings	2,598,996	3,828,341
- Construction of hatchery ponds	–	33,025
- Construction of heavy equipment	3,337,200	30,800,000
- Construction of processing plants	5,349,771	–
- Renovation	100,000	–
	11,385,967	34,661,366

(b) Operating lease commitments

The Group has entered into cancellable operating lease agreement for the use of land and buildings. There is no renewal option or contingent rent provisions included the contracts. Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing.

As at the end of the reporting period, lease commitments in respect of the rental of properties are as follows:

	2018 RM	2017 RM
Within one year	243,689	332,088
Between one to two years	91,789	155,376
Between two to five years	244,800	180,000
After five years	1,584,000	1,590,000
	2,164,278	2,257,464

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018		2017	
Group	**Carrying amount**	**Loans and receivables**	**Carrying amount**	**Loans and receivables**
Financial assets	**RM**	**RM**	**RM**	**RM**
Trade and other receivables	36,371,951	36,371,951	38,736,767	38,736,767
Cash and bank balances	5,904,850	5,904,850	36,972,861	36,972,861
Total financial assets	42,276,801	42,276,801	75,709,628	75,709,628

Company	**Carrying amount**	**Loans and receivables**	**Carrying amount**	**Loans and receivables**
Financial assets	**RM**	**RM**	**RM**	**RM**
Trade and other receivables	48,371,583	48,371,583	69,313,099	69,313,099
Cash and bank balances	274,288	274,288	35,857,510	35,857,510
Total financial assets	48,645,871	48,645,871	105,170,609	105,170,609

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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

	2018		2017	
Group	**Carrying amount**	**Financial liabilities at amortised cost**	**Carrying amount**	**Financial liabilities at amortised cost**
Financial liabilities	**RM**	**RM**	**RM**	**RM**
Trade and other payables	7,695,957	7,695,957	5,876,440	5,876,440
Loans and borrowings	23,243,700	23,243,700	12,871,809	12,871,809
Total financial liabilities	30,939,657	30,939,657	18,748,249	18,748,249

	2018		2017	
	Carrying amount	**Financial liabilities at amortised cost**	**Carrying amount**	**Financial liabilities at amortised cost**
Company	**RM**	**RM**	**RM**	**RM**
Financial liabilities				
Trade and other payables	680,415	680,415	883,786	883,786

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

	Group		Company	
Trade and non-trade receivables	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
As reflected in the Statements of Financial Position (Note 18)	37,236,413	39,006,398	48,392,583	69,334,099
Less: Prepayment	(864,462)	(269,631)	(21,000)	(21,000)
Loans and receivables	36,371,951	38,736,767	48,371,583	69,313,099

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Net gains and losses arising from financial instruments

	Group		Company	
Net gains/(losses) arising on:	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
Loan and receivables				
- Allowance for impairment on trade receivables	(7,554,000)	(4,134)	–	–
- Fair value adjustments amounts due from subsidiaries companies	–	–	3,086,137)	2,877,564
- Impairment loss on amounts due from subsidiary companies	–	–	(57,369,486)	–
- Impairment loss on other receivables	–	(132,864)	–	(127,862)
- Interest income	1,921	9,131	–	8,095
- Realised loss on foreign exchange	(70,681)	–	–	–
- Unrealised loss on foreign exchange	(1,570,394)	–	–	–
Financial liabilities at amortised cost				
- Interest expense	(1,102,495)	(1,017,944)	–	–
- Realised gain on foreign exchange	70,548	–	–	–
- Unrealised gain on foreign exchange	15,030	88,455	–	–
	(10,210,070)	(1,057,356)	(54,2833,49)	2,757,797

Fair value hierarchy and measurements

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.

Exposure to credit risk

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 RM24,582,780 (2017: RM22,650,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to the subsidiary companies.

As at the reporting date, the Group has significant concentration of credit risk in the form of outstanding balances due from 4 (2017: 4) overseas customers representing 93% (2017: 91%) of total trade receivables.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17 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 18 to the financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

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:

	2018		2017	
	RM	% of total	RM	% of total
Malaysia	2,020,751	7%	3,586,786	9%
Hong Kong	29,744,749	93%	34,590,678	91%
	31,764,800	100%	38,177,464	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.

<u>Analysis of financial instruments by remaining contractual maturities</u>

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

Group **2018**	**Carrying amount RM**	**Contractual undiscounted cashflows RM**	**Within One (1) year RM**	**One (1) to Five (5) years RM**	**Over Five (5) years RM**
Financial assets					
Trade and other receivables	36,371,951	36,371,951	36,371,951	–	–
Cash and bank balances	5,904,850	5,904,850	5,904,850	–	–
Total financial assets	42,276,801	42,276,801	42,276,801	–	–

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (continued)

Group **2018**	**Carrying amount RM**	**Contractual undiscounted cashflows RM**	**Within One (1) year RM**	**One (1) to Five (5) years RM**	**Over Five (5) years RM**
Financial liabilities					
Trade and other payables	7,695,957	7,695,957	7,695,957	–	–
Loans and borrowings					
- Bank overdrafts	7,189,532	7,189,532	7,189,532	–	–
- Hire purchase payables	9,805,439	11,327,261	2,767,200	7,608,093	951,968
- Revolving credit	1,000,000	1,000,000	1,000,000	–	–
- Term loan	5,248,729	5,249,174	5,249,174	–	–
	30,939,657	32,461,924	24,318,478	7,608,093	951,968
Total net undiscounted financial assets/ (liabilities)	11,337,144	9,814,877	17,958,323	(7,608,093)	(951,968)

Group **2017**	**Carrying amount RM**	**Contractual undiscounted cashflows RM**	**Within One (1) year RM**	**One (1) to Five (5) years RM**	**Over Five (5) years RM**
Financial assets					
Trade and other receivables	38,736,767	38,736,767	38,736,767	–	–
Cash and bank balances	36,972,861	36,972,861	36,972,861	–	–
	75,709,628	75,709,628	75,709,628	–	–
Financial liabilities					
Trade and other payables	5,876,440	5,876,440	5,876,440	–	–
Loans and borrowings					
- Bank overdrafts	9,837,170	9,837,170	9,837,170	–	–
- Hire purchase payables	148,782	162,728	64,683	26,052	71,993
- Revolving credit	1,500,000	1,500,000	1,500,000	–	–
- Term loan	1,385,857	1,432,123	1,329,863	102,260	–
	18,748,249	18,808,461	18,608,156	128,312	71,993
Total net undiscounted financial assets/ (liabilities)	56,961,379	56,901,167	57,101,472	(128,312)	(71,993)

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 **2018**	**Carrying amount RM**	**Contractual undiscounted cashflows RM**	**Within One (1) year RM**	**One (1) to Five (5) years RM**	**Over Five (5) years RM**
Financial assets					
Trade and other receivables	48,371,583	48,371,583	22,213,112	26,158,471	–
Cash and bank balances	274,288	274,288	274,288	–	–
	48,645,871	48,645,871	22,487,400	26,158,471	–
Financial liabilities					
Trade and other payables	680,415	680,415	680,415	–	–
Total net undiscounted financial assets/ (liabilities)	47,965,456	47,965,456	21,806,985	26,158,471	–

Company **2017**	**Carrying amount RM**	**Contractual undiscounted cashflows RM**	**Within One (1) year RM**	**One (1) to Five (5) years RM**	**Over Five (5) years RM**
Financial assets					
Trade and other receivables	69,313,099	69,313,099	26,735,526	42,577,573	–
Cash and bank balances	35,857,510	35,857,510	35,857,510	–	–
	105,170,609	105,170,609	62,593,036	42,577,573	–
Financial liabilities					
Trade and other payables	883,786	883,786	883,786	–	–
Total net undiscounted financial assets/ (liabilities)	104,286,823	104,286,823	61,709,250	42,577,573	–

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 MFRS 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)	
	2018	**2017**
Effects on profit after taxation	**RM**	**RM**
Increase of 25bp (2017: 26bp)	(16,175)	(16,252)
Decrease of 25bp (2017: 26bp)	16,175	16,252

(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:

2018	**Renminbi RM**	**Hong Kong Dollar RM**	**United States Dollar RM**	**Total RM**
Financial assets				
Trade and other receivables	29,744,749	–	–	29,744,749
Cash and bank balances	24,318	27,282	–	51,600
	29,769,067	27,282	–	29,796,349
Financial liabilities				
Trade and other payables	(398,603)	(5,279)	(99,017)	(502,899)
Net financial assets/(liabilities) held in non-functional currencies	29,370,464	22,003	(99,017)	29,293,450

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (Cont'd)

2017	**Renminbi RM**	**Hong Kong Dollar RM**	**United States Dollar RM**	**Total RM**
Financial assets				
Trade and other receivables	31,960,777	–	–	31,960,777
Cash and bank balances	13,282	44,567	–	57,849
	31,974,059	44,567	–	32,018,626
Financial liabilities				
Trade and other payables	471,199	31,815	569,753	1,072,767
Net financial assets/ (liabilities) held in non-functional currencies	31,502,860	12,752	(569,753)	30,945,859

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:

	Increase/(Decrease)	
Effects on loss after taxation	**2018 RM**	**2017 RM**
RMB/RM		
Strengthened by 5% (2017: 5%)	1,122,708	1,188,446
Weakened by 5% (2017: 5%)	(1,122,708)	(1,188,446)
HKD/RM		
Strengthened by 10% (2017: 5%)	1,672	15,642
Weakened by 10% (2017: 5%)	(1,672)	(15,642)
USD/RM		
Strengthened by 10% (2017: 5%)	(7,525)	(43,301)
Weakened by 10% (2017: 5%)	7,525	43,301

34. FAIR VALUE INFORMATION

Fair value is defined as 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 Group uses the following fair value hierarchy for determining and disclosing the fair value by valuation technique:

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

As at the reporting date, the Group held the following at fair value in the statement of financial position:

2018 **Financial asset**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Biological assets				
- Fishery livestocks	153,756,866	–	–	153,756,866

2017 **Financial asset**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Biological assets				
- Fishery livestocks	98,160,490	–	–	98,160,490

There were no transfers between the levels during the year.

Fair value measurements using significant unobservable input

The following table summarises the quantitive information about the significant unobservable inputs used in Level 3 fair value measurements:

Description of unobservable inputs	**2018**	**2017**
Mortality rates	0.02% to 15.44%	0.06% to 23.41%
Price per kg	RM18 to RM300	RM18 to RM300

Relationship of unobservable inputs to fair value

(i) Increase in price would increase fair value

(ii) Increase in mortality rates would increase fair value

34. FAIR VALUE INFORMATION (CONT'D)

Sensitivity analysis – Biological assets

Based on the prices and mortality rates utilised at 31 March 2018, with all other variables held constant, the Company's profit before taxation for the year would have been impacted as follows:

(i) A price increase/decrease of RM1 would have been a change of RM1,912,900(2017: RM1,588,848) higher or lower; and

(ii) A mortality rate increase/decrease of 1% would have been a change of RM31,771,918 (2017: RM22,167,957) higher or lower.

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

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

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

The fair values of obligations under hire purchase and fixed rate term loan 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 variable rate term loan approximated its fair value as the instrument bears interest at variable rates.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's strategies were unchanged from the previous financial year.

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Loans and borrowings	23,243,700	12,871,809	–	–
Less: Cash and bank balances	5,904,850	36,972,861	274,288	35,857,510
Net debt	17,338,850	–	–	–
Total equity	300,645,908	277,322,504	151,785,532	263,902,965
Gearing ratio	0.06	–	–	–

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.

36. SEGMENT INFORMATION

(i) Operating segment

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

a) Aquaculture operations

b) Mining operations

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

	Aquaculture operations		Mining operations		Adjustments and elimination		Per consolidated financial statements	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Revenue								
External customers	22,219,204	31,091,339	–	–	–	–	22,219,204	31,091,339
Results								
Interest income	1,921	9,131	–	–	–	–	1,921	9,131
Depreciation and amortisation	6,646,502	7,259,893	1,524,134	–	(2,996)	–	8,167,640	7,259,893
Segment profit/(loss)	35,045,015	19,501,580	(4,526,066)	(137,213)	(2,996)	–	30,515,953	19,364,367
Assets								
Additions to non-current assets	2,098,351	759,783	32,034,609	96,101,488	(80,350)	–	34,052,610	96,861,271
Segment assets	398,903,044	218,423,626	40,289,866	96,114,154	(77,893,340)	147,582	361,299,570	314,685,362
Liabilities								
Segment liabilities	173,049,160	37,194,161	40,064,632	168,697	(152,460,130)	14,909,928	60,653,662	37,362,858

36. 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:

	2018 RM	2017 RM
Biological assets	–	63,078
Intangible assets	–	96,101,488
Property, plant and equipment	34,052,610	696,705
	34,052,610	96,861,271

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

	2018 RM	**2017 RM**
Tax recoverable	127,338	147,582

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

	2018 RM	**2017 RM**
Deferred tax liabilities	25,700,701	13,725,675
Loans and borrowings	23,243,700	12,871,809
	48,944,411	26,597,484

(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**	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Malaysia	1,655,221	6,764,706	159,243,507	137,247,677
Hong Kong	20,563,983	24,326,633	140,639	140,640
	22,219,204	31,091,339	159,384,146	137,388,317

36. 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 Statement of Financial Position:

	2018 RM	2017 RM
Property, plant and equipment	62,196,121	39,390,096
Intangible assets	96,133,664	96,133,664
Biological assets	1,054,361	1,864,557
	159,384,146	137,388,317

(iii) Major customers

Revenue from 4 (2017: 4) major customers amounted to RM20,563,983 (2017: RM24,255,904) arising from sale of adult fish and fish fry.

37. TRANSITION TO THE NEW MFRS FRAMEWORK

As stated in Note 2 to the financial statements, these are first financial statements of the Company prepared in accordance with MFRSs. Adoption of the new MFRS Framework requires that all the Standards in MFRSs to be applied to the Company's financial statements for the current year ended 31 March 2018, the comparative financial statements for the prior year ended 31 March 2017, and to the opening statement of financial position at the date of transition to MFRS. MFRS provides for some mandatory exceptions and non-mandatory exceptions to the retrospective application of some standards.

(a) Non-mandatory exemptions

As provided in MFRS 1, first-time adoption of MFRSs can elect optional exemptions from full retrospective application of MFRSs. The Company has elected to apply MFRS 3 Business Combinations prospectively from the date FRS 3 Business Combination was adopted and to deem the carrying amount of investment in each subsidiary to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs.

(b) Exceptions to the retrospective application of other MFRSs

At the date of transition, the Company did not retrospectively change the accounting that it followed under the previous MFRS framework for the following transactions:

(i) Derecognition of financial assets and financial liabilities

For financial assets and financial liabilities derecognised under the previous FRS Framework before the date of transition, the Company did not recognise them upon adoption of the MFRS Framework. Conversely, for financial assets and liabilities that would have been derecognised under the MFRS Framework, the Company chose to continue to recognise them until they are disposed or settled.

(ii) Accounting estimates

Prior to 1 April 2016, the Company used its judgement to provide for bad and doubtful debts of trade and other receivables. Specific provisions was made when a debt was assessed as bad. Upon adoption of the MFRS Framework, the Company's assessment of impairment of financial assets is based on incurred loss event, where individual impairment and collective impairment are recognised based on objective evidences of impairment. However, the amount of allowances for bad and doubtful debts at the date of transition were not adjusted retrospectively on that date.

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

(c) Changes in accounting policies

Adoption of MFRS also requires that the Company changes its accounting policies for recognition and measurement of some items. The effects of adopting the MFRS is discussed below:

MFRS 141 Agriculture

Prior to the adoption of MFRS 141 Agriculture, the livestock were stated at cost. Following the adoption, these biological assets are measured at fair value less costs to sell. Changes in fair value less cost to sell are recognised in profit or loss.

(d) Changes in comparatives

There are several changes in the presentation of comparative information, as follows:

	Group		Company	
Statement of financial position	**As restated RM**	**Previously stated RM**	**As restated RM**	**Previously stated RM**
Trade, non-trade receivables and amounts due from subsidiary companies grouped together and presented as a single line item:				
Trade and other receivables (non-current)	–	–	42,577,573	–
Amounts due from subsidiary companies (Non-current)	–	–	–	42,577,573
Trade and other receivables (current)	39,006,398	–	26,756,526	–
Trade and non-trade receivables (current)	–	39,006,398	–	98,185
Amounts due from subsidiary Companies (current)	–	–	–	26,658,341

Reconciliations of financial statements

The accounting policies and the optional exemption elected by the Company have been applied in the opening MFRS Statement of Financial Position as at 1 April 2016 and throughout all periods presented in the financial statements.

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

Reconciliations of financial statements (Cont'd)

The effects of the change in policy on the line items are as follows:

(a) Reconciliation of Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 31 March 2017

31 March 2017	Note	Previously stated under FRSs RM	Effects of transition to MFRSs RM	Restated under MFRSs RM
Revenue		31,091,339	–	31,091,339
Cost of sales	(i)	(21,275,862)	24,150,377	2,874,515
Gross profit		9,815,477	24,150,377	33,965,854
Interest income		9,131	–	9,131
Other operating income		3,270,524	–	3,270,524
Selling and distribution expenses		(7,833,406)	–	(7,833,406)
Administrative and other expenses		(9,029,792)	–	(9,029,792)
Fair value adjustment on amount due to immediate holding company		–	–	–
(Loss)/Profit from operations		(3,768,066)	24,150,377	20,382,311
Finance costs		(1,017,944)	–	(1,017,944)
(Loss)/Profit before taxation		(4,786,010)	24,150,377	19,364,367
Income tax expense		977,912	(9,375,627)	(8,397,715)
(Loss)/Profit for the financial year	(i)	(3,808,098)	14,774,750	10,966,652
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operation		(1,370)	–	(1,370)
Other comprehensive loss for the financial year, net of tax		(1,370)	–	(1,370)
Total comprehensive (loss)/profit for the financial year		(3,809,468)	–	10,965,282
(Loss)/Profit attributable to owners of the Company		(3,808,098)	–	10,966,652
Total comprehensive (loss)/profit attributable to owners of the Company		(3,809,468)	–	10,965,282
(Loss)/Profit per share attributable to owners of the Company (sen per share)				
Basic		(0.83)		2.38

Note:
(i) The MFRS adjustments comprise the recognition of the changes in the fair value of biological assets, net of tax, of RM14,774,750 accordance with the requirements of MFRS 141 Agriculture.

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

Reconciliations of financial statements (Cont'd)

(b) Reconciliation of Statement of Financial Position

(i) <u>Statement of Financial Position as at 31 March 2016</u>

31 March 2016 ASSETS	Previously stated under FRSs RM	Effects of transition to MFRSs RM	Restated under MFRSs RM
Non-current assets			
Property, plant and equipment	45,955,388	–	45,955,388
Intangible assets	32,176	–	32,176
Biological assets	4,168,991	–	4,168,991
	50,156,555	–	50,156,555
Current assets			
Biological assets	83,881,044	(20,329,319)	63,551,725
Inventories	852,585	–	852,585
Trade and other receivables	33,422,432	–	33,422,432
Tax recoverable	65,228	–	65,228
Cash and bank balances	777,606	–	777,606
	118,998,895	(20,329,319)	98,669,576
TOTAL ASSETS	169,155,450	(20,329,319)	148,826,131
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital and premium	127,088,708	–	127,088,708
Other reserve	13,048,118	–	13,048,118
Retained profts	4,090,335	(22,641,249)	(18,550,914)
Total equity	144,227,161	(22,641,249)	121,585,912

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

Reconciliations of financial statements (Cont'd)

(b) Reconciliation of Statement of Financial Position (Cont'd)

(i) Statement of Financial Position as at 31 March 2016 (Cont'd)

31 March 2016 **ASSETS**	**Previously stated under FRSs RM**	**Effects of transition to MFRSs RM**	**Restated under MFRSs RM**
Non-current liabilities			
Loans and borrowings	1,401,852	–	1,401,852
Deferred income	5,764,564	–	5,764,564
Deferred tax liabilities	3,011,460	2,311,930	5,323,390
	10,177,876	2,311,930	12,489,806
Current liabilities			
Loans and borrowings	9,850,911	–	9,850,911
Trade and other payables	4,899,502	–	4,899,502
	14,750,413	–	14,750,413
Total liabilities	24,928,289	2,311,930	27,240,219
TOTAL EQUITY AND LIABILITIES	169,155,450	(20,329,319)	148,826,131

(ii) Statement of Financial Position as at 31 March 2017

31 March 2017 **ASSETS**	**Previously stated under FRSs RM**	**Effects of transition to MFRSs RM**	**Restated under MFRSs RM**
Non-current assets			
Property, plant and equipment	39,390,096	–	39,390,096
Intangible assets	96,133,664	–	96,133,664
Biological assets	1,864,557	–	1,864,557
	137,388,317	–	137,388,317
Current assets			
Biological assets	96,416,848	3,821,058	100,237,906
Inventories	932,298	–	932,298
Trade and other receivables	39,006,398	–	39,006,398
Tax recoverable	147,582	–	147,582
Cash and bank balances	36,972,861	–	36,972,861
	173,475,987	3,821,058	177,297,045
TOTAL ASSETS	310,864,304	3,821,058	314,685,362

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

Reconciliations of financial statements (Cont'd)

(b) Reconciliation of Statement of Financial Position (Cont'd)

(ii) Statement of Financial Position as at 31 March 2017 (Cont'd)

31 March 2017 **ASSETS**	**Previously stated under FRSs RM**	**Effects of transition to MFRSs RM**	**Restated under MFRSs RM**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	274,188,832	–	274,188,832
Other reserve	10,717,934	–	10,717,934
Retained profits	282,237	(7,866,499)	(7,584,262)
Total equity	285,189,003	(7,866,499)	277,322,504
Non-current liabilities			
Loans and borrowings	191,671	–	191,671
Deferred income	4,888,934	–	4,888,934
Deferred tax liabilities	2,038,118	11,687,557	13,725,675
	7,118,723	11,687,557	18,806,280
Current liabilities			
Loans and borrowings	12,680,138	–	12,680,138
Trade and other payables	5,876,440	–	5,876,440
	18,556,578	–	18,556,578
Total liabilities	25,675,301	11,687,557	37,362,858
TOTAL EQUITY AND LIABILITIES	310,864,304	3,821,058	314,685,362

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

Reconciliations of financial statements (Cont'd)

(c) Reconciliation of Statement of Cash Flows

Statement of Cash Flows For the Financial Year Ended 31 March 2017

Cash flows from operating activities	Note	Previously stated under FRSs RM	Effects of transition to MFRSs RM	Restated under MFRSs RM
Loss before taxation		(4,786,010)	24,150,377	19,364,367
Adjustments for:				
Allowance for impairment on Trade receivables		–	–	–
Amortisation of broodstocks		434,580	–	434,580
Amortisation of government grant		(875,630)	–	(875,630)
Depreciation of property, plant and equipment		7,259,893	–	7,259,893
Allownce for impairment loss on other receivables		132,864	–	132,864
Allowance for impairment loss on trade receivable		4,134	–	4,134
Interest expenses		1,017,944	–	1,017,944
Interest income		(9,131)	–	(9,131)
Property, plant and equipment written off		2,104	–	2,104
Provision on fatalities charges on broodstock		1,932,932	–	1,932,932
Services received as an expense		689,481	–	689,481
Unrealised foreign exchange gain		(88,455)	–	(88,455)
Unrealised foreign exchange loss		1,176,095		1,176,095
Operating profit before working capital changes		6,890,801	24,150,377	31,041,178
Change in biological assets		(12,535,804)	(24,150,377)	(36,686,181)
Change in inventories		(79,713)	–	(79,713)
Change in receivables		(6,784,732)	–	(6,784,732)
Change in payables		953,065	–	953,065
Cash generated from operations		(11,556,383)	–	(11,556,383)
Income tax paid		(77,783)	–	(77,783)
Interest paid		(1,017,944)	–	(1,017,944)
Interest received		9,131	–	9,131
Net cash used in operating activities		(12,642,979)	–	(12,642,979)
Cash flows from investing activities				
Acquisition of intangible assets		(96,101,488)	–	(96,101,488)
Acquisition of property, plant and equipment		(663,305)	–	(663,305)
Addition of broodstocks		(63,078)	–	(63,078)
Net cash used in investing activities		(96,827,871)	–	(96,827,871)
		(109,470,850)		(109,470,850)

37. TRANSITION TO THE NEW MFRS FRAMEWORK (CONT'D)

Reconciliations of financial statements (Cont'd)

(c) Reconciliation of Statement of Cash Flows (Cont'd)

Statement of Cash Flows For the Financial Year Ended 31 March 2017 (Cont'd)

	Previously stated under FRSs RM	Effects of transition to MFRSs RM	Restated under MFRSs RM
Cash flows from financing activities			
Fixed deposits pledged with licensed banks	(400,000)	–	(400,000)
Proceeds from exercise of Employees share options	12,245,450	–	12,245,450
Proceeds from issuance of Share capital	132,089,592	–	132,089,592
Repayment of hire purchase payables	(55,245)	–	(55,245)
Repayment of revolving credit	(500,000)	–	(500,000)
Repayment of term loan	(1,084,051)	–	(1,084,051)
Share issuance expenses	(253,213)	–	(253,213)
Net cash generated from financing activities	142,042,533	–	142,042,533
Net increase in cash and cash equivalents	32,571,683	–	32,571,683
Effect of exchange rate changes	(1,370)	–	(1,370)
Cash and cash equivalents at beginning of financial year	(6,419,622)	–	(6,419,622)
Cash and cash equivalents at end of financial year	26,150,691	–	26,150,691

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 2018 (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	62,679	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	444,692	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	314,745	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 used for hatchery operation	Owned/ Plentiful Harvest Sdn Bhd	189,691	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 used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	274,147	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 2018 (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 used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	95,772	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 as Headoffice	Owned / Plentiful Harvest Sdn Bhd	90,647	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	200,000	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	267,500	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 fornursery operation	Subleased / Datuk Lo Fui Ming	297,849	N/A	Sublease for 30 years expiring on 31.07.2038	3.557 ha

Issued shares	:	RM 608,549,940 shares
Classes of shares	:	Ordinary Shares
Voting Rights	:	One vote per share

ANALYSIS BY SIZE OF THE SHAREHOLDINGS AS AT 6 JULY 2018 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NO. OF SHAREHOLDERS	%	SHAREHOLDINGS	NO.OF %
1 - 99	26	1.12	782	0.00
100 – 1,000	141	6.07	93,973	0.02
1,001 – 10,000	921	39.63	5,694,602	0.94
10,001 – 100,000	865	37.22	32,390,550	5.32
100,001 – 30,427,496 (*)	368	15.83	438,461,851	72.05
30,427,497 AND ABOVE (**)	3	0.13	131,908,182	21.68
TOTAL	2,324	100.00	608,549,940	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 6 JULY 2018

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Dato' Seri Md Kamal Bin Bilal	3,270,410	0.54	–	–
2	Datuk Lo Fui Ming	97,042,145	15.95	116,000(1)	0.02
3	Lo Teck Yong	6,556,330	1.08	–	–
4	Akinori Hotani	–	–	–	–
5	Sim Kay Wah	–	–	–	–
6	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	–	–	–	

Note : (1) Deemed interest by virtue of his child's interest pursuant to Section 59 of the Companies Act, 2016.

LIST OF DIRECTORS' OPTION HOLDINGS AS PER THE REGISTER OF DIRECTORS' OPTIONS HOLDINGS AS AT 6 JULY 2018

	Name of Director	No. of Option Direct	%	No. of Option Indirect	%
1	Dato' Seri Md Kamal Bin Bilal	1,409,590	1.34	–	–
2	Datuk Lo Fui Ming	–	–	5,254,000 (1)	5.00
3	Lo Teck Yong	5,460,000	5.20	–	–
4	Akinori Hotani	1,797,500	1.71	–	–
5	Sim Kay Wah	–	–	–	–
6	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	–	–	–	–

Note : (1) Deemed interest by virtue of his child's interest pursuant to Section 59 of the Companies Act, 2016.

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 6 JULY 2018

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Datuk Lo Fui Ming	97,042,145	15.95	–	–
2	Lembaga Tabung Haji	51,870,800	8.52	–	–
3	Mohd Amir Bin Masry	36,960,487	6.07	–	–

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 6 JULY 2018
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NAME OF SHAREHOLDERS	NO OF SHAREHOLDINGS	%
1	LEMBAGA TABUNG HAJI	51,870,800	8.52
2	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING (M&A)*	43,076,895	7.08
3	MOHD AMIR BIN MASRY	36,960,487	6.07
4	KENANGA CAPITAL SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING (FOR WULLERS)*	25,000,000	4.11
5	LO FUI MING	23,659,048	3.89
6	MARLEX TRADING LTD	15,000,000	2.46
7	HLB NOMINEES (TEMPATAN) SDN BHD *NGIAM BUEY BUEY (CUST.SIN 106787)*	13,960,600	2.29
8	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (A/C CLIENTS-FGN)7*	13,821,888	2.27
9	MALFOY CAPITAL MANAGEMENT LIMITED	12,000,000	1.97
10	LIM NYUK SANG @ FREDDY LIM	11,833,814	1.94
11	CARTABAN NOMINEES (ASING) SDN NHD *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)*	10,898,000	1.79

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 6 JULY 2018 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (CONT'D)

	NAME OF SHAREHOLDERS	NO OF SHAREHOLDINGS	%
12	HLB NOMINEES (TEMPATAN) SDN BHD *LEONG KAM HENG(CUST.SIN 10678)*	10,027,800	1.65
13	CROWNFIELD VENTURES CORP	10,000,000	1.64
14	ALLIANEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FEDDY LIM (8071811)*	9,858,900	1.62
15	DIONG SIEW GI	9,500,000	1.56
16	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHOONG HEONG (M&A)*	9,053,400	1.49
17	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN VOO*	7,177,700	1.18
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR FOO EE WYN*	7,077,000	1.16
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG*	7,000,000	1.15
20	LO TECK YONG	6,556,330	1.08
21	DIONG SIEW GI	6,413,800	1.05
22	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	5,615,000	0.92
23	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HO TEIK CHUAN @ HO SONNEY (SMART)*	5,557,000	0.91
24	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FOO EE WYN (M&A)*	5,517,700	.91
25	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE HENG WAI (M&A)*	5,442,200	0.89
26	AMANAHRAYA TRUSTEES BERHAD *PMB SHARIAH AGGRESSIVE FUND*	5,417,400	0.89
27	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING*	5,000,000	0.82
28	LOKE LIN THAI	4,000,000	0.66
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *LIM NYEK KIONG @ LIM NYUK MIN (6000124)*	3,920,600	0.64
30	DIONG SING PENG	3,519,500	0.58

ANALYSIS OF
WARRANT HOLDINGS

No. of warrant issued	:	RM 299,997,878
No. of warrant unexercised	:	RM 200,000,000
Exercise Price	:	RM0.87
Expiry Date	:	The expiry dates of the warrants is 20 August
Rights of Warrant Holder	:	The Warrant holders are not entitled to any voting rights or to participate in any form of distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants into new BAHVEST Shares.

ANALYSIS BY SIZE OF THE SHAREHOLDINGS AS AT 6 JULY 2018
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NO. OF SHAREHOLDERS	%	SHAREHOLDINGS	NO.OF %
1 - 99	87	5.83	3,503	0.00
100 – 1,000	114	7.64	79,345	0.03
1,001 – 10,000	563	37.73	3,025,080	1.01
10,001 – 100,000	511	34.25	19,437,175	6.48
100,001 – 14,999,892 (*)	213	14.28	191,380,161	63.79
14,999,893 AND ABOVE (**)	4	0.27	86,072,614	28.69
TOTAL	1,492	100.00	299,997,878	100.00

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

LIST OF DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' OPTIONS HOLDINGS AS AT 6 JULY 2018

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Dato' Seri Md Kamal Bin Bilal	1,564,730	0.52	–	–
2	Datuk Lo Fui Ming	47,590,197	15.86	35,000 (1)	0.01
3	Lo Teck Yong	3,204,665	1.07	–	–
4	Akinori Hotani	–	–	–	–
5	Sim Kay Wah	–	–	–	–
6	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	–	–	–	–

Note : (1) Deemed interest by virtue of his child's interest pursuant to Section 59 of the Companies Act, 2016.

THE 30 LARGEST SECURITIES ACCOUNT WARRANTS HOLDERS AS AT 6 JULY 2018 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NAME OF WARRANT HOLDERS	NO OF HOLDINGS	%
1	LO FUI MING	23,429,524	7.81
2	LEMBAGA TABUNG HAJI	22,815,200	7.61
3	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING (M&A)*	21,347,647	7.12
4	MOHD AMIR BIN MASRY	18,480,243	6.16
5	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-F)*	8,104,644	2.70
6	MARLEX TRADING LTD	7,500,000	2.50
7	HLB NOMINEES (TEMPATAN) SDN BHD *NGIAM BUEY BUEY (CUST.SIN 106787)*	6,980,300	2.33
8	MALFOY CAPITAL MANAGEMENT LIMITED	6,000,000	2.00
9	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHOONG HEONG (M&A)*	5,920,200	1.97
10	LIM NYUK SANG @ FREDDY LIM	5,677,157	1.89
11	CARTABAN NOMINEES (ASING) SDN NHD *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)*	5,449,000	1.82
12	CROWNFIELD VENTURES CORP	5,000,000	1.67
13	ALLIANEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FEDDY LIM (8071811)*	4,929,450	1.64
14	HLB NOMINEES (TEMPATAN) SDN BHD *LEONG KAM HENG(CUST.SIN 10678)*	4,835,700	1.61
15	DIONG SIEW GI	4,750,000	1.58
16	LEONG YONG KUAN	4,280,000	1.43
17	RHB NOMINEES (TEMPATAN) SDN BHD *TAN CHOON PIEW*	4,020,000	1.34
18	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM TONG LEE*	3,931,200	1.31
19	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN VOO*	3,588,850	1.20
20	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOO EE WYN*	3,500,000	1.17

THE 30 LARGEST SECURITIES ACCOUNT WARRANTS HOLDERS AS AT 6 JULY 2018 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (CONT'D)

	NAME OF WARRANT HOLDERS	NO OF HOLDINGS	%
21	LO TECK YONG	3,204,665	1.07
22	LIM WEI YUEN	3,013,000	1.00
23	DIONG SIEW GI	2,834,150	0.94
24	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FOO EE WYN (M&A)*	2,758,850	0.92
25	CHEONG SOK YIN	2,537,000	0.85
26	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING*	2,500,000	0.83
27	HLIB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHOON PIEW (CCTS)*	2,400,000	0.80
28	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE HENG WAI (M&A)*	2,305,200	0.77
29	LEW SOON KIAK	2,189,900	0.71
30	LOKE LIN THAI	2,000,000	0.67

NOTICE OF THE FOURTEENTH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Sabah Hotel, Amadeus I & II, Level 2, KM1, Jalan Utara, P.O. Box 275, 90703 Sandakan, Sabah on Wednesday, 29 August 2018 at 11.30 a.m. to transact the following businesses:

AGENDA	**Ordinary Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of directors' fees and benefits of up to RM500,000 to the non-executive directors for their services from 30 August 2018 until the next annual general meeting of the Company.	**1**
3. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Constitution:	
a. Mr. Akinori Hotani	**2**
b. Mr. Sim Kay Wah	**3**
4. To appoint Auditors and to authorise the Directors to fix their remuneration.	**4**
5. As Special Business to consider and if thought fit, to pass the following resolution, with or without modifications:	
ORDINARY RESOLUTION - AUTHORITY TO ALLOT SHARES	
"THAT pursuant to Section 75 of the Companies Act 2016 and subject to the approvals of the relevant authorities, the Directors be empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	**5**
6. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.	

BY ORDER OF THE BOARD

CHONG TZU KHEN
KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya
31 July 2018

Notes:-

(a) *Only members whose names appear on the Record of Depositors as at 21 August 2018 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. 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 in the Securities Industry (Central Depositories) Act,1991, 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 1**
Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees structure of the non-executive directors of the Company is as follows:
- Monthly Directors' fees; and
- Meeting allowance.

Details of the fees and benefits paid to the non-executive directors for the financial year ended 31 March 2018 are disclosed on page 20 to 21 of the Overview Statement on Corporate Governance in the 2018 Annual Report.

➢ **Ordinary Resolution 5**
The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the authority granted to the Directors at the Thirteenth Annual General Meeting held on 25 August 2017 and the said authority will lapse at the conclusion of the Fourteenth 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, repayment of bank borrowings and/or acquisitions.

Borneo
Aqua Harvest Berhad (649504-D)

BORNEO AQUA HARVEST BERHAD (649504-D)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	No 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 the following person(s):

	Name of proxy & NRIC No.	**No. of shares to be represented by proxy**
1.	______________________	______________________
2.	______________________	______________________

or failing him/her,

1.	______________________	______________________
2.	______________________	______________________

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Sabah Hotel, Amadeus I & II, Level 2, KM1, Jalan Utara, P.O. Box 275, 90703 Sandakan, Sabah on Wednesday, 29 August 2018 at 11.30 a.m. and at any adjournment thereof and to vote as indicated below:-

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

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 ...., 2018

____
Signature / Seal of Member

Notes:

a) *Only members whose names appear on the Record of Depositors as at 21 August 2018 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. 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 this flap for sealing

Then fold here

AFFIX
STAMP

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

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BORNEO AQUA HARVEST BERHAD (649504-D)
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