BAHVEST RESOURCES BERHAD

(649504-D)

(Formerly Known As Borneo Aqua Harvest Berhad)

ANNUAL REPORT 2019

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

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Jalan Leila,
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90724 Sandakan, Sabah.
Tel: 089-611133/
089-611633/
089-612633
Fax: 089-613633/
089-618633

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

MARKETING AND DISTRIBUTION OFFICE IN HONG KONG
1st Floor, Room 12,
No. 37, Tam Kung Temple Road,
Shau Kei Wan Wholesale Fish
Market,
Shau Kei Wan, Hong Kong.
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
Warrant Stock Name: BAHVEST WA
Warrant Stock Code: 0098WA

WEBSITE
www.bahvest.com.my

CORPORATE PROFILE

In view of the diversification of the business operations of the Group and commencement of the mining production, the Management proposed to change the name of the Company from Borneo Aqua Harvest Berhad to Bahvest Resources Berhad ("Bahvest") to be in line with the Group's business nature, which had been approved by its shareholders on 22 November 2018, subsequently approved by Suruhanjaya Syarikat Malaysia (SSM) on 27 November 2018. Bahvest 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. Bahvest was listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 September 2005. Bahvest has five wholly-owned subsidiaries, namely Wullersdorf Resources Sdn Bhd ("Wullersdorf"), Plentiful Harvest Sdn Bhd ("Plentiful"), Marine Terrace Sdn Bhd ("Marine"), Salient Horizon Sdn Bhd ("Salient") and Plentiful Earnings Sdn Bhd ("Plentiful Earnings") (collectively referred to as "Bahvest Group" or "Group").

In Year 2017, Bahvest 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 completely explored approximately 70 hectares.

The Group has completed the construction and commissioning of the gold mine processing plant as at 30 June 2018 and commercially commenced gold dore bars production as at 30 September 2018. The Group started extracting gold from top soil clearing as at 30 September 2018 and has yet to start drilling and mining of the sulphide ore at the identified mining site.

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 Bahvest 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 and 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.

Bahvest 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.

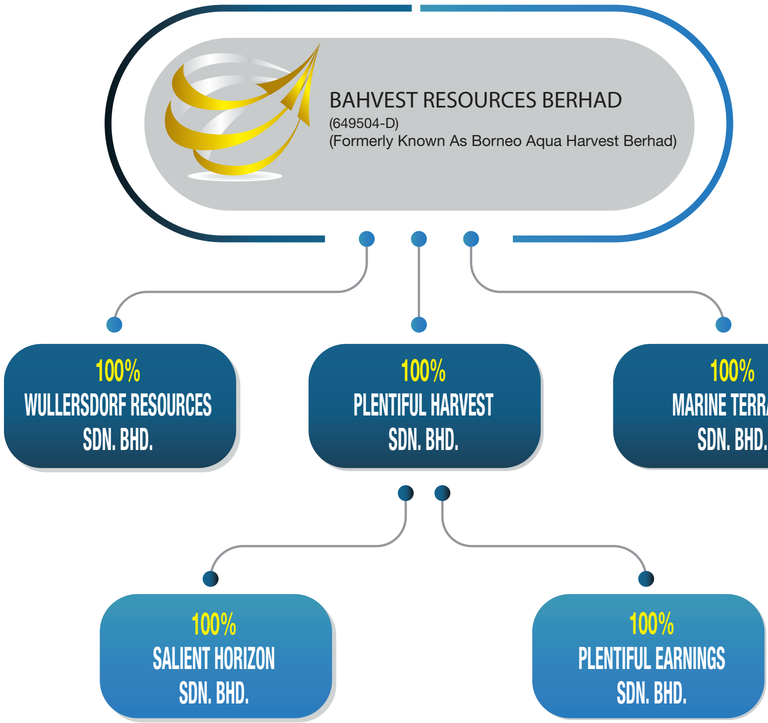
Bahvest has consistently been certified by the International ISO 9001:2015 Standards for the whole fish production process and distribution of Grouper species under UKAS Management Systems (from SGS UK LTD) and Standards of Malaysia (from Accredited Certification Body), as well as obtaining the HACCP 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, Bahvest 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 sub-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 granted with exemption of income tax at 100% for its statutory income for a period of 10 years commencing from the first year Plentiful Earnings having recorded its first statutory income from the Project.

CORPORATE STRUCTURE



VISION & MISSION

Through the acquisition of Wullersdorf, Bahvest 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 strives 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.

In view of the widening gap between the demand and supply of marine fishes in the country as well as in the international markets, Bahvest 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.

Bahvest 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 Bahvest.

Bahvest 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.

CHAIRMAN'S STATEMENT

*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 **Bahvest Resources Berhad** ("the Company") and its subsidiaries ("Group") for the financial year ended 31 March 2019 ("FYE 2019").*

FINANCIAL REVIEW

FYE 2019 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 has resulted in a weaker Ringgit and higher inflationary pressure on the local economy. 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 2019, the Group as generated higher revenue of RM65.05 million (FYE2018 RM22.22 million), this was mainly due to Wullersdorf has generated total sales of RM39.339 million represents approximately 231.652 kgs of net gold sold during the year. There was also due to the increase in sales of larger grouper fish and increase demand from customers during the festive season in Hong Kong and China. However, during the FYE 2019, the Group has generated gross profit of RM18.81 million in FYE 2019 and RM55.37 million in FYE 2018. The substantial decrease in gross profit was due to the negative movement in fair value of fishery stock of RM2.098 million (corresponding period in 2018 of positive movement in fair value of fishery stock of RM55.55 million), pursuant to the Group's adoption of Malaysia Financial Reporting Standard (MFRS) Framework effective on 1 January 2018, where the Group elected the early adoption of MFRS Framework for the financial year ended 31 March 2018. With the 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. Biological assets represent fish fry, broodstock (i.e. mother fish) and fishery livestock.

The Group recorded a profit after taxation of RM5.70 million for FYE 2019 (RM18.54 million in FYE 2018), mainly due to the negative movement in fair value of fishery stock of RM2.098 million. However, during the FYE 2019, total operation cost of RM 28.33 million was incurred for mining operation by Wullersdorf as compared to RM4.51 million in FYE 2018. Wullersdorf has generated total sales of RM39.339 million represents approximately 231.652 kgs of net gold sold during the year. Nevertheless, the Group is foreseen the mining operation could generate more revenue in the future.

BUSINESS REVIEW

A. 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 Group has completed the construction and commissioning of the gold mine processing plant during 30 June 2018 and commercially commenced gold dore bars production during 30 September 2018. The Group started extracting gold from top soil clearing during 30 September 2018 and has yet to start drilling and mining of the sulphide ore at the identified mining site. Wullersdorf has generated total sales of RM39.339 million represents approximately 231.652 kgs of net gold sold during the year.

CHAIRMAN'S **STATEMENT**
(cont'd)

BUSINESS REVIEW (CONT'D)

B. FISHERY OPERATION

During FYE 2019, the Group's fish fry production was approximately 388,313 tails (net of fatalities), while approximately 23,855 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 our fishes are certified by International ISO 9001:2015 Standards is a key marketing strategy, 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.

Since FYE 2019, 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 1.88% of the overall turnover (8.65% in FYE 2018), 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 and Development ("R&D") division in order to improve its broodstock management. Our teams 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 3,021 broodstocks of over 10 high value species, as compared with 3,036 broodstocks in FYE 2018. Higher fatality rate on the broodstock was mainly due to conduct of R&D for breeding.

PROSPECTS AND OUTLOOK

Through the diversification into gold mining business as core business, the Group is one of the few gold mining sites in Malaysia and the only one in Sabah. The Board is confident that this new mining business can enhance Group's revenue steam and broaden its earning base in order to achieve a sustainable growth and add value to the shareholders. The gold mining operations had been commenced commercially during 30 September 2018 and sold approximately 231.652 kgs of net gold which amounted to RM39.339 million for the year ended 31 March 2019. The Group expects mining business can contribute more future earnings as the gold production expected to increase once Wullersdorf starts the process of drilling and mining the sulphide and oxide rocks/ore at the identified mining site. The good trend of market value of gold was expected tend to a higher gold price in the future.

The Group is also one of the leading players 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 live 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 gold mining business.

CHAIRMAN'S **STATEMENT**
(cont'd)

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 2019.

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 Bahvest Resources Berhad.





DIRECTORS' PROFILE

DATO' SRI DR. MD KAMAL BIN BILAL

Malaysian Male, aged 57, 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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

He attended all five (5) Board Meetings of the Company held during the financial year.

DATUK LO FUI MING

Malaysian Male, aged 63, is the Managing Director and Chief Executive Officer of Bahvest 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 Bahvest, 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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years. During the financial year, 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.

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 attended four (4) out of five (5) Board Meetings of the Company held during the financial year.

DIRECTORS' **PROFILE**
(cont'd)

LO TECK YONG

Malaysian Male, aged 38, is an Executive Director of Bahvest 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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

He attended all five (5) Board Meetings of the Company held during the financial year.

AKINORI HOTANI

Japanese Male, aged 45, is an Executive Director of Bahvest 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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

He attended four (4) out of five (5) Board Meetings of the Company held during the financial year.

DIRECTORS' **PROFILE**
(cont'd)

TAN SRI DATO' NIK HASHIM BIN NIK AB. RAHMAN

Malaysian Male, aged 76, is the Senior Independent Non-Executive Director of Bahvest and was appointed to the Board of Directors on 15 December 2015. On 25 February 2016, Tan Sri Dato' Nik Hashim was appointed as member of Nominating, Remuneration and Audit Committees. He was redesignated as chairman of both Nominating and Remuneration Committees on 25 May 2018.

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 studied 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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

He attended all five (5) Board Meetings of the Company held during the financial year.

SIM KAY WAH

Malaysian Male, aged 43, is an Independent Non-Executive Director. He was appointed to the Board of Director on 20 November 2015. He is the Chairman of Audit Committee and member of Nominating and Remuneration Committees.

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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

He attended all five (5) Board Meetings of the Company held during the financial year.

KEY SENIOR MANAGEMENT PROFILE

CHONG TZU KHEN

Malaysian Male, aged 62, is the Director of Wullersdorf Resources Sdn Bhd, a wholly owned subsidiary of Bahvest Resources Berhad. He is also the Finance Manager cum Company Secretary of Bahvest Resources Berhad and its Group of companies. He is a director of Wullersdorf Resources II Sdn Bhd and Teguh Niagamaju Sdn Bhd. 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. In 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 Bahvest Resources 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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

CHONG KHING CHUNG

Malaysian Male, aged 52, 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. He was appointed as Director of Country Heights Holding Berhad during 11 July 2019.

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. Other than traffic offences, he has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

LO CHOON FUNG @ MICHELLE

Malaysian Female, aged 39, is the Corporate and Risk Management Manager of Bahvest Resources Berhad as well as WRSB. In July 2002, 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 Bahvest Resources Berhad in 2008.

Ms Lo is daughter of Datuk Lo Fui Ming and sister of Mr Lo Teck Yong. She had no conflict of interest with the Company. Other than traffic offences, she has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

HIEW VUN PUI

Malaysian Female, aged 43, is Group Accountant of Bahvest Resources 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 Bahvest Resources Berhad as an Accounts Executive. Later she was promoted as Group Accountant of Bahvest Resources 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. Other than traffic offences, she has not been convicted of any offences within the past five (5) years and has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Bahvest Resources Berhad ("Bahvest") 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 on 5 September 2005.

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

1. MINING OPERATION

As at June 2018, Wullersdorf has explored approximately 70 hectares of 317.7 hectares of mining land which located at Bukit Mantri, in the district of Tawau, Sabah. The Group has completed the construction and commissioning of the gold mine processing plant during 30 June 2018 and commercially commenced gold dore bars production during 30 September 2018. The Group started extracting gold from top soil clearing during 30 September 2018 and has yet to start drilling and mining of the sulphide ore at the identified mining site. Wullersdorf has generated total sales of RM39.339 million represents approximately 231.652 kgs of net gold sold during the year.

2. FISHERY OPERATION

Bahvest, 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") 2019, the Group's fish fry production approximate 388,313 tails (net of fatalities), while approximately 23,855 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 1.88% (FYE 2018 : 8.65%) of the overall turnover in FYE 2019, there are slightly decrease in frozen product mainly due to decrease 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 seabass. 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 and Development ("R&D") division in order to improve its broodstock management. Our teams 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 3,021 broodstocks of over 10 high value species, as compared with 3,036 broodstocks in FYE 2018. Higher fatality rate on the broodstock was mainly due to conduct of R&D for breeding.

MANAGEMENT DISCUSSION AND **ANALYSIS**
(cont'd)

FINANCIAL REVIEW

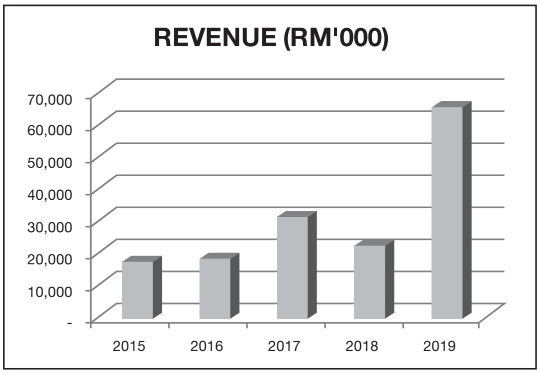
Five Years Financial Highlights

Amount (RM'000)	2015	2016	2017	2018 (Restated)	2019
	Financial Year ended 31 March				
Income Statement					
Revenue	17,211	18,299	31,091	22,219	65,052
(Loss)/ Profit before taxation	(4,566)	(4,025)	19,364	30,516	4,381
Taxation	2,238	683	(8,398)	(11,968)	1,320
(Loss)/Profit for the financial year	(2,328)	(3,342)	10,966	18,542	5,701
Assets					
Property,plant and equipment	53,009	45,955	39,390	62,196	67,420
Intangible assets	32	32	96,134	96,134	92,906
Non-current asset held for sale	–	–	–	1,506	–
Non-current and current biological assets	79,111	88,050	102,103	156,837	157,111
Inventories	571	853	932	1,359	2,538
Trade and other receivable	28,618	33,422	39,006	26,306	27,350
Tax recoverable	77	65	148	127	86
Cash and bank balances	408	778	36,973	5,905	11,293
Total Assets	161,826	169,155	314,686	350,370	358,704
Equity and liabilities					
Share capital and premium	114,769	127,089	274,189	278,873	283,583
Other reserve	13,672	13,048	10,718	10,815	10,815
Retained profits / (Accumulated losses)	7,432	4,090	(7,584)	28	5,729
Total equity	135,873	144,227	277,323	289,716	300,127
Loans and borrowings (Non-current)	2,560	1,402	192	7,661	7,020
Deferred income	6,640	5,764	4,889	4,013	3,137
Deferred tax liabilities	3,709	3,011	13,726	25,701	22,300
Loans and borrowings	10,505	9,851	12,680	15,583	14,564
Trade and other payables	2,539	4,900	5,876	7,696	9,476
Taxation	–	–	–	–	2,080
	25,953	24,928	37,363	60,654	58,577
Total equity and liabilities	161,826	169,155	314,686	350,370	358,704
(Loss)/profit per share (sen)	(0.57)	(0.78)	2.38	3.09	0.72
Total asset per share (sen)	38.63	39.16	52.58	58.35	45.01

MANAGEMENT DISCUSSION AND **ANALYSIS**
(cont'd)

FINANCIAL REVIEW (CONT'D)

Revenue



The Group recorded a revenue of RM65.05 million for FYE2019 (FYE2018: RM22.22 million), revenue has increased by 192.75% compared with the revenue in FYE 2018. The increase mainly due to Wullersdorf has generated total sales of RM39.339 million represents approximately 231.652 kgs of net gold sold during the year. Furthermore, the group has generated higher export sales revenue of RM24.19 million for FYE2019 as compared to RM20.56 million for FYE2018. The increase in export sales was due to the increase in sales of larger grouper fish during the festive season during the period.

(Loss)/Profit before taxation

Other Income & Expenses before taxation

	Financial Year ended 31 March				
Amount (RM'000)	**2015**	**2016**	**2017**	**2018 (Restated)**	**2019**
Other Income					
Interest Income	18	50	9	2	1
Other Operating Income	3,314	1,701	3,271	2,697	2,788
Net Changes in Fair Value	–	–	39,031	55,549	(2,098)
Expenses					
Cost of Sales	8,792	10,834	36,156	22,402	44,140
Selling and Distribution Expenses	6,063	5,669	7,833	6,632	6,155
Administrative Expenses	9,131	6,557	9,030	12,260	9,050
Finance Cost	1,123	1,015	1,018	1,103	1,902
Impairment of financial assets	–	–	–	7,554	115

The increase in cost of sales from RM22.40 million to RM44.14 million is mainly due to total operating expenses of RM28.33 million are incurred for mining operation to be carried out by Wullersdorf Resources Sdn Bhd.

The decrease in selling and distribution expenses from RM6.63 million to RM6.16 million is mainly due to Salient Horizon Sdn Bhd sold the vessels named BA no.1 and its furniture, fittings and equipment to an oversea buyer namely Ocean Rich Shipping Limited as at FYE 2019 which will decrease the distribution expenses incurred during the year such as repair and maintenance fees, salaries and wages and etc.

The decrease in administrative expenses from RM12.26 million to RM9.05 million is mainly due to pre-operation cost incurred by Wullersdorf in FYE 2018. Furthermore, there is decrease in unrealised foreign exchange loss from RM1.57 million to RM0.36 million during the year.

The increase in finance cost was mainly due to hire purchase and loan interest of RM1.30 million incurred during the FYE 2019 as compared to RM0.43 million in FYE 2018 pursuant to vehicle and heavy machineries purchased for the mining operations.

FINANCIAL REVIEW (CONT'D)

Taxation

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

Plentiful Earnings Sdn Bhd, 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

A substantial change in cash flow position from overdraft of RM2.47 million in FYE 2018 to cash and bank balance of RM3.63 million in FYE 2019 was mainly due to the commencement of gold mining operation with revenue of RM39.377 million during FYE 2019.

Assets, Equity and Liabilities

1. Property, plant and equipment increased by RM5.22 million from RM62.20 million in FYE 2018 to RM67.42 million 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. Intangible assets decreased from RM96.13 million in FYE 2018 to RM92.91 million in FYE 2019 was mainly due to amortization of mining rights which amounted to RM3.22 million charged during the year.

3. Non-current asset held for sale which amounted to RM1.51 million related 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 sales consideration of HKD$ 3,000,000 in FYE 2019.

4. The biological assets of RM157.11 million as at the end of the current financial year (FYE 2018: RM156.84 million) increased due to the negative movement in fair value of fishery stock of RM2.098 million (corresponding period in 2018 of positive movement in fair value of fishery stock of RM55.55 million), pursuant to the Group's early adoption of MFRS 141 – Agriculture for the financial year ended 31 March 2018, the biological assets are measure at fair value less cost to sell which will the cost of sales in financial statement.

5. Inventories increased from RM1.36 million in FYE 2018 to RM2.54 million in FYE 2019 was mainly due to chemical stock for plant which amounted to RM1.43 million was kept under inventories by Wullersdorf Resources Sdn Bhd as at the year ended 31 March 2019.

6. The trade and other receivables of RM27.35 million (FYE 2018: RM26.31 million) increased mainly due to the increase in turnover of aquaculture business of the Group during FYE 2019.

7. The Group's total equity increased by approximately RM10.41 million in FYE 2019 in comparison with FYE 2018 mainly due to the exercise of the Employee's Share Option Scheme and profit for the year.

8. The net decrease in total borrowings of RM1.66 million from RM23.24 million in FYE 2018 to RM21.58 million in FYE 2019 was mainly due to full settlement of a loan and repayment of revolving credit amounting to RM0.22 million and RM0.50 million respectively from a local financial institution for working capital purpose.

9. The trade and other payables increased by 23.12% to RM9.48 million (FYE 2018: RM7.70 million) mainly due to outstanding balances owing to creditors for the purchase of spare parts, chemicals and materials for construction of infrastructure purpose on gold mining operation and provision of royalties incurred during the year.

MANAGEMENT DISCUSSION AND **ANALYSIS**
(cont'd)

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.

Bahvest 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 private placement proceeds have been fully utilised as at 30 September 2018 as follows:

Amount (RM'000)	Proceeds Raised	Amount Utilised	Amounts Unutilised
Capital Expenditure	21,542	(21,542)	–
Working Capital	13,598	(13,598)	–
Estimated Expenses	950	(950)	–
	36,090	(36,090)	–

2. Proposed Change of Company Name

Company has on 30 September 2018 proposed change of company name from Borneo Aqua Harvest Berhad to Bahvest Resources Berhad which had been approved by its shareholders on 22 November 2018, subsequently approved by Suruhanjaya Syarikat Malaysia (SSM) on 27 November 2018.

3. Proposed Bonus Issue

The Company had on 4 September 2018 and 9 October 2018 respectively announced the proposed bonus issue of up to 938,995,138 new ordinary shares of the Company ("Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every existing of the Company Share held on an entitlement date as at 10 December 2018. Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 16 October 2018, resolved to approve the listing and quotation of the following:

i) up to 938,995,138 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
ii) up to 299,997,878 additional Warrants to be issue pursuant to the adjustment arising from the Proposed Bonus Issue;
iii) up to 299,997,878 new ordinary shares arising from exercise of the additional Warrants.

The Company had on 11 December 2018 announced that the above mentioned corporate proposals of Bonus Issue were completed on even date.

COMPANY'S PROSPECTS

Bahvest has diversified its core business into gold mining, instead of wholly dependent on aquaculture. Bahvest has commercially commenced gold mining operations during 30 September 2018. Through the diversification into gold mining business, the Group expects this new segment to contribute positively to its future earnings as well as its long-term objective of achieving sustainable growth and value enhancement to the shareholders of Group. The Group expects the gold production to increase further once it starts to drill and mine the sulphide and oxide rocks/ore at the identified mining site as the Group now only extracting gold from the topsoil clearing above the sulphide and oxide rocks/ore.

As at FYE 2019 Bahvest 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.

Barring any unforeseen circumstances, the Board of Directors anticipates that the Group would be able to achieve satisfactory operating results for the financial year ending 31 March 2020.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Bahvest Resources Berhad ("Bahvest") recognises 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 Bahvest 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 2019 which is available on the Company's website at www.bahvest.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 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.

OVERVIEW STATEMENT ON
CORPORATE GOVERNANCE
(cont'd)

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 Director, one (1) Non-Independent Non-Executive Directors 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 10 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 does 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 conducted at the Nominating Committee meeting to the Board.

The Board composition represents a mix of knowledge, skills and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction. The 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 2019. At the forthcoming Fifteenth Annual General Meeting of the Company, Dato' Seri Dr. Md Kamal Bin Bilal and Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman 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 comprise 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 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 www.bahvest.com.my.

(c) The Audit Committee Report is presented on pages 28 to 30 of this Annual Report.

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

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 www.bahvest.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

OVERVIEW STATEMENT ON
CORPORATE GOVERNANCE
(cont'd)

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 www.bahvest.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 2019, 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 2019, a total sum of RM1.38 million was paid or payable to the Directors of the Group. Detailed movement of Directors' share options during the financial year ended 31 March 2019 is presented on Page 43 of this Annual Report. The details of the Directors' remuneration of the Company and the group for the financial year ended 31 March 2019 are as follow:

OVERVIEW STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

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)

(i) Directors' Remuneration for services 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	669	–	–	669
Lo Teck Yong	269	–	–	269
Akinori Hotani	96	–	47	143
Non-Executive Directors				
Dato' Sri Dr. Md Kamal Bin Bilal	–	180	–	180
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	5	60	–	65
Sim Kay Wah	5	36	–	41
YB Mejar (K) Datuk Samsudin Bin Yahya *(1)	1	3	–	4
Mau Kam Wai *(1)	–	10	–	10

(ii) Directors' Remuneration for services 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 Hashim Bin Nik Ab. Rahman	5	60	–	65
Sim Kay Wah	5	36	–	41
YB Mejar (K) Datuk Samsudin Bin Yahya *(1)	1	3	–	4
Mau Kam Wai *(1)	–	10	–	10

*(1) – Resigned on 25 May 2018

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)

Remuneration paid to the four (4) Key Senior Managements who are not Directors of Bahvest for the financial year ended 31 March 2019 falls into the following bands:

Range of remuneration	Group	Company
RM50,001 – RM200,000	2	–
RM200,001 – RM350,000	0	–
RM350,001– RM500,000	2	–

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 attract, retain and motivate Senior Management to lead and run the Group 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 meetings, which are kept in the minutes book at the registered office of the Group.

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

The Board held five (5) Board Meetings during the financial year ended 31 March 2019. The summary of attendance of each individual Director is as follows:

Director	Meetings Attended
Dato' Sri Dr. Md Kamal Bin Bilal	5/5
Datuk Lo Fui Ming	4/5
Lo Teck Yong	5/5
Akinori Hotani	4/5
Sim Kay Wah	5/5
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	5/5

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

OVERVIEW STATEMENT ON
CORPORATE GOVERNANCE
(cont'd)

1. THE BOARD OF DIRECTORS (CONT'D)

1.6 Supply of Information

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

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

1.8 Directors' Training

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.8 Directors' Training (Cont'd)

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

Directors	Course Name	Organizer
Datuk Lo Fui Ming	2019 Tax Budget	Ernst & Young Tax Consultants Sdn Bhd
Lo Teck Yong	2019 Tax Budget	Ernst & Young Tax Consultants Sdn Bhd
Akinori Hotani	2019 Tax Budget	Ernst & Young Tax Consultants Sdn Bhd
Sim Kay Wah	Malaysian Tax Conference 2018 – Embracing the Challenges of Tomorrow Cyber Security, is it your problem? Building Confidence in Your Cyber Environment MIA International Accountants Conference 2018 Debt Recovery: An Understanding of Litigation, Enforcement & Winding Up Procedures	Malaysia Institute of Accountant (MIA) Malaysia Institute of Accountant (MIA) Malaysia Institute of Accountant (MIA) Malaysia Institute of Accountant (MIA)
Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Malaysian Code on Corporate Governance (MCCG) Reporting & Corporate Governance (CG) Guide MIRA Knowledge Sharing Session entitled Impact of AI on Shareholder Value & Market Performance, "What Every Listco Needs to Know"	Bursa Malaysia Berhad & Securities Commission Malaysia Malaysian Investor Relations Association (MIRA)

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 investment 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 www.bahvest.com.my;

OVERVIEW STATEMENT ON
CORPORATE GOVERNANCE
(cont'd)

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

(iii) The Company's website at www.bahvest.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.bahvest.com.my

The Sustainability Statement is reviewed by the board, is on Pages 36 to 41 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 Audit Committee Report 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 the effectiveness and efficiency of 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 recognises that the system of internal control has inherent limitations and is aware that such a system can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

The Statement on Risk Management and Internal Control which is prepared by the Board, is on Pages 31 to 35 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 2020.

The roles of the Audit Committee in relation to the external and internal auditors are set out in the Audit Committee Report on Pages 28 to 30 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 2019.

Composition and Attendance

The AC comprises of three members. All the Committee members are 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 the year ended 31 March 2019 are listed below:

Audit Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Sim Kay Wah	Independent and Non-Executive	5/5
Member	Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman	Senior Independent and Non-Executive	5/5
Member	Dato' Sri Dr. Md Kamal Bin Bilal *(Appointed on 25 May 2018)*	Non-Independent and Non-Executive	4/4

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 2019 are scrutinised 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 five 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 the 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.

AUDIT **COMMITTEE REPORT**
(cont'd)

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 2018 during its meeting on the 25 May 2018. The Group's annual audited financial statements and annual report for FYE 31 March 2018 were subsequently approved by the Board on 13 July 2018.

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 28 August 2018, 23 November 2018 and 26 February 2019 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 28 May 2019, the AC reviewed the quarterly financial results and statements for the fourth quarter of 2019. The AC's recommendations were presented for approval at the subsequent Board meeting.

2. EXTERNAL AUDIT

a. On 25 May 2018, 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 2018, 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 2019.

b. On 26 February 2019, the AC reviewed and noted the External Auditors' FYE 31 March 2019 Audit Planning Memorandum, outlining their scope of work, timeline and their proposed fees for the statutory audit.

c. On 28 May 2019, 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 utilised or are expected to be utilised for FYE 31 March 2019 were tax compliance services, annual review of the Statement on Risk Management and Internal Control and review reporting accountants' letter on proforma statement on reserves for inclusion in the circular and submission to Bursa Malaysia and acting as Reporting Accountants in connection with the adjustments to the exercise price and number of outstanding warrants 2017/2024 of Bahvest based on the provisions in the deed poll dated 2 August 2017 ("Assignment"). The non-audit service fees incurred or to be incurred for FYE 31 March 2019 approximated RM93,160, representing approximately 35.13% of the total professional fees paid or payable to the External Auditors. The AC approved the engagement after reviewed the Assignment and confirmed that such Assignment was an acceptable non-audit service in compliance with the Group's "Policy on the Provision of Non-Audit Services by External Auditors", which was 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 28 May 2019, of which the Board approved, subject to the shareholders' approval to be sought at the forthcoming 15th Annual General Meeting on the appointment of Messrs. PKF as External Auditors of the Company for financial year ending 31 March 2020.

AUDIT **COMMITTEE REPORT**
(cont'd)

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 2019, 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 2019 amounted to RM39,000.

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 2019, 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 13 July 2018, 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.

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 2019, 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 ("the 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 2019, 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 appointed an external consultant, Axcelasia Columbus Sdn Bhd ("ACSB") to enhance its Enterprise Risk Management Framework. The enhanced framework, which is in line with ISO31000:2018, 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. RMC meetings were held in which significant risks and the appropriate mitigating controls were discussed and deliberated. Risk profile for both aquaculture operations and mining operations (including the Group's top 5 risks) as well as key risk action plans identified were brought to the attention of Board members at their scheduled meetings.

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.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL** (cont'd)

RISK MANAGEMENT PRACTICES (CONT'D)

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. Subsequent to the financial year end, a follow-up review was conducted to assess the implementation status of the approved key risk action plans. The implementation status is measured using a score-based methodology known as 'RAI-Scorecard'. Key risk action plans were also reviewed to assess the viability to complete within the expected end date and revision of key action plans (if the need arises).

Bahvest will continuously assess, update and monitor the implementation of key risk action plans identified for the Group's top 5 risks and ensure embedment into the internal controls system.

i. *Liquidity Risk*

Substantial amount has been invested into Wullersdorf Resources Sdn Bhd ("WRSB") for start-up and development of the mining operations. Funds were raised via internal funds, borrowings from banks and / or shareholder's advances to finance capital costs. While, cash flows have tremendously improved since the commencement of gold production in September 2018, the current ratio for Bahvest Group had decrease to 7.57 times (2018: 8.14 times) as the increase in current asset is lower as compared to the increase in current liabilities.

Financial support / warrants by Bahvest is available for any additional working capital required. In addition, cash flow model and financial projection are prepared to timely monitor the cash flow position and requirement of the Group. To further manage the risk, the management had prepared summary of loan balances for the group, capital commitment required and reviewed both the customers and suppliers credit terms.

Additional key action plans identified to manage this risk include formulating an optimum funding strategy, reviewing the existing financing facilities and considering other credit lines of facilities.

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.

Bahvest had established Financial Authority Limit in delegating authority to respective senior management and informally identified successor for key positions. During the financial year, the management was in the midst of reviewing the delegation of authority and informal knowledge transfer activities were carried out to entrust greater responsibilities to the identified successors. The effectiveness of the knowledge transfer activities is assessed on an on-going basis to ensure that it is in tandem with the intended objectives and target.

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.

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.

Standard Operating Procedures for all equipment and machineries were established to ensure proper handling and prevent breakdowns. Critical equipment with its corresponding preventive maintenance schedule and checklist were also identified and implemented. Machine downtime were recorded, analysed for root cause and identification of preventive and corrective action for continuous improvement. In addition, equipment maintenance trainings and in-house foremen are available to provide repair and maintenance to the earth-moving equipment.

Implementation of the above internal controls have successfully managed the breakdowns to less than 5% during the financial year. The breakdowns are expected to improve as the employees / workers are more familiar with the equipment and machineries handling.

RISK MANAGEMENT PRACTICES (CONT'D)

iv. *Metallurgical risk (low recovery)*

Metallurgical risk is inherent in gold mining operation as the mineral content of the top soil / hard rock (i.e. sulphide and oxide ore) may vary at the different location in the mine area. Sampling and laboratory tests are conducted to identify the mineral content and thereon determine the mixture of chemicals required during the processing stage. The low recovery of the top soil / hard rock directly impacts the revenue as the selling price is based on the current bullion market rate.

As the gold mining and processing intensified, the management had employed additional qualified and experienced staff. Various tests such as cyanide test were conducted to improve the gold recovery rate. The processing plant had also achieved in processing gold feed of the required crush size. In addition, continuous enhancements were carried out in the processing plant such as the purchase of new compressor and installation of a new filter press system.

v. *Inaccurate geological assessment*

The mineral resources within the mine area remain an uncertainty as it is estimated based on certain estimation methodology and procedures, various assumptions as well as professional judgement of the subject matter expert appointed.

During the exploration of the initial mine area, an external Australian consultant was appointed and a 40m x 40m sampling was carried out 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, implemented by the internal geologist team to ascertain the actual resources model which determines the mine area to be developed. The Australasian Joint Ore Reserves Committee (JORC) standard is applied during the collection of samples for analysis.

Since the commencement of gold production, the manpower resources and sampling frequency have been escalated to determine mining development area. An additional drilling machine was also purchased to assist in the collection of samples. This had resulted in an increase of higher grade stockpile during the financial year.

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 year under review 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.

Internal audits were carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. During FYE 31 March 2019, the business processes reviewed were Purchase, Inventory Management 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 Bahvest Resources 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 2019 was RM26,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

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 2019 are set out in the AC Report on pages 28 to 30.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES (CONT'D)

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 FYE 2019 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 19 July 2019.

SUSTAINABILITY STATEMENT

We are pleased to report our sustainability statement 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 2018 to 31 March 2019. 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.

Bahvest Resources Berhad ("Bahvest" or "the Company") and its subsidiaries (collectively referred to as "the Group") recognises the importance of sustainability practices in the Group's operations. Our core products consisting live fishes, fish fry and eggs, all thrive on clean natural environment, and good environmental condition is critical to enable us produce high quality fisheries products. Our mining operation focuses on improving the economic and social factors and transform the lives of communities surrounding our mines while minimising the impact to the environment.

Sustainability Governance

The Management discusses all relevant sustainability matters, programs and activities in various management meetings. The Management sets the sustainability objectives, strategies and actions and oversees the implementation of the Group's sustainability policies, processes and approach to ensure 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 prioritise sustainability matters. Further information can be obtained from the Statement on 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

Direct economic value generated and distributed

We are proud to announce that the Group's mining operation has successfully commenced since September 2018. As at March 2019, 191 employment opportunities were provided and majority are from the local community. The group expects to generate approximately another 10% employment opportunities as the mining operation continuously increases its production efficiency.

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.

Financial implications and other risks and opportunities due to climate change

Quarterly Special Environmental Impact Assessments ("EIA") were conducted by a registered independent consultant to ensure the mining activities carried out are in compliance with the Operational Mining Scheme approved by Department of Mineral and Geoscience and other relevant rules and regulations. The assessment includes 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.

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.

1. ECONOMIC (CONT'D)

Financial assistance received from government

A government grant from National Key Economic Area ("NKEA") Agriculture Scheme was awarded to Bahvest in November 2011. In the previous financial year, the Group had claimed up to RM8.7 million. Supplementary agreement has been signed between The Government of Malaysia and Plentiful Harvest Sdn Bhd to revise the incentive from RM24.846 million to RM12.509 million. Due to non achievable (Key Performance Indicators ("KPI") during the period from 30 November 2011 until June 2017, therefore, no further claim was made during the financial year ended 31 March 2019.

Infrastructure investments and services supported

During FYE 31 March 2019, the number of employees and workers for the mining operation had almost doubled pursuant to the commencement of gold production in September 2018. Basic amenities such as living accommodation, canteen, entertainment and religious worship facilities were adequately provided to ensure the comfort of the employees and workers in the mine area.

Other buildings, installations and works necessary or useful for the effective carrying out of the mining operation and activities were carefully developed to minimise disturbance to the soil condition and strictly avoiding infringement to the tenement boundaries.

The construction of aquaculture sites involved constructing various infrastructures 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.

2. ENVIRONMENTAL

Effluent and waste management

i. Effective tailings management

Subsequent to the financial year end, the Group had a major improvement in its management of tailings with the installation of two (2) new vacuum filter press machines. Wastes from the processing plant will be redirected to the vacuum filter press machines which separate the solid and water waste. The water waste will be recycled for use at the processing plant, whereas, the solid waste will be directed to the tailing storage facilities.

This process avoids the possibility of cyanide and other hazardous chemical seeping into the soil / nearby rivers as compared to the previous process of chemical treatment and detoxification. Notwithstanding, existing water from the tailing storage facility will continue to be recycled into the processing plant. Forest buffers were also designed to avoid any contaminated water from breaching into the river mainstreams.

ii. 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. Oil sumps were also constructed to filter the diesel wastes before flowing into the constructed drain towards the tailing storage facility.

SUSTAINABILITY **STATEMENT**
(cont'd)

2. ENVIRONMENTAL (CONT'D)

Water

We recognise that mining activities has several consequences to water mainstreams and water sources. In our mines, we have implemented several measures which include sedimentation ponds, water quality tests and retention ponds.

Five (5) sedimentation ponds were constructed within the mine area and are being monitored and maintained regularly. Surface runoffs, due to mine development activities and during severe weather conditions, will be diverted via constructed earth drains to designated sedimentation and silt pond required under Special EIA requirement and in accordance with Erosion and Sediment Control Plan dimension approved by the Department of Irrigation and Drainage. Accumulated sediments and silts will be removed and transported to the tailing storage facilities.

Surface water quality are recorded and analysed daily at three (3) different sampling points within the tenement boundary. The water samples are tested for its pH level, temperature, dissolved oxygen, total dissolved solid and conductivity amongst others to ensure compliance to the general / permissible limit determined by the Environmental Quality Act 1974 and Department of Environment. While, nine (9) groundwater points were identified and measured for groundwater level.

Rainwater and rock stream water are captured in a constructed retention pond which are then processed for use in the processing plant as well as treated for safe consumption.

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.

Energy

The Group's mining operation at Bukit Mantri is an energy-intensive operation. Due to its remote location, almost 16km from main access road, supply of electricity via transmission lines is not available. Our mining operation relies on six (6) diesel generator sets to provide electricity and fuel for the entire mine area such as the processing plant, earth moving equipment, offices, accommodation and other equipment and facilities.

An increase in diesel consumption (Figure 1.1 and 1.2) resulting from the commencement of gold production in September 2018 (FYE March 2019). In efforts to reduce diesel consumption, subsequent to the financial year end, the Group had installed additional two (2) newer and more fuel-efficient generator sets which produces more electricity but requires lesser diesel consumption.

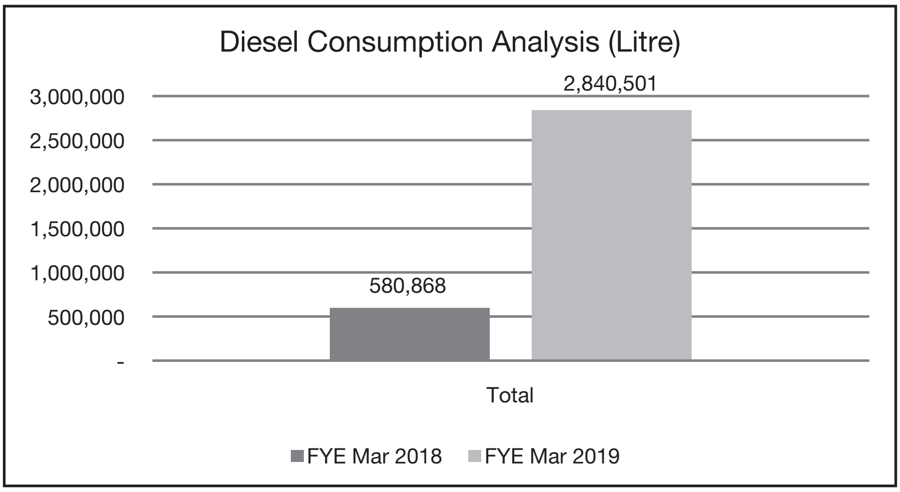


Figure 1.1: Diesel Consumption Analysis by Litre

2. ENVIRONMENTAL (CONT'D)

Energy (Cont'd)

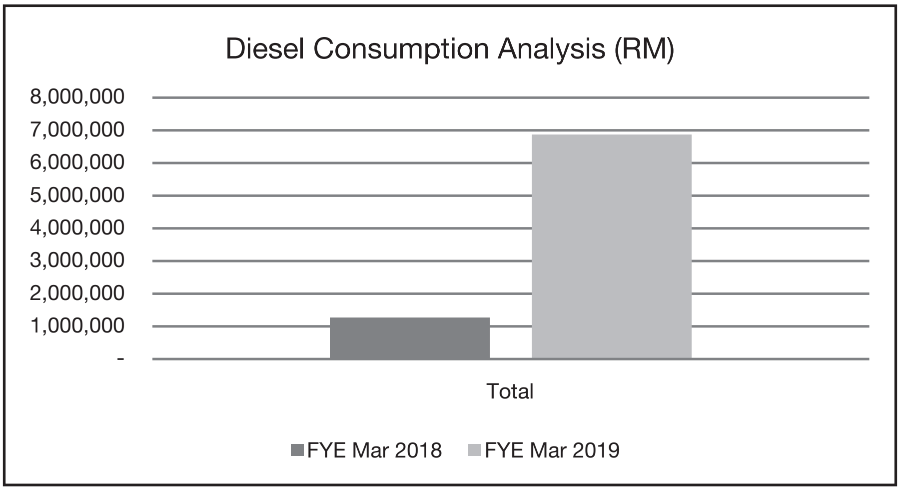


Figure 1.2: Diesel Consumption Analysis by Ringgit Malaysia

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 2019.

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 includes reviewing and monitoring all environmental parameters at both the aquaculture sea cages and its mining operation.

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 2019, the gender diversity of our employees maintained the same as compared to the previous financial year as shown in Figure 2 below. Employee of male gender represented the majority of the employee's profile at 79%. In consideration of both the Group's activities – mining and aquaculture – both are located in remote areas in Sabah, increasing female participation will be challenging.

The Group does not have any restriction on its employee diversity, however, the safety and wellbeing of its employees are of the highest priority and ensuring they can work in safe and conducive environment.

SUSTAINABILITY **STATEMENT**
(cont'd)

3. SOCIAL (CONT'D)

Diversity and equal opportunity (Cont'd)

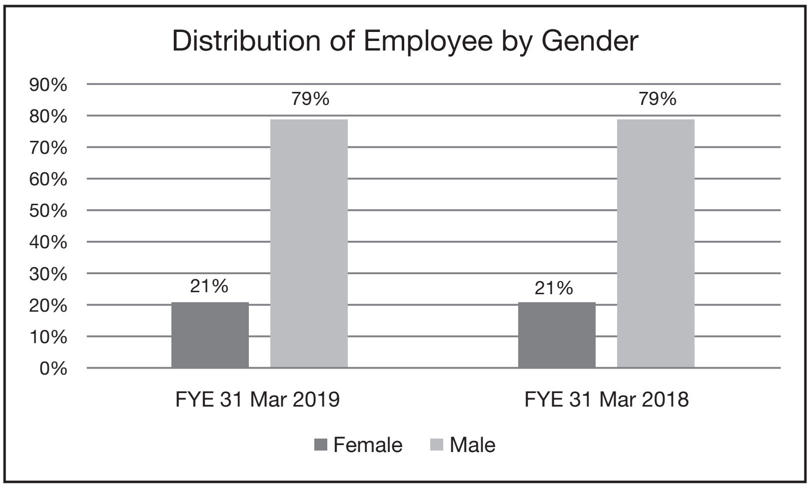


Figure 2: Distribution of Employee by Gender

Occupational safety, health and environment

The Group considers occupational safety, health and environment ("SHE") seriously and is a top priority in its operation. Various programmes and initiatives were established to ensure employees' safety at both the aquaculture and mining operations. These programmes include continuous safety induction and trainings, reviews on safety policies, implementation and monitoring of SHE procedures at project location. The Group controls access to the project locations by imposing access restriction to only authorised employees. The emphasis on safety and health is also extended to all visitors, suppliers and sub-contracted workers who have access to the project locations.

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. SHE measures adopted by the Group include:

i. Monitoring adverse weather

The Group monitors weather patterns at its mining operation to enable the Group identifies any potential adverse weather conditions early such as storms and landslides which can 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 hazardous chemicals in use for the mining activities is cyanide. Several controls have been considered and implemented ensuring safe and secure storage, use and disposal of the chemical in the mining plant. These include:-

- Provision of adequate and proper Personal Protective Equipment ("PPE");
- Conduct Chemical Health Risk Assessment ("CHRA") by competent person;
- Documentation of Material Safety Data Sheet ("MSDS") for chemicals used;
- Conduct cyanide mixing activity audits;
- Implementation of scheduled preventive maintenance;
- Construction of designated chemical storage area;
- Frequent monitoring of water condition and inspection of spillage facilities;
- Workplace inspection on any unusual condition; and
- Continuous awareness, trainings and drills for all employee and workers.

An Emergency Respond Plan was established including Emergency Response Team to respond to any potential leakages and spillages. In case of an accident, emergency showers are installed at selected areas which involve chemical handling or close contact to workers.

3. SOCIAL (CONT'D)

Occupational safety, health and environment (Cont'd)

iii. Noise monitoring

Drilling and mining of hard rock (i.e. sulphide and oxide ore) at the mine area have yet to commence, consequently, noise generated from the mining activities is minimal. During the financial year, the gold extracted from the mining operation were from the top soil of the mine area. This process of extraction produced minimal noise and mostly noise level were from earth-moving and other equipment and machinery in the processing plant.

Ambient Noise Quality level monitoring was conducted by a registered consultant to assess the noise level throughout the mine area and ensure the noise level are kept within the maximum permissible sound level. The assessment result indicated noise levels detected at all monitoring stations were below the recommended limit of Schedule 2 of LAeq by Receiving Land Use for Planning and New Development, 2004.

Among the various controls implemented to manage noise pollution include regular preventive maintenance of vehicles and machinery used. The Group will also look into providing audiometric tests for its employees and workers.

There were no accidents and incidents occurring at its aquaculture operation. The Group implemented several control measures to prevent any untoward incident in its aquaculture operation. Trainings aimed at raising employee's awareness on hygiene and food safety through Hazard Analysis Critical Control Pont ("HACCP") programme, and accident prevention and workplace safety are held from time to time at our farm and hatcheries.

Staffs recruited for aquaculture have significant exposures to sea operation and were strong swimmers. Other control aspects include providing sufficient and adequate PPE such as illuminated safety vests for easy sightings, life safety appliances such as lifebuoys and emergency toolboxes. Workplace safety is monitored by supervisors daily and continuous police patrols are also carried out at offshore project locations.

Compliance with social laws and regulations

The Group did not violate any safety and health laws and regulations and has not been penalised or fined for any safety and health violation in FYE 31 March 2019. The first Department of Occupational Safety and Health ("DOSH") inspection at the mine area was conducted on 25th July 2018 and selected machineries were approved and registered for its certification of fitness.

The Group regularly reviews any risks and potential issues related to safety and health for its aquaculture and mining operations through monthly progress meetings and periodic SHE Committee meetings.

Corporate social responsibilities

The Group established its corporate social responsibilities ("CSR") policy and made available on its website at http://bahvest.com.my/corp/csr.html

During the FYE 31 March 2019, The Group has recruited four (4) students (2018: 4) from Sandakan Polytechnic in Sabah focusing on aquaculture. The interns were posted to several departments to experience actual working experience in Bahvest. This experience enables them to understand the complexity involved and relate their practical experience with the theories they learned during their study.

In the future, the Group is considering its internship programme to extend to our mining operation. The Group will work together with the polytechnic and selected universities offering aquaculture, mining and geology courses to identify specific trainings and experience required and matching to the relevant processes and activities in the Group. The Group will provide internship opportunities for the students from these educational institution as well as identifying potential employment opportunities in the future.

Our mining operation held an introductory barbeque night for the staff as part of incentive for the mining staff as they are working in remote area. This event was to instil the spirit of camaraderie among the staff.

ADDITIONAL COMPLIANCE INFORMATION

1. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

1.1 The movement of ESOS Options during the financial ended 31 March 2019 as follows:

			Number of options over ordinary shares of RM0.10 each						
Date of offer	**Exercise price**	**Exercise price after bonus issue**	**At 1.4.2018**	**Granted**	**Exercised**	**Forfeited**	**Bonus Issued**	**Exercised after bonus issue**	**At 31.3.2019**
15.01.2013	RM0.70	RM0.35	30,981,260	–	(3,894,630)	(1,310,030)	25,776,600	(1,564,200)	49,989,000
03.05.2015	RM0.80	RM0.40	100,000	–	(100,000)	–	–	–	–
25.08.2016	RM1.00	RM0.50	100,000	–	–	–	100,000	–	200,000
11.03.2017	RM0.75	RM0.37	2,300,000	–	(1,387,700)	–	912,300	–	1,824,600
20.09.2017	RM0.70	RM0.35	478,000	–	(278,000)	–	200,000	(150,000)	250,000
02.07.2018	RM1.05	RM0.52	–	1,310,030	(40,000)	–	1,270,030	(50,000)	2,490,060
			33,959,260	1,310,030	(5,700,330)	(1,310,030)	28,258,930	(1,764,200)	54,753,660

Further details of the options granted to directors and senior management during the financial year ended 31 March 2019 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 2019	85% of ordinary shares of RM0.10 each available under the ESOS	70% of ordinary shares of RM0.10 each available under the ESOS

ADDITIONAL **COMPLIANCE INFORMATION**
(cont'd)

1. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES (CONT'D)

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 2019 are as follow:

	Number of options over ordinary shares of RM0.10 each				
	Since Commencement	Exercised as at the Financial Year Ended 31 March 2019	Forfeited as at the Financial Year Ended 31 March 2019	Bonus issued as at the Financial Year Ended 31 March 2019	Balance
Dato' Sri Dr. Md Kamal Bin Bilal	2,500,000	(2,500,000)	–	–	–
Datuk Lo Fui Ming	10,500,000	(10,500,000)	–	–	–
Lo Teck Yong	10,500,000	(5,229,500)	–	5,376,000	10,646,500
Akinori Hotani	10,500,000	(9,034,400)	–	1,751,300	3,216,900
YB Mejar (K) Datuk Samdudin Bin Yahya *(1)	1,500,000	(189,970)	(1,310,030)	–	–

*(1) – Resigned on 25 May 2018

1.2 Issuance of Bonus Issue

The Company had on 4 September 2018 and 9 October 2018 respectively announced the proposed bonus issue of up to 938,995,138 new ordinary shares of the Company ("Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every existing of the Company Share held on an entitlement date as at 10 December 2018. Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 16 October 2018, resolved to approve the listing and quotation of the following:

i) up to 938,995,138 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
ii) up to 299,997,878 additional Warrants to be issue pursuant to the adjustment arising from the Proposed Bonus Issue;
iii) up to 299,997,878 new ordinary shares arising from exercise of the additional Warrants.

The Company had on 11 December 2018 announced that the above mentioned corporate proposals of Bonus Issue were completed on even date.

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.

Bahvest 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.

ADDITIONAL **COMPLIANCE INFORMATION**
(cont'd)

2. UTILISATION OF PROCEEDS (CONT'D)

The private placement proceeds have been fully utilised as at 30 September 2018 as follows:

Amount (RM'000)	Proceeds Raised	Amount Utilised	Amounts Unutilised
Capital Expenditure	21,542	(21,542)	–
Working Capital	13,598	(13,598)	–
Estimated Expenses	950	(950)	–
	36,090	(36,090)	–

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 2019 as follows:

Company	Audit Fees (RM)	Non-Audit Fees (RM)
Bahvest Resources Berhad ("BAHVEST")	88,000	62,800
BAHVEST's Subsidiaries	84,000	30,360
Total	172,000	93,160

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 2019, except for transactions disclosed in the financial statements on pages 135 to 139 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 2019.

7. CORPORATE PROPOSAL

Except for Issuance of Bonus Issue as mentioned above in note 1.2, Company has on 30 September 2018 proposed change of company name from Borneo Aqua Harvest Berhad to Bahvest Resources Berhad which had been approved by its shareholders on 22 November 2018, subsequently approved by Suruhanjaya Syarikat Malaysia (SSM) on 27 November 2018.

LIST OF PROPERTIES

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

Address	Description of Property / Existing Use	Status/ Registered Owner	Audited Net Book Value as at 31 March 2019 (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	61,669	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	458,914	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	297,178	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	187,228	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	269,653	N/A	99 years leasehold land expiring on 31.12.2079	6.13 ha
CL 075375665 Kampung Sungai Kayu, District of Sandakan, Sabah	A parcel of aquaculture land currently used for hatchery operation	Owned / Plentiful Harvest Sdn Bhd	94,149	N/A	99 years leasehold land expiring on 31.12.2077	2.153 ha

LIST OF **PROPERTIES**
(cont'd)

Address	Description of Property / Existing Use	Status/ Registered Owner	Audited Net Book Value as at 31 March 2019 (RM)	Approximate age of Building (Years) / CF Status	Tenure / Expiry Date of Lease	Approximate Land Area / Approximate Total Built-up Area
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	90,546	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	190,000	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	257,500	N/A	Sublease for 30 years expiring on 12.01.2045	3.073 ha
NT 073026150 Kampung Sungai Kayu, District of Sandakan,Sabah	A parcel of aquaculture land currently used for nursery operation	Subleased / Datuk Lo Fui Ming	283,201	N/A	Sublease for 30 years expiring on 31.07.2038	3.557 ha

ANALYSIS OF SHAREHOLDINGS

No. of shares issued : 1,224,582,060
Classes of shares : Ordinary Shares
Voting Rights : One vote per share

**ANALYSIS BY SIZE OF THE SHAREHOLDINGS AS AT 1 JULY 2019
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)**

	No. of Shareholders	%	No. of Shareholdings	%
1 - 99	23	0.50	652	0.00
100 – 1,000	175	3.84	102,356	0.01
1,001 – 10,000	1,669	36.58	10,837,982	0.89
10,001 – 100,000	1,981	43.42	74,904,200	6.12
100,001 – 61,229,102 (*)	713	15.63	1,064,815,896	86.95
61,229,103 AND ABOVE (**)	1	0.02	73,920,974	6.04
TOTAL	4,562	100.00	1,224,582,060	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 1 JULY 2019

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Dato' Sri Md Kamal Bin Bilal	10,064,400	0.82	–	–
2	Datuk Lo Fui Ming	188,584,290	15.40	88,000(1)	0.01
3	Lo Teck Yong	10,486,160	0.86	–	–
4	Akinori Hotani	358,200	0.03	–	–
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.

ANALYSIS OF **SHAREHOLDINGS**
(cont'd)

LIST OF DIRECTORS' OPTION HOLDINGS AS PER THE REGISTER OF DIRECTORS' OPTIONS HOLDINGS AS AT 1 JULY 2019

	Name of Director	No. of Option Direct	%	No. of Option Indirect	%
1	Dato' Sri 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 1 JULY 2019

	Shareholders Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Datuk Lo Fui Ming	188,584,290	15.40	–	–
2	Mohd Amir Bin Masry	73,920,974	6.04	–	–

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 1 JULY 2019 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	Name of Shareholders	No. of Shareholdings	%
1	MOHD AMIR BIN MASRY	73,920,974	6.04
2	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING*	59,553,790	4.86
3	LEMBAGA TABUNG HAJI	53,798,000	4.39
4	KENANGA CAPITAL SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING (FOR WULLERS)*	50,000,000	4.08
5	LO FUI MING	47,318,096	3.86
6	MARLEX TRADING LTD	30,000,000	2.45
7	HLB NOMINEES (TEMPATAN) SDN BHD *NGIAM BUEY BUEY (CUST.SIN 106787)*	27,921,200	2.28
8	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)*	26,212,000	2.14
9	MALFOY CAPITAL MANAGEMENT LIMITED	24,000,000	1.96
10	LIM NYUK SANG @ FREDDY LIM	22,417,628	1.83

ANALYSIS OF **SHAREHOLDINGS**
(cont'd)

THE 30 LARGEST SECURITIES ACCOUNT SHAREHOLDERS AS AT 1 JULY 2019 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (CONT'D)

	Name of Shareholders	No. of Shareholdings	%
11	HLB NOMINEES (TEMPATAN) SDN BHD *LEONG KAM HENG(CUST.SIN 10678)*	20,055,600	1.64
12	CROWNFIELD VENTURES CORP	20,000,000	1.63
13	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING*	19,800,000	1.62
14	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FEDDY LIM (8071811)*	19,717,800	1.61
15	DIONG SIEW GI	19,000,000	1.55
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG*	15,000,000	1.22
17	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR FOO EE WYN*	14,617,700	1.19
18	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHEW BEN BEN (SMART)*	13,800,000	1.13
19	DIONG SIEW GI	12,827,600	1.05
20	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	12,620,000	1.03
21	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE HENG WAI (M&A)*	10,903,000	0.89
22	LO TECK YONG	10,486,160	0.86
23	DIONG SWEE HOON	10,278,200	0.84
24	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN*	10,000,000	0.82
25	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING*	10,000,000	0.82
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN VOO*	9,577,700	0.78
27	LIU, SHENGHUI	9,472,900	0.77
28	MD KAMAL BIN BILAL	9,360,000	0.76
29	DIONG SING PENG	8,920,800	0.73
30	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HO TEIK CHUAN @ HO SONNEY (SMART)*	8,455,000	0.69

ANALYSIS OF WARRANT HOLDINGS

No. of warrant issued and unexercised	: 599,995,756
Exercise Price	: RM 0.43
Expiry Date	: 20 August 2024
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 WARRANT HOLDINGS AS AT 1 JULY 2019 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	No. of Warrant Holders	%	No. of Warrant Holdings	%
1 - 99	28	1.25	862	0.00
100 – 1,000	108	4.81	50,322	0.01
1,001 – 10,000	600	26.70	4,045,702	0.67
10,001 – 100,000	1,055	46.95	43,920,158	7.32
100,001 – 29,999,786 (*)	454	20.20	470,159,178	78.36
29,999,787 AND ABOVE (**)	2	0.09	81,819,534	13.64
TOTAL	2,247	100.00	599,995,756	100.00

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

LIST OF DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 1 JULY 2019

	Shareholders Name	No. of Warrant Direct	%	No. of Warrant Indirect	%
1	Dato' Sri Md Kamal Bin Bilal	3,129,460	1.04	–	–
2	Datuk Lo Fui Ming	93,630,394	31.21	70,000[(1)]	0.02
3	Lo Teck Yong	6,409,330	2.14	–	–
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.

ANALYSIS OF **WARRANT HOLDINGS**
(cont'd)

THE 30 LARGEST SECURITIES ACCOUNT WARRANTS HOLDERS AS AT 1 JULY 2019 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	Name Of Warrant Holders	No of Holdings	%
1	LO FUI MING	44,859,048	7.48
2	MOHD AMIR BIN MASRY	36,960,486	6.16
3	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING*	22,695,294	3.78
4	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LO FUI MING*	20,350,000	3.39
5	MARLEX TRADING LTD	15,000,000	2.50
6	HLB NOMINEES (TEMPATAN) SDN BHD *NGIAM BUEY BUEY (CUST.SIN 106787)*	13,960,600	2.33
7	MALFOY CAPITAL MANAGEMENT LIMITED	12,000,000	2.00
8	LIM NYUK SANG @ FREDDY LIM	11,354,314	1.89
9	CARTABAN NOMINEES (ASING) SDN NHD *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)*	10,898,000	1.82
10	CROWNFIELD VENTURES CORP	10,000,000	1.67
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FEDDY LIM (8071811)*	9,858,900	1.64
12	HLB NOMINEES (TEMPATAN) SDN BHD *LEONG KAM HENG(CUST.SIN 10678)*	9,671,400	1.61
13	DIONG SIEW GI	9,500,000	1.58
14	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHOONG HEONG (M&A)*	9,000,000	1.50
15	LEW SOON KIAK	7,429,300	1.24
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR YONG FEN YOO*	7,177,700	1.20
17	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOO EE WYN*	7,000,000	1.17
18	LO TECK YONG	6,409,330	1.07
19	DIONG SIEW GI	5,668,300	0.94
20	LEOW SOON SENG	5,577,000	0.93

ANALYSIS OF **WARRANT HOLDINGS**
(cont'd)

THE 30 LARGEST SECURITIES ACCOUNT WARRANTS HOLDERS AS AT 1 JULY 2019 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (CONT'D)

	Name Of Warrant Holders	No of Holdings	%
21	RHB NOMINEES (TEMPATAN) SDN BHD *TAN CHOON PIEW*	5,320,000	0.89
22	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM TONG LEE*	5,276,200	0.88
23	FOO EE WYN	5,177,700	0.86
24	CHEONG SOK YIN	5,070,000	0.85
25	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNTS FOR LO FUI MING*	5,000,000	0.83
26	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE HENG WAI (M&A)*	4,848,900	0.81
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)*	4,750,000	0.79
28	LIM WEI YUEN	4,500,000	0.75
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG*	4,500,000	0.75
30	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE SWAN CHOO*	4,400,000	0.73

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at Livingston Hotel, Hall I, Level 2, Mile 4, Jalan Utara, 90000 Sandakan, Sabah on Friday, 30 August 2019 at 10.00 a.m. to transact the following businesses:

	AGENDA	**Resolution No.**
1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2019 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 31 August 2019 until the next annual general meeting of the Company.	Ordinary Resolution 1
3.	To re-elect the following Directors retiring in accordance with Article 93 of the Company's Constitution:	
	a. Dato' Seri Dr. Md Kamal Bin Bilal	Ordinary Resolution 2
	b. Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman	Ordinary Resolution 3
4.	To appoint Auditors and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4
5.	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."	Ordinary Resolution 5
6.	To consider and if thought fit, to pass the following Resolution, with or without modifications:	
	SPECIAL RESOLUTION **- PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**	Special Resolution
	"THAT the new set of the Constitution of the Company in the form and manner as set out in Appendix A attached herewith be and is hereby approved and adopted as the new Constitution of the Company, in substitution for, and to the exclusion of, the existing Constitution of the Company AND THAT the Directors be and are hereby authorised to do all such acts and things and to take such steps that are necessary to give effect to the adoption of the new Constitution of the Company."	
7.	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 2019

NOTICE OF THE FIFTEENTH
ANNUAL GENERAL MEETING
(cont'd)

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 26 August 2019 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 2019 are disclosed on page *22* of the Overview Statement on Corporate Governance in the 2019 Annual Report.

➢ **Ordinary Resolution 5**
The proposed Ordinary Resolution 5, 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 Fourteenth Annual General Meeting held on 29 August 2018 and the said authority will lapse at the conclusion of the Fifteenth 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.

➢ **Special Resolution**

The proposed Special Resolution, if passed, will give full effect to the proposed amendments to the Constitution of the Company by substituting the existing Constitution with the new set of Constitution as set out in Appendix A.

The rationale of the proposed amendments to the existing Constitution is to ensure continued compliance and to bring the Constitution of the Company in line with the following laws and regulations:-

- Amended Bursa Malaysia Securities Berhad ACE Market Listing Requirements which was issued on 29 November 2017; and
- Companies Act 2016 which came into effect on 31 January 2017.

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 March 2019.

CHANGE OF NAME

On 27 November 2018, the Company changed its name to Bahvest Resources Berhad.

Results	**Group RM**	**Company RM**
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	5,701,069	(8,335,924)
Total comprehensive income/(loss) for the financial year attributable to:		
Owners of the Company	5,701,069	(8,335,924)

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 2019.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this 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)

DIRECTORS (CONT'D)

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

DIRECTORS' INTERESTS IN SHARES

The holdings and deemed holdings in the ordinary shares, options over ordinary shares and warrants 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 1.4.2018**	**Effect of bonus issue**	**Bought**	**Sold**	**At 31.3.2019**
Dato' Sri Dr. Md Kamal Bin Bilal	3,270,410	5,522,200	2,251,790	–	11,044,400
Datuk Lo Fui Ming	97,425,355	95,142,145	3,643,090	(7,626,300)	188,584,290
Akinori Hotani	–	–	331,900	(331,900)	–
Lo Teck Yong	6,315,180	6,140,330	430,650	(1,500,000)	11,386,160
Indirect interest:					
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of shareholding of his child	70,000	134,000	384,000	(500,000)	88,000

	Number of options over ordinary shares				
Direct interest:	**At**	**Effect of**			**At**
Direct interest:	**1.4.2018**	**bonus issue**	**Granted**	**Exercised**	**31.3.2019**
Dato' Sri Dr. Md Kamal Bin Bilal	1,409,590	–	–	(1,409,590)	–
Datuk Lo Fui Ming	1,219,090	–	–	(1,219,090)	–
Akinori Hotani	1,797,500	1,751,300	–	(331,900)	3,216,900
Lo Teck Yong	5,701,150	5,376,000	–	(430,650)	10,646,500
Indirect interest:					
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of his child	5,300,000	5,236,000	–	(384,000)	10,152,000

DIRECTORS' **REPORT**
(cont'd)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of warrants 2017/2024 issued pursuant to the Deed Poll dated 2 August 2017 exercisable at any time from 21 August 2017 to 20 August 2024				
Direct interest:	**At 1.4.2018**	**Effect of bonus issue**	**Bought**	**Sold**	**At 31.3.2019**
Dato' Sri Dr. Md Kamal Bin Bilal	1,564,730	1,564,730	–	–	3,129,460
Datuk Lo Fui Ming	48,590,197	46,590,197	900,000	(2,000,000)	94,080,394
Lo Teck Yong	3,204,665	3,204,665	–	–	6,409,330
Indirect interest:					
Indirect interest of Datuk Lo Fui Ming in the Company by virtue of his child	35,000	35,000	–	–	70,000

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, options over ordinary shares and warrants of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM1,728,598 and RM300,000 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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 17 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the following ordinary shares were issued by the Company:

	Number of ordinary shares	Terms of issue	Purpose of issue
(i)	7,464,530	Cash	Exercise of employees' share under the Employees Share Options Scheme for working capital purposes.
(ii)	610,738,330	Capitalisation of share premium	Bonus issue of one (1) new ordinary share for every one (1) existing ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. During the financial year, the Company did not issue any debentures.

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.

DIRECTORS' **REPORT**
(cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

(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.

(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 before bonus issue	Exercise price after bonus issue	At 1.4.2018	Effect of bonus issue	Granted	Exercised	Withdrawn unexercised	At 31.3.2019
15 January 2013	RM0.70	RM0.35	30,981,260	25,776,600	–	(5,458,830)	(1,310,030)	49,989,000
3 May 2015	RM0.80	RM0.40	100,000	–	–	(100,000)	–	–
25 August 2016	RM1.00	RM0.50	100,000	100,000	–	–	–	200,000
11 March 2017	RM0.75	RM0.37	2,300,000	912,300	–	(1,387,700)	–	1,824,600
20 September 2017	RM0.70	RM0.35	478,000	200,000	–	(428,000)	–	250,000
2 July 2018	RM1.05	RM0.52	–	1,270,030	1,310,030	(90,000)	–	2,490,060
			33,959,260	28,258,930	1,310,030	(7,464,530)	(1,310,030)	54,753,660

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

WARRANTS 2017/2024

By virtue of a Deed Poll executed on 2 August 2017 for the 299,997,878 issued in conjunction with the Bonus Issue of free warrants allotted, each Warrant 2017/2024 entitles the registered holder the right at any time during the exercise period from 21 August 2017 to 20 August 2024 to subscribe for One (1) new ordinary share in the Company at an exercise price of RM0.87 per share.

The salient features of the Warrants 2017/2024 are as follows:

(i) Entitles its registered holder for one (1) free Warrant for every two (2) existing ordinary shares held.

(ii) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share at the exercise price at any time during the exercise period.

WARRANTS 2017/2024 (CONT'D)

(iii) The warrants may be exercised at any time on or before the expiry date falling Seven (7) years (2017/2024) from the date of issue of the warrants on 21 August 2017. Warrants not exercised at the expiry of the exercise period will cease to be valid for any purpose and will be deemed to have lapsed.

(iv) The warrants shall as between the warrant holders rank pari passu and rateably in all aspects amongst themselves.

(v) The new shares to be issued arising from the exercise of the exercise rights represented by the warrants, shall upon allotment and issuance rank equally in all respects with the existing ordinary shares, save and except that the new shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/or any other forms of distribution precedes the relevant date of allotment and issuance of the new shares.

In accordance with the provisions under the Deed Poll - Warrants 2017/2024 and consequential to the Bonus Issue, an additional 299,997,878 Warrants 2017/2024 were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 11 December 2018. The exercise price for the Warrants 2017/2024 was revised from RM0.87 to RM0.43.

	Number of warrants				
	At 1.4.2018	**Effect of bonus issue**	**Exercised**	**Lapsed**	**At 31.3.2019**
Warrants 2017/2024	299,997,878	299,997,878	–	–	599,995,756

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

DIRECTORS' **REPORT**
(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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 2019 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 RM190,000 and RM106,000 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 19 July 2019

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 68 to 156 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 2019 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 19 July 2019

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 BAHVEST RESOURCES BERHAD (FORMERLY KNOWN AS 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 68 to 156 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 19 July 2019)

CHONG TZU KHEN

Before me,

HAMZAH HJ. ABDULLAH (S-088)
Commissioner for Oaths
Lot 9A, Blok 20,
Tingkat Bawah, Lebuh Tiga,
90009 Sandakan, Sabah.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BAHVEST RESOURCES BERHAD (FORMERLY KNOWN AS BORNEO AQUA HARVEST BERHAD)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BAHVEST RESOURCES BERHAD (FORMERLY KNOWN AS BORNEO AQUA HARVEST BERHAD), which comprise the Statements of Financial Position as at 31 March 2019 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 68 to 156.

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 2019, 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 18, current biological assets comprise fishery livestocks and fish fry of which fishery livestocks amounted to RM151,679,312 which represents 42% of the Group's total assets. Fishery livestocks are measured at fair value less costs to sell, which subject the Group to significant volatility in its financial performance as fair values will fluctuate substantially based on the level of growth against fatalities, amongst others. 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 that 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.	We have obtained the valuations of biological assets prepared by the management. The fair value reports are reviewed by us for appropriateness of the fair value methodology used and reasonableness of the assumptions used. We also 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.

KEY AUDIT MATTERS (CONT'D)

Area of focus	How our audit addressed the key audit matter
Valuation of receivables	
As highlighted in Note 33, gross trade receivables past due for more than 90 days amounted to RM25,326,073, including RM10,106,835 which has been outstanding for over one (1) year at the reporting date. These past due trade receivables relate mainly to the Group's four (4) largest customers operating from Hong Kong which represents 96% of total trade receivables as highlighted in Note 33. 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. Furthermore, the adoption of MFRS 9 Financial Instruments requires expected credit losses to be accounted for trade receivables, which are subject to significant estimation uncertainties	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) Obtained positive confirmation directly from these customers; and (iv) Assess the basis of computation of provision of expected credit losses by the management and reasonableness of the assumptions used.

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.

(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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 MATTER

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 19 July 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	5	65,051,720	22,219,204	–	–
Cost of sales		(46,237,735)	33,146,907	–	–
Gross profit		18,813,985	55,366,111	–	–
Interest income	6	1,334	1,921	–	–
Other operating income	7	2,787,974	2,696,519	–	1
Impairment on financial assets	8	(114,987)	(7,554,000)	(7,182,925)	(57,369,486)
Selling and distribution expenses		(6,154,892)	(6,632,378)	–	–
Administrative expenses		(9,050,270)	(12,259,725)	(4,462,828)	(62,520,245)
Fair value adjustment on amount due from subsidiary company		–	–	3,309,829	3,086,137
Profit/(Loss) from continuing operations	11	6,283,144	31,618,448	(8,335,924)	(116,803,593)
Finance costs	12	(1,902,518)	(1,102,495)	–	–
Profit/(Loss) before taxation		4,380,626	30,515,953	(8,335,924)	(116,803,593)
Income tax expense	13	1,320,443	(11,968,253)	–	1,943
Profit/(Loss) from continuing operations, net of tax		5,701,069	18,547,700	(8,335,924)	(116,801,650)
Discontinued operations					
Loss from discontinued operations, net of tax		–	(5,436)	–	–
Profit/(Loss) for the financial year		5,701,069	18,542,264	(8,335,924)	(116,801,650)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operation		–	240	–	–
Other comprehensive income for the financial year, net of tax		–	240	–	–
Total comprehensive income for the financial year		5,701,069	18,542,504	(8,335,924)	(116,801,650)
Profit/(Loss) attributable to owners of the Company		5,701,069	18,542,264	(8,335,924)	(116,801,650)
Total comprehensive income/(loss) attributable to owners of the Company		5,701,069	18,542,504	(8,335,924)	(116,801,650)
Earnings per share attributable to owners of the Company (sen per share)					
Basic	14	0.72	3.09		
Diluted	14	0.39	1.98		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group		Company	
			Restated		Restated
		2019	2018	2019	2018
ASSETS	**Note**	**RM**	**RM**	**RM**	**RM**
Non-current assets					
Property, plant and equipment	15	67,419,709	62,196,121	1,183	1,933
Intangible assets	16	92,905,593	96,133,664	92,765,674	95,990,000
Investments in subsidiary companies	17	–	–	7,804,167	7,804,167
Biological assets	18	651,876	1,054,361	–	–
Trade and other receivables	19	–	–	–	–
		160,977,178	159,384,146	100,571,024	103,796,100
Current assets					
Biological assets	18	156,459,576	155,782,404	–	–
Inventories	20	2,538,384	1,358,773	–	–
Trade and other receivables	19	27,350,149	26,306,545	9,863,529	5,666,414
Tax recoverable		85,579	127,338	2,944	2,976
Cash and bank balances	21	11,293,483	5,904,850	488,867	274,288
		197,727,171	189,479,910	10,355,340	5,943,678
Assets classified as held for sale	22	–	1,505,646	–	–
TOTAL ASSETS		358,704,349	350,369,702	110,926,364	109,739,778
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital and premium	23	283,582,635	278,873,049	283,582,635	278,873,049
Other reserves	24	10,814,857	10,814,857	10,814,857	10,814,857
Retained profits/(Accumulated losses)	25	5,729,203	28,134	(188,964,467)	(180,628,543)
TOTAL EQUITY		300,126,695	289,716,040	105,433,025	109,059,363
Non-current liabilities					
Loans and borrowings	26	7,020,226	7,660,369	–	–
Deferred income	27	3,137,674	4,013,304	–	–
Deferred tax liabilities	28	22,300,009	25,700,701	–	–
		32,457,909	37,374,374	–	–
Current liabilities					
Loans and borrowings	26	14,563,735	15,583,331	–	–
Trade and other payables	29	9,475,761	7,695,957	5,493,339	680,415
Taxation		2,080,249	–	–	–
		26,119,745	23,279,288	5,493,339	680,415
TOTAL LIABILITIES		58,577,654	60,653,662	5,493,339	680,415
TOTAL EQUITY AND LIABILITIES		358,704,349	350,369,702	110,926,364	109,739,778

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		← Attributable to owners of the Company →				
		← Non-distributable		→	Distributable	
Group	**Note**	**Share capital RM**	**Share premium RM**	**Other reserves RM**	**(Accumulated losses)/ Retained profits RM**	**Total equity RM**
Balance at 1 April 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	24	–	–	240	–	240
Total comprehensive income for the financial year		–	–	240	18,542,264	18,542,504
Transactions with owners of the Company						
- Share options exercised	23	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	24	–	–	96,683	–	96,683
Balance at 31 March 2018		98,985,252	179,887,797	10,814,857	10,958,002	300,645,908
Effect of adoption of MFRS 9		–	–	–	(10,929,868)	(10,929,868)
Restated balance at 31 March 2018		98,985,252	179,887,797	10,814,857	28,134	289,716,040

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

(cont'd)

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Group	**Note**	**Share capital RM**	**Share premium RM**	**Other reserves RM**	**(Accumulated losses)/ Retained profits RM**	**Total equity RM**
Restated balance at 31 March 2018		98,985,252	179,887,797	10,814,857	28,134	289,716,040
Profit for the financial year		–	–	–	5,701,069	5,701,069
Other comprehensive income						
- Foreign currency translation		–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	5,701,069	5,701,069
Transactions with owners of the Company						
- Share options exercised	23	4,709,586	–	–	–	4,709,586
- Issuance of ordinary shares from bonus issue	23	61,073,833	(61,073,833)	–	–	–
- Transition to no par value regime under Companies Act, 2016 in Malaysia	23	118,813,964	(118,813,964)	–	–	–
Total transactions with owners of the Company		184,597,383	(179,887,797)	–	–	4,709,586
At 31 March 2019		283,582,635	–	10,814,857	5,729,203	300,126,695

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

Company	Note	Share capital RM	Share premium RM	Other reserves RM	Distributable (Accumulated losses)/ Retained profits RM	Total equity RM
		← Attributable to owners of the Company →				
		← Non-distributable →			Distributable	
Balance at 1 April 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)
Transactions with owners of the Company						
- Share options exercised	23	4,684,217	–	–	–	4,684,217
Total transactions with owners of the Company		4,684,217	–	–	–	4,684,217
Balance at 31 March 2018		98,985,252	179,887,797	10,814,857	(137,902,374)	151,785,532
Effect of adoption of MFRS 9		–	–	–	(42,726,169)	(42,726,169)
Restated balance at 31 March 2018		98,985,252	179,887,797	10,814,857	(180,628,543)	109,059,363
Total comprehensive loss for the financial year		–	–	–	(8,335,924)	(8,335,924)
Transactions with owners of the Company						
- Share options exercised	23	4,709,586	–	–	–	4,709,586
- Issuance of ordinary shares from bonus issue	23	61,073,833	(61,073,833)	–	–	–
- Transition to no par value regime under Companies Act, 2016 in Malaysia	23	118,813,964	(118,813,964)	–	–	–
Total transactions with owners of the Company		184,597,383	(179,887,797)	–	–	4,709,586
At 31 March 2019		283,582,635	–	10,814,857	(188,964,467)	105,433,025

** 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 RM118,813,964 becomes part of the Group's share capital pursuant to the transitional provisions set out in Section 618(2) 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 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
Profit/(Loss) before taxation from:					
- continuing operations		4,380,626	30,515,953	(8,335,924)	(116,803,593)
- discontinued operations		–	(5,436)	–	–
		4,380,626	30,510,517	(8,335,924)	(116,803,593)
Adjustments for:					
Amortisation of broodstocks		390,254	398,742	–	–
Amortisation of government grant		(875,630)	(875,630)	–	–
Amortisation of mineral rights		3,228,071	–	3,224,326	–
Depreciation of property, plant and equipment		9,610,709	8,167,640	750	752
Deposit written off		11,428	–	–	–
Fair value adjustment on amount due from subsidiary company		–	–	(3,309,829)	(3,086,137)
Gain on disposal of property, plant and equipment		(5,570)	–	–	–
Impairment loss on assets held for sale		–	824,576	–	–
Impairment loss on broodstocks		–	397,116	–	–
Impairment on financial assets		114,987	7,554,000	7,182,925	57,369,486
Impairment loss on investments in subsidiary companies		–	–	–	60,789,003
Impairment loss on property, plant and equipment		–	43,767	–	–
Interest expenses		1,902,518	1,102,495	–	–
Interest income		(1,334)	(1,921)	–	–
Property, plant and equipment written off		1,016	624,931	–	–
Provision of fatalities charge on broodstock		10,738	8,976	–	–
Realised of translation reserves		–	96,683	–	–
Unrealised foreign exchange gain		(280,343)	(15,030)	–	–
Unrealised foreign exchange loss		361,411	1,570,394	–	–
Operating profit/(loss) before working capital changes		18,848,881	50,407,256	(1,237,752)	(1,730,489)
Change in biological assets		(675,679)	(55,539,136)	–	–
Change in receivables		(1,251,087)	(7,339,379)	(8,070,211)	(33,341,833)
Change in inventories		(1,179,611)	(426,475)	–	–
Change in payables		1,779,804	1,813,570	4,812,924	(203,371)
Cash generated from/(used in) operations		17,522,308	(11,084,164)	(4,495,039)	(35,275,693)
Income tax paid		(35,118)	(56,038)	(1,408)	(1,746)
Income tax refunded		76,877	83,055	1,440	–
Interest paid		(1,902,518)	(1,102,495)	–	–
Interest received		1,334	1,921	–	–

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

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Net cash generated from/ (used in) operating activities		15,662,883	(12,157,721)	(4,495,007)	(35,277,439)
Cash flows from investing activities					
Acquisition of property, plant and equipment*		(12,068,412)	(23,424,809)	–	–
Increase in investment in subsidiary company		–	–	–	(4,990,000)
Proceeds from disposal of property, plant and equipment		20,000	–	–	–
Proceeds from disposal of assets held for sale		1,505,646	–	–	–
Net cash used in investing activities		(10,542,766)	(23,424,809)	–	(4,990,000)
		5,120,117	(35,582,530)	(4,495,007)	(40,267,439)
Cash flows from financing activities					
Fixed deposits pledged with a licensed bank		(405,000)	(202,000)	–	–
Proceeds from exercise of employees share options		4,709,586	4,684,217	4,709,586	4,684,217
Repayment of hire purchase payables		(2,604,073)	(885,172)	–	–
Repayment of revolving credit		(500,000)	(500,000)	–	–
Repayment of term loan		(217,109)	(1,137,128)	–	–
Term loan draw down		–	5,000,000	–	–
Net cash generated from financing activities		983,404	6,959,917	4,709,586	4,684,217
Net increase/(decrease) in cash and cash equivalents		6,103,521	(28,622,613)	214,579	(35,583,222)
Effect of exchange rate changes		–	240	–	–
Cash and cash equivalents at beginning of financial year		(2,471,682)	26,150,691	274,288	35,857,510
Cash and cash equivalents at end of financial year	21	3,631,839	(2,471,682)	488,867	274,288

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

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

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 RM14,849,743 and RMNil (2018: RM33,966,638 and RMNil) of which RM2,781,331 and RMNil (2018: RM10,541,829 and RMNil) were acquired by means of hire purchase. Cash payments of RM12,068,412 and RMNil (2018: RM23,424,809 and RMNil) were made to acquire property, plant and equipment.

Reconciliation of liabilities arising from financing activities:

Group		**Cash**	**Non-cash**	
	1 April	**flows**	**acquisition**	**31 March**
2019	**RM**	**RM**	**RM**	**RM**
Bank overdrafts	7,189,532	(1,119,888)	–	6,069,644
Hire purchase payables	9,805,439	(2,604,073)	2,781,331	9,982,697
Revolving credit	1,000,000	(500,000)	–	500,000
Term loan	5,248,729	(217,109)	–	5,031,620
	23,243,700	(4,441,070)	2,781,331	21,583,961

		Cash	**Non-cash**	
	1 April	**flows**	**acquisition**	**31 March**
2018	**RM**	**RM**	**RM**	**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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 17 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year ended 31 March 2019.

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 19 July 2019.

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

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) Adoption of new and revised MFRS

The following amended Standards have been adopted in the current year. Unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements.

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.

(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)

(a) Adoption of new and revised MFRS (Cont'd)

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.

The Group and the Company had to change its accounting policies and make certain retrospective adjustments following the adoption of MFRS 9. This is disclosed in Note 2(c).

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.

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of MFRS 15. This is disclosed in Note 2(c).

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

2. BASIS OF PREPARATION (CONT'D)

(a) Adoption of new and revised MFRS (Cont'd)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Under IC Interpretation 22 an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the "date of the transaction" to record foreign currency transactions. It provides guidance on how to determine "the date of transaction" when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt. The Group and the Company have the option to apply IC Interpretation 22 retrospectively or prospectively.

The adoption of the IC Interpretation 22 did not have any material impact to the financial statements of the Group and of the Company.

(b) Standards issued but not yet effective

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

Effective for annual periods commencing on or after 1 January 2019

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

Effective for annual periods commencing on or after 1 January 2020

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

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

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.

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 16 Leases (Cont'd)

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.

IC Interpretation 23 Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

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

Under MFRS 112 Income Taxes, 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.

Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

The amendments are made on the borrowing costs eligible for capitalisation. MFRS 123 Borrowing Costs 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 and the Company plan to assess the potential effect of the adoption of the above new standards on their financial statements in 2019.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

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

In October 2018, the IASB issued Definition of Material (Amendments to MFRS 101 and MFRS 108). The amendments clarify and align the definition of 'material' as and provide guidance to help improve consistency in the application of that concept whenever it is used in MFRS.

The term of materiality has been amended, and has defined as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The materiality requirements of MFRS 101 have been amended to emphasise that information should not be aggregated or disaggregated in a way that obscures material information. The changes also highlight that materiality applies to all aspects of financial statements, including the primary financial statements, the notes and specific disclosures required by individual MFRSs. The purpose is to encourage entities (and others involved in the preparation and review of financial statements) to give careful consideration to presentation requirements, and to the items that need to be included in financial statements.

The content of primary statement line items has been clarified, including that as well as aggregating immaterial items, individual lines that contain significant items may need to be disaggregated. Additional guidance has also been added for the use of subtotals, requiring that these are derived using amounts that are reported in accordance with MFRS.

The amendments apply prospectively for annual period on or after 1 January 2020, with early application permitted. There is no potential effect on the amendments of these standards as the amendments only affect the disclosures of the financial statements of the Group and the Company.

(c) Changes in accounting policies and disclosures

The Group and the Company applied MFRS 15 and MFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group and of the Company. The Group and the Company have not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard only to contracts that are not completed as at 1 April 2018.

2. BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting policies and disclosures (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

However, there is no financial impact on the adoption of MFRS 15 to the Group as there is no past record on the variable consideration, such as right of return and volume rebates to its customers. The Group has recognised its revenue based on the performance obligation satisfied at a point in time in prior years.

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 retrospectively, with an initial application date of 1 April 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting MFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

(i) Classification and measurement of financial assets and financial liabilities

Group

	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139 RM	New carrying amount under MFRS 9 RM
Financial assets					
Trade and other receivables	(a)	Loan and receivables	Amortised cost	36,366,928	25,437,060
Cash and bank balances		Loan and receivables	Amortised cost	5,904,850	5,904,850

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

2. BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting policies and disclosures (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

(i) Classification and measurement of financial assets and financial liabilities (Cont'd)

Company

Financial assets	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139 RM	New carrying amount under MFRS 9 RM
Trade and other receivables	(a)	Loan and receivables	Amortised cost	48,371,583	5,645,414
Cash and bank balances		Loan and receivables	Amortised cost	274,288	274,288

(a) Trade and other receivables that were classified as loans and receivables under MFRS 139 are now classified at amortised cost. Trade and other receivables financial assets classified as loan and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. An increase of RM10,929,868 and RM42,726,169 in the allowance for impairment of the Group and of the Company respectively over these receivables were recognised in opening retained earnings at 1 April 2018 on transition to MFRS 9.

There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and to the Company other than as disclosed above.

(ii) Impairment

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under MFRS 9, credit losses are recognised earlier than under MFRS 139. For assets in the scope of the MFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Group and Company have determined that the application of MFRS 9's impairment requirements at 1 April 2018 results in additional allowance for impairment as follows.

2. BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting policies and disclosures (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

(ii) Impairment (Cont'd)

Group

	RM
Loss allowance at 31 March 2018 under MFRS 139	9,029,230
Additional impairment recognised at 1 April 2018 on:	
Trade and other receivables as at 31 March 2018 (Note 19)	10,929,868
Loss allowance at 1 April 2018 under MFRS 9	19,959,098

Company

	RM
Loss allowance at 31 March 2018 under MFRS 139	57,369,486
Additional impairment recognised at 1 April 2018 on:	
Trade and other receivables as at 31 March 2018 (Note 19)	42,726,169
Loss allowance at 1 April 2018 under MFRS 9	100,095,655

(iii) Hedge accounting

There is no impact on the changes in hedge accounting as the Group does not apply hedge accounting.

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 balance due from subsidiary company, value in use of non-current biological assets, fair value of current biological assets and expected credit losses of trade receivables, the Group uses a discount rate to present value future cash flows. Significant judgement is required in determining the appropriate rate to be used, which for biological assets and trade receivables are based on the weighted average cost of capital while for the balance 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 12.1% at 31 March 2019 (5.76% at 31 March 2018).

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

(a) Judgements made in applying accounting policies (Cont'd)

(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 Group 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 Group 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.

(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 20 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.

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

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Exploration and evaluation expenditure

The application of the Group'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 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 carries 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) Amortisation of mineral rights

The Group amortised the mineral rights from the date on which the commercial production begins computed using the units-of-production method based on estimated proven and probable ore reserve, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each items's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. The amount of recoverable reserves requires the use of estimates and assumptions.

(iv) Reserves and resources

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and this requires complex geological judgements to interpret data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of mineral rights and amortisation charges.

(v) 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.

(vi) 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.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

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

(b) Key sources of estimation uncertainty (Cont'd)

(vii) 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 4(n)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

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

(viii) 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.

(ix) 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.

(x) Allowance for inventories

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

(xi) Fair value of fishery livestocks

Estimates are involved in determining the fair value of fishery livestocks relating to market prices, average weight, tails of fishes, 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.

(xii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Previously, an impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

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

(b) Key sources of estimation uncertainty (Cont'd)

(xiii) 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.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Investment in subsidiaries (Cont'd)

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).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

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.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency transactions (Cont'd)

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

	2019 RM	2018 RM
1 Renminbi	0.6054	0.6140
1 Hong Kong Dollar	0.5197	0.4922
1 United States Dollar	4.0795	3.8630

(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.

(d) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised net of taxes and upon transfer of control of the assets to the customer which also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Other income item of the Group, presented separately from revenue, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Employee benefits

The Group and the Company recognise 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 consume 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 have 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 make 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 Group and the Company have 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.

(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.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 mineralised material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Evaluation expenditures are capitalised 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 Group 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.

(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 Group assesses each mine construction project to determine when a mine moves into production stage.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Development (Cont'd)

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.

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 treat 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 expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 obtain 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 remaining unexpired lease ranging from 30 to 904 years are amortised over the remaining period of the lease.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The principal annual rates of depreciation used are as follows:

	%
Buildings	10
Road and drainage	5
Mine processing plant	10
Exploration and evaluation assets	3
Floating platforms, net and cages	10
Hatchery ponds	10
Heavy equipment	20
Vessels	7
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, tails of fishes, 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 instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

<u>Policy applicable from 1 April 2018</u>

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Policy applicable from 1 April 2018 (Cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have no debt instruments at fair value through OCI.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Policy applicable from 1 April 2018 (Cont'd)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have no equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group and the Company have no financial assets at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Policy applicable from 1 April 2018 (Cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Policy applicable before 1 April 2018

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

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Policy applicable before 1 April 2018 (Cont'd)

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

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

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

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 have 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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Policy applicable before 1 April 2018 (Cont'd)

Available-for-sale financial assets (Cont'd)

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

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

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

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

(ii) 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 9, 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:

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.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

Financial liabilities measured at amortised cost (Cont'd)

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.

(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

<u>Policy applicable from 1 April 2018</u>

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment (Cont'd)

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

Policy applicable from 1 April 2018 (Cont'd)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are three years past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Policy applicable before 1 April 2018

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 consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO **THE FINANCIAL STATEMENTS**
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(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment (Cont'd)

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

Policy applicable before 1 April 2018 (Cont'd)

- **Trade and other receivables and other financial assets carried at amortised cost (Cont'd)**

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

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

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

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

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

- **Unquoted equity securities carried at cost**

  If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

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

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

(p) Equity instruments

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

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

(q) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Leases

(i) Classification

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

(ii) Finance leases – the Group as lessee

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

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

(iii) Operating leases – the Group as lessee

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4 (j).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) 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.

(u) 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.

(v) 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.

(w) 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)

(x) 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	
	2019 RM	**2018 RM**
Type of goods		
Sale of adult fish	24,357,182	19,918,355
Sale of fish fry	93,480	379,250
Sale of frozen products	1,224,418	1,921,599
Sale of gold	39,338,614	–
Sale of silver	38,026	–
Total revenue from contracts with customers	65,051,720	22,219,204
Market of goods		
Export sales	24,194,247	20,563,983
Local sales	40,857,473	1,655,221
Total revenue from contracts with customers	65,051,720	22,219,204
Operation based revenue		
Malaysia	40,857,473	1,655,221
Hong Kong	24,194,247	20,563,983
Total revenue from contracts with customers	65,051,720	22,219,204
Timing of revenue recognition		
Goods transferred at a point in time	65,051,720	22,219,204
Total revenue from contracts with customers	65,051,720	22,219,204

6. INTEREST INCOME

	Group	
	2019 RM	**2018 RM**
Bank interest income	1,334	1,921

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

7. OTHER OPERATING INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amortisation of government grant	875,630	875,630	–	–
Foreign exchange gain				
- Realised	97,305	70,548	–	–
- Unrealised	280,343	15,030	–	–
Gains from logs and timber income	1,297,757	1,590,292	–	–
Gain on disposal of property, plant, equipment	5,570	–	–	–
Insurance compensation	–	119,000	–	–
Miscellaneous income	231,369	26,019	–	1
	2,787,974	2,696,519	–	1

8. IMPAIRMENT ON FINANCIAL ASSETS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment on receivables (Note 19)	114,987	7,554,000	–	–
Impairment on amounts due from subsidiary companies (Note 19)	–	–	7,182,925	57,369,486
	114,987	7,554,000	7,182,925	57,369,486

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Commissions	186,722	144,166	–	–
Contributions to defined contribution plan	521,285	329,461	–	–
Contributions to employment insurance scheme	4,939	748	–	–
Salaries and wages	8,892,378	6,269,295	–	–
Social security contributions	49,074	28,000	–	–
	9,654,398	6,771,670	–	–

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 RM1,381,539 (2018: RM1,397,318) and RMNil (2018: RMNil) respectively as further disclosed in Note 10 to the financial statements.

9. EMPLOYEE BENEFITS EXPENSE (CONT'D)

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, 20 September 2017 and 2 July 2018, the Group further granted share options on similar terms (except for exercise price) to eligible employees. 28,258,930 of share options were further granted on 11 December 2018 to eligible Directors and employees following the bonus issue of the Company. In accordance with this programme, holders of vested options are entitled to acquire shares at the market price of the shares at the date of grant. All options are to be settled by physical delivery of shares.

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

Grant date/employees entitled	Number of options	Vesting conditions	Contractual life of options
Options granted to Directors and employees on 15 January 2013	105,000,000	Vested on the grant date	5 years*
Options granted to an employee on 17 August 2013	1,500,000	Vested on the grant date	5 years*
Options granted to employees on 3 3 May 2015	1,307,150	Vested on the grant date	5 years*
Options granted to employees on 25 August 2016	3,569,295	Vested on the grant date	5 years*
Options granted to employees on 11 March 2017	3,849,295	Vested on the grant date	5 years*
Options granted to employees on 20 September 2017	1,500,000	Vested on the grant date	5 years*
Options granted to employees on 2 July 2018	1,310,030	Vested on the grant date	5 years
Effect of bonus issue on options granted to Directors and employees on 11 December 2018	28,258,930	Vested on the grant date	4 years

* extended on 14 January 2018 for another 5 years

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

	Weighted 2019 RM	2019	Weighted 2018 RM	2018
Outstanding at 1 April	0.80	33,959,260	0.70	40,540,335
Exercised during the financial year	1.05	(40,000)	0.70	(5,031,780)
Exercised during the financial year	0.80	(100,000)	0.75	(1,549,295)
Exercised during the financial year	0.75	(5,560,330)	–	–
Exercised during the financial year	0.52	(50,000)	–	–
Exercised during the financial year	0.35	(1,714,200)	–	–
Effect of bonus issue during the financial year	0.36	– 28,258,930	– –	–
Granted during the financial year	1.05	1,310,030	0.70	1,500,000
Withdrawn unexercised	0.80	(1,310,030)	1.22	(1,500,000)
Outstanding at 31 March	0.36	54,753,660	0.80	33,959,260
Exercisable at 31 March	0.36	54,753,660	0.80	33,959,260

9. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Share-based payment arrangements (Cont'd)

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

The options outstanding at 31 March 2019 have an exercise price in the range of RM0.35 to RM0.52 (2018: RM0.70 to RM1.00) and a weighted average contractual life of 5 years (2018: 5 years).

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	**2 July 2018**	**20 September 2017**	**11 March 2017**	**25 August 2016**	**3 May 2015**	**17 August 2013**	**15 January 2013**
Fair value of share options and assumptions							
Exercise price of options	RM0.67	RM0.70	RM0.75	RM1.00	RM0.80	RM1.22	RM0.70
Share price at grant date	RM1.05	RM0.68	RM0.84	RM1.10	RM0.89	RM1.35	RM0.80
Expected volatility	20.22%	10.67%	10.66%	13.55%	6.36%	23.80%	18.02%
Options life	5 years	5 years*	5 years*	5 years*	5 years*	5 years*	5 years*
Risk-free interest rate (based on Malaysian government bonds)	3.76%	3.88%	3.76%	3.76%	3.76%	3.22%	3.31%
Fair value at grant date	RM0.04	RM0.39	RM0.12	RM0.15	RM0.14	RM0.39	RM0.24

* extended on 14 January 2018 for another 5 years

10. DIRECTORS' REMUNERATION

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Executive Directors' remuneration:				
- Commissions	47,059	42,425	–	–
- Fee	–	–	–	–
- Other emoluments	133,539	103,893	–	–
- Salaries	1,248,000	1,251,000	–	–
	1,428,598	1,397,318	–	–
Non-executive Directors' remuneration:				
- Fee	289,000	357,000	289,000	357,000
- Other emoluments	11,000	10,000	11,000	10,000
	300,000	367,000	300,000	367,000
Total Directors' remuneration	1,728,598	1,764,318	300,000	367,000

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	
	2019	**2018**
Executive Directors:		
RM50,001 – RM200,000	3	2
RM200,001 – RM350,000	1	1
RM350,001 – RM500,000	–	1
RM500,001 and above	1	1
Non-executive Directors:		
Below RM50,000	3	3
RM50,001 – RM200,000	2	3
RM200,001 – RM350,000	–	–

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11. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other than disclosed in Note 6, 7, 8 ,9 and 10, profit/(loss) from continuing operations is arrived at after charging:				
Amortisation of broodstocks (Note 18)	390,254	398,742	–	–
Amortisation of mineral rights (Note 16)	3,228,071	–	3,224,326	–
Auditors' remuneration				
- Statutory audit	172,000	147,000	88,000	78,000
- Other services	18,000	8,800	18,000	8,800
Depreciation of property, plant and equipment (Note 15)	9,610,709	8,167,640	750	752
Deposit written off	11,428	–	–	–
Foreign exchange loss				
- Realised	295,630	70,680	–	–
- Unrealised	361,411	1,570,394	–	–
Hire of live fish carrier	1,003,239	–	–	–
Hiring of heavy machineries	159,494	71,161	–	–
Impairment loss on investment in subsidiary companies	–	–	–	60,789,003
Impairment loss on broodstocks (Note 18)	–	397,116	–	–
Impairment loss on property, plant and equipment (Note 15)	–	43,767	–	–
Impairment loss on assets held for sale (Note 22)	–	824,576	–	–
Property, plant and equipment written off	1,016	624,931	–	–
Provision of fatalities charge on broodstock (Note 18)	10,738	8,976	–	–
Rental expenses				
- Fish stall	68,101	128,201	–	–
- Jetty	6,000	12,000	–	–
- Land	64,200	100,550	–	–
- Office	59,190	29,880	–	–
- Quarter	108,534	206,472	–	–
Royalty	2,650,017	1,202,220	–	–

12. FINANCE COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses:				
- Bank overdrafts	537,575	584,906	–	–
- Hire purchase	745,188	266,801	–	–
- Overdue	18,742	641	–	–
- Revolving credit	48,333	85,114	–	–
- Term loan	552,680	165,033	–	–
	1,902,518	1,102,495	–	–

13. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current taxation	2,080,249	–	–	–
Deferred tax liabilities (Note 28)	(3,400,692)	11,975,026	–	–
	(1,320,443)	11,975,026	–	–
Over provision in prior year				
- Current taxation	–	(6,773)	–	(1,943)
	(1,320,443)	11,968,253	–	(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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation				
- continuing operations	4,380,626	30,515,953	(8,335,924)	(116,803,593)
- discontinued operations	–	(5,436)	–	–
	4,380,626	30,510,517	(8,335,924)	(116,803,593)

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13. INCOME TAX EXPENSE (CONT'D)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	1,051,350	7,323,829	(2,000,622)	(28,032,862)
Effect of tax rate in foreign jurisdiction at Nil% (2018: 16.5%)	–	(897)	–	–
Non-tax deductible expenses	(2,116,191)	3,084,322	3,245,764	28,773,535
Non-taxable income	(462,822)	(196,172)	(1,245,142)	(740,673)
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	207,220	1,763,944	–	–
	(1,320,443)	11,975,026	-	-
Over provision in prior year - Current taxation	–	(6,773)	–	(1,943)
	(1,320,443)	11,968,253	–	(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.

14. EARNINGS PER SHARE

(a) Basic

Basic earnings 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	
	2019 RM	2018 RM
Profit net of tax attributable to owners of the Company	5,701,069	18,542,264
Weighted average number of ordinary shares in issue	796,928,742	600,491,296

	Group	
	2019 Sen	2018 Sen
Basic earnings per share	0.72	3.09

14. EARNINGS PER SHARE (CONT'D)

(b) Diluted

Diluted earnings 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	
	2019 **RM**	**2018** **RM**
Profit net of tax attributable to owners of the Company	5,701,069	18,542,264
Weighted average number of ordinary shares in issue (basic)	796,928,742	600,491,296
Effect of share options on issue	54,753,660	33,959,260
Effect of warrants on issue	599,995,756	299,997,878
Weighted average number of ordinary shares in issue (diluted)	1,451,678,158	934,448,434
Diluted earnings per share	0.39	1.98

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15. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Cost	Leasehold land RM	Buildings RM	Road and drainage RM	Mine processing plant RM	Exploration and evaluation assets 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	Renovation RM	Construction work–in–progress RM	Total RM
At 1 April 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 22)	–	–	–	–	–	–	–	–	(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
Addition	–	28,130	–	–	–	–	–	3,291,119	–	268,851	378,709	–	10,882,934	14,849,743
Disposal	–	–	–	–	–	–	–	–	–	(66,600)	–	–	–	(66,600)
Written off	–	–	–	–	–	–	–	–	–	–	(1,119)	–	–	(1,119)
Reclassification	–	4,614,890	3,928,231	13,507,734	1,452,149	–	–	–	–	–	–	75,577	(23,578,581)	–
At 31 March 2019	2,979,292	41,511,719	9,928,231	13,507,734	1,452,149	18,382,242	10,429,630	10,887,492	8,244,585	1,761,275	8,796,997	75,577	8,201,279	136,158,202

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

Group 2019 Accumulated depreciation	Leasehold land RM	Buildings RM	Road and drainage RM	Mine processing plant RM	Exploration and evaluation assets 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	Renovation RM	Construction work-in-progress RM	Total RM
At 1 April 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
Charge for the financial year (Note 11)	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 22)	–	–	–	–	–	–	–	–	(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
Charge for the financial year (Note 11)	70,989	3,409,493	349,103	1,003,174	12,101	1,144,073	391,411	1,921,141	549,639	240,079	514,468	5,038	–	9,610,709
Written back	–	–	–	–	–	–	–	–	–	(52,170)	–	–	–	(52,170)
Written off	–	–	–	–	–	–	–	–	–	–	(103)	–	–	(103)
At 31 March 2019	762,247	25,763,234	574,103	1,003,174	12,101	16,509,059	9,654,169	3,303,958	3,435,242	988,117	6,684,284	5,038	–	68,694,726
Accumulated impairment														
At 1 April 2017	–	–	–	–	–	–	–	–	–	–	–	–	–	-
Charge for the financial year (Note 11)	–	5,020	–	–	–	1	15,454	–	–	–	23,292	–	–	43,767
At 31 March 2018/31 March 2019	–	5,020	–	–	–	1	15,454	–	–	–	23,292	–	–	43,767
Net book value														
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
At 31 March 2019	2,217,045	15,743,465	9,354,128	12,504,560	1,440,048	1,873,182	760,007	7,583,534	4,809,343	773,158	2,089,421	70,539	8,201,279	67,419,709

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

Company

	Furniture, fittings and equipment	
	2019	**2018**
Cost	**RM**	**RM**
At 1 April/31 March	11,444	11,444
Accumulated depreciation		
At 1 April	9,511	8,759
Charge for the financial year (Note 11)	750	752
At 31 March	10,261	9,511
Net book value		
31 March	1,183	1,933

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

Group	**At cost**	**Accumulated depreciation**	**Net book value**
2019	**RM**	**RM**	**RM**
Building	448,130	(33,609)	414,521
Mine processing plant	8,212,955	(615,978)	7,596,977
Heavy equipment	8,692,480	(2,434,139)	6,258,341
Motor vehicles	1,301,185	(549,865)	751,320
Fish pond equipment	248,000	(24,800)	223,200
	18,902,750	(3,658,391)	15,244,359
2018			
Heavy equipment	5,953,050	(868,329)	5,084,721
Motor vehicles	1,041,120	(334,060)	707,060
Construction work-in-progress	7,092,466	–	7,092,466
	14,086,636	(1,202,389)	12,884,247

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

Property, plant and equipment of the Group at net book value pledged to secure the loans and borrowings granted to the Group as disclosed in Note 26 to the financial statements are as follows:

	Group	
	2019 RM	**2018 RM**
Leasehold land	2,217,045	2,288,034
Buildings	10,487,529	12,830,613
Floating platforms, net and cages	1,817,530	2,946,203
Hatchery ponds	760,007	1,151,418
Heavy equipment	6,258,344	3
Mine processing plant	7,596,977	–
Motor vehicles	752,594	200,781
Fish pond equipment, furniture, fittings and equipment	1,041,764	1,134,371
Construction work-in-progress	3,164,175	3,320,591
	34,095,965	23,872,014

Motor vehicles of the Group at cost of RM267,534 (2018: RM267,534) and RM108,650 (2018: RM108,650) were held in trust under the name of third parties and a person connected to certain Directors of the Company respectively.

16. INTANGIBLE ASSETS

Group

Cost	**Goodwill RM**	**Mineral rights RM**	**Total RM**
At 1 April 2017/31 March 2018/31 March 2019	32,176	96,101,488	96,133,664
Accumulated amortisation			
At 1 April 2017/31 March 2018	–	–	–
Charge for the financial year (Note 11)	–	3,228,071	3,228,071
At 31 March 2019	–	3,228,071	3,228,071
Net book value			
At 31 March 2019	32,176	92,873,417	92,905,593
At 31 March 2018	32,176	96,101,488	96,133,664

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16. INTANGIBLE ASSETS (CONT'D)

Company

Cost	Mineral rights RM	Total RM
At 1 April 2017/31 March 2018/31 March 2019	95,990,000	95,990,000
Accumulated amortisation		
At 1 April 2017/31 March 2018	–	–
Charge for the financial year (Note 11)	3,224,326	3,224,326
At 31 March 2019	3,224,326	3,224,326
Net book value		
At 31 March 2019	92,765,674	92,765,674
At 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 previous financial year ended 31 March 2017, the Group acquired mineral rights at aggregate costs of 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.

The mineral rights are amortised from the date on which the commercial production begins using 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.

17. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost	70,927,900	70,927,900
Less: Impairment loss	(63,123,733)	(63,123,733)
	7,804,167	7,804,167

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %	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.

18. BIOLOGICAL ASSETS

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

	Group	
At cost	**2019 RM**	**2018 RM**
At 1 April	1,054,361	1,864,557
Amortisation charge for the financial year (Note 11)	(390,254)	(398,742)
Impairment loss on the broodstock (Note 11)	–	(397,116)
Fatalities charge (Note 11)	(10,738)	(8,976)
Transfer to frozen products	(1,493)	(5,362)
At 31 March	651,876	1,054,361

(b) Biological assets (Current) – Fishfry

	Group	
At cost	**2019 RM**	**2018 RM**
At 1 April	2,025,538	2,077,416
Addition	5,504,837	4,503,044
Sold	(2,750,111)	(4,554,922)
At 31 March	4,780,264	2,025,538

(c) Biological assets (Current) – Fishery livestocks

	Group	
At fair value less costs to sell	**2019 RM**	**2018 RM**
At 1 April	154,178,903	98,629,563
Increase due to purchases	7,287,034	9,273,963
Changes in fair value less costs to sell	(216,929)	42,006,573
Changes due to biological transformation	13,488,162	34,883,148
Decrease due to transfers to frozen products	(820,186)	(540,605)
Decrease due to sales	(7,607,438)	(7,774,094)
Decrease due to mortalities/losses	(14,228,634)	(22,299,645)
	152,080,912	154,178,903
Less: Unrealised gain	(401,600)	(422,037)
At 31 March	151,679,312	153,756,866

18. BIOLOGICAL ASSETS (CONT'D)

	Group	
	2019 RM	2018 RM
Representing:		
Non-current	651,876	1,054,361
Current	156,459,576	155,782,404
	157,111,452	156,836,765

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 Group would be as follows:

	Group	
At cost	2019 RM	2018 RM
At 1 April	93,597,043	94,339,432
Capitalised during the year	10,392,647	9,736,995
Transferred to cost of sales	(7,419,988)	(10,479,384)
At 31 March	96,569,702	93,597,043

As at 31 March 2019, the Group has 656,319 tails of fishery livestocks (2018: 702,061 tails). The Group is exposed to risks arising from fluctuations in the price and sales 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 a high degree of mitigation against adverse climatic conditions such as storms and disease outbreaks. The Group has strong environmental policies and procedures in place to comply with environmental and other laws.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
Non-current	2019 RM	2018 RM	2019 RM	2018 RM
Amount due from subsidiary company	–	–	48,973,539	48,973,539
Less: Fair value adjustment	–	–	–	(3,309,829)
Less: Allowance for impairment	–	–	(48,973,539)	(45,663,710)
Trade and other receivables (non-current)	–	–	–	–

19. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Current				
Trade receivables				
- Related parties	300,222	328,965	–	–
- Third parties	42,813,664	40,465,065	–	–
	43,113,886	40,794,030	–	–
Less: Allowance for impairment	(20,074,085)	(19,959,098)	–	–
Trade receivables, net	23,039,801	20,834,932	–	–
Amounts due from subsidiary companies	–	–	68,120,132	60,025,593
Less: Allowance for impairment	–	–	(58,305,041)	(54,431,945)
Amounts due from subsidiary companies, net	–	–	9,815,091	5,593,648
Other receivables				
Deposits	1,601,227	954,564	500	500
Prepayments	915,303	869,485	21,000	21,000
Other receivables				
- Third parties	1,793,818	3,647,564	26,938	51,266
Other receivables, net	4,310,348	5,471,613	48,438	72,766
Trade and other receivables (current)	27,350,149	26,306,545	9,863,529	5,666,414
Total trade and other receivables	27,350,149	26,306,545	9,863,529	5,666,414

The amount due from subsidiary company of RM48,973,539 (2018: RM48,973,539) is unsecured, interest free and repayable in full in 2019. The amounts due from subsidiary companies of RM68,120,132 (2018: RM60,025,593) are unsecured, interest free and repayable on demand.

Amounts due from related parties 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 (2018: 30 to 270 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

During the financial year, the following losses were recognised in profit or loss in relation to impaired financial assets:

Group	**Trade receivables RM**
At 1 April 2017	1,475,230
Charge for the financial year (Note 8)	7,554,000
At 31 March 2018	9,029,230
Effect of adoption of MFRS 9	10,929,868
At 31 March 2018, restated	19,959,098
Charge for the financial year (Note 8)	114,987
At 31 March 2019	20,074,085

Company	**Amounts due from subsidiary companies RM**
At 1 April 2017	–
Charge for the financial year (Note 8)	57,369,486
At 31 March 2018	57,369,486
Effect of adoption of MFRS 9	42,726,169
At 31 March 2018, restated	100,095,655
Charge for the financial year (Note 8)	7,182,925
At 31 March 2019	107,278,580

Information about the Group's exposure to credit risks and impairment losses for trade receivables is included in Note 33 to the financial statements.

20. INVENTORIES

	Group	
Cost	**2019 RM**	**2018 RM**
Chemicals	1,081,430	11,134
Crusher run	530,868	422,225
Feeds	110,585	146,986
Frozen products	133,069	501,884
Fuel and oil	311,981	276,544
Good in transit	370,451	–
	2,538,384	1,358,773

The amount of inventories recognised as an expense in cost of sales of the Group was RM3,309,390 (2018: RM5,174,811).

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21. CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash in hand	39,913	51,045	–	–
Cash at banks	9,661,570	4,666,805	488,867	274,288
Deposits with licensed banks	1,592,000	1,187,000	–	–
Cash and bank balances	11,293,483	5,904,850	488,867	274,288
Bank overdrafts (Note 26)	(6,069,644)	(7,189,532)	–	–
Less: Deposits with licensed banks with maturity of more than three (3) months	(1,592,000)	(1,187,000)	–	–
Cash and cash equivalents	3,631,839	(2,471,682)	488,867	274,288

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 3.60% (2018: 3.59%) per annum.

Deposits with licensed banks amounting to RM1,500,000 (2018: RM1,100,000) are held under lien as security for term loan facility granted to the Group and have a maturity of 365 days (2018: 365 days).

Deposits with licensed banks amounting to RM92,000 (2018: RM87,000) are held under lien for bank guarantee facilities in favour of Sabah Electricity Sdn. Bhd., Royal Malaysian Customs Department and Sabah Ports Sdn. Bhd.

22. ASSETS HELD FOR SALE

	Group	
	2019 RM	2018 RM
At 1 April	1,505,646	–
Transferred from plant and equipment (Note 15)	–	2,330,222
Impairment loss on assets held for sale (Note 11)	–	(824,576)
Disposal	(1,505,646)	–
At 31 March	–	1,505,646

At 31 March 2019, the assets classified as held for sale relates to the sale of one 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.

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23. SHARE CAPITAL AND PREMIUM

Issued and paid up:	No. of shares		Group/Company	
	2019	2018	2019	2018
Ordinary shares			RM	RM
At 1 April	605,038,000	598,456,925	98,985,252	94,301,035
Issued during the financial year:				
- exercise of Employees Share Option Scheme ("ESOS")	7,464,530	6,581,075	4,709,586	4,684,217
- bonus shares	610,738,330	–	61,073,833	–
Transition to no par value regime under Companies Act, 2016 in Malaysia	–	–	118,813,964	–
At 31 March	1,223,240,860	605,038,000	283,582,635	98,985,252

	Group/Company		
	Share capital RM	Share premium RM	Total share capital and share premium RM
At 1 April 2017	94,301,035	179,887,797	274,188,832
Issued during the financial year:			
- exercise of Employees Share Option Scheme ("ESOS")	4,684,217	–	4,684,217
At 31 March 2018	98,985,252	179,887,797	278,873,049
Issued during the financial year:			
- exercise of Employees Share Option Scheme ("ESOS")	4,709,586	–	4,709,586
- bonus shares	61,073,833	(61,073,833)	–
Transition to no par value regime under Companies Act, 2016 in Malaysia	118,813,964	(118,813,964)	–
At 31 March 2019	283,582,635	–	283,582,635

(a) Share capital

During the financial year, the issued and paid-up capital of the Company increased from RM98,985,252 to RM283,582,635 by way of:

(i) issuance of new ordinary shares of RM4,709,586 arising from exercise of Employees Share Option Scheme ("ESOS");
(ii) issuance of 610,738,330 new ordinary shares of RM61,073,833 arising from bonus issue; and
(iii) transfer of credit balance of the share premium of RM118,813,964 to the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Companies Act, 2016.

23. SHARE CAPITAL AND PREMIUM (CONT'D)

(a) Share capital (Cont'd)

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.

(b) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares. Pursuant to Section 618(2) of the Companies Act, 2016, the sum of RM118,813,964 (2018: RMNil) standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital.

(c) Warrants 2017/2024

By virtue of a Deed Poll executed on 2 August 2017 for the 299,997,878 issued in conjunction with the Bonus Issue of free warrants allotted, each Warrant 2017/2024 entitles the registered holder the right at any time during the exercise period from 21 August 2017 to 20 August 2024 to subscribe for One (1) new ordinary share in the Company at an exercise price of RM0.87 per share.

The salient features of the Warrants 2017/2024 are as follows:

(i) Entitles its registered holder for one (1) free Warrant for every two (2) existing ordinary shares held.

(ii) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share at the exercise price at any time during the exercise period.

(iii) The warrants may be exercised at any time on or before the expiry date falling Seven (7) years (2017/2024) from the date of issue of the warrants on 21 August 2017. Warrants not exercised at the expiry of the exercise period will cease to be valid for any purpose and will be deemed to have lapsed.

(iv) The warrants shall as between the warrantholders rank pari passu and rateably in all aspects amongst themselves.

(v) The new shares to be issued arising from the exercise of the exercise rights represented by the warrants, shall upon allotment and issuance rank equally in all respects with the existing ordinary shares, save and except that the new shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/or any other forms of distribution precedes the relevant date of allotment and issuance of the new shares.

In accordance with the provisions under the Deed Poll - Warrants 2017/2024 and consequential to the Bonus Issue, an additional 299,997,878 Warrants 2017/2024 were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 11 December 2018. The exercise price for the Warrants 2017/2024 was revised from RM0.87 to RM0.43.

	At 1.4.2018	Effect of bonus issue	Exercised	Lapsed	At 31.3.2019
Warrants 2017/2024	299,997,878	299,997,878	–	–	599,995,756

24. OTHER RESERVE

Group **2019**	**Foreign currency translation reserve** **RM**	**Employees' share options scheme ("ESOS") reserve** **RM**	**Total** **RM**
At 1 April 2018/31 March 2019	–	10,814,857	10,814,857
2018			
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

Company	**Share options reserve** **2019** **RM**	 **2018** **RM**
At 1 April/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 retained profit. When the share options expire, the amount from the share option reserve is transferred to retained profits. Share options are disclosed in Note 9 to the financial statements.

25. 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.

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26. LOANS AND BORROWINGS

	Group	
	2019	2018
Current	**RM**	**RM**
Secured:		
Bank overdrafts	6,069,644	7,189,532
Hire purchase payables	2,962,471	2,145,070
Revolving credit	500,000	1,000,000
Term loan	5,031,620	5,248,729
	14,563,735	15,583,331
Non-current		
Secured:		
Hire purchase payables	7,020,226	7,660,369
Total loans and borrowings		
Secured:		
Bank overdrafts (Note 21)	6,069,644	7,189,532
Hire purchase payables	9,982,697	9,805,439
Revolving credit	500,000	1,000,000
Term loan	5,031,620	5,248,729
	21,583,961	23,243,700
Maturity structure of loans and borrowings		
Within one year	14,563,735	15,583,331
Between one to two years	3,286,529	2,866,175
Between two to five years	3,733,697	3,874,619
More than five years	–	919,575
	21,583,961	23,243,700

The interest rate structures are as follows:

	Effective interest rate	
	2019	2018
	RM	RM
Bank overdrafts	7.03% - 8.41%	6.00% - 8.40%
Hire purchase payables	4.52% - 7.36%	4.52% - 7.36%
Revolving credit	7.03%	6.51%
Term loan	6.00% - 11.00%	6.00% - 11.00%

26. LOANS AND BORROWINGS (CONT'D)

The loans and borrowings are secured by the followings:

Bank overdrafts

(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 a subsidiary company, namely, Plentiful Harvest Sdn. Bhd.;
(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 15 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 a subsidiary company, namely Plentiful Harvest Sdn. Bhd.;
(iii) corporate guarantee by the Company;
(iv) joint and several guarantees by Directors of a subsidiary company, namely, Plentiful Harvest Sdn. Bhd.;
(v) against 24,900,000 ordinary shares in the capital of the Company free and unencumbered (collectively referred to as the "pledged 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, Wullersdorf Resources Sdn. Bhd.; and
(vi) personal guarantee and indemnity from the Director of the subsidiary company, namely, Wullersdorf Resources Sdn. Bhd.

27. DEFERRED INCOME

	Group	
	2019	**2018**
	RM	**RM**
Government grant	8,756,300	8,756,300
Less: Accumulated amortisation	(5,618,626)	(4,742,996)
	3,137,674	4,013,304

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 (2018: RM875,630) has been amortised and recognised as other operating income in the Statements of Profit or Loss and Other Comprehensive Income.

A new supplementary agreement was signed between Plentiful Harvest Sdn. Bhd. and Ministry of Agriculture & Agro-based Industry Malaysia on 3 April 2019 where both parties have agreed for the amendment of the principal agreement based on the revised quantum approved by the Jawatankuasa Pemilihan NKEA No. 3/2017 held on 13 April 2017 in which the incentive provided by the Government shall not exceed RM12,509,000.

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28. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	**2018 RM**
At 1 April	25,700,701	13,725,675
Transfer (from)/to Statements of Profit or Loss and Other Comprehensive Income (Note 13)	(3,400,692)	11,975,026
At 31 March	22,300,009	25,700,701

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

	Group	
Deferred tax assets	**2019 RM**	**2018 RM**
Unabsorbed capital allowances	(12,026,118)	(10,761,214)
Unutilised tax losses	(7,103,150)	(2,684,749)
	(19,129,268)	(13,445,963)
Deferred tax liabilities		
Plant and equipment	14,214,028	15,230,354
Broodstocks	–	1,054,361
Fair value adjustment on biological assets	97,831,943	104,247,502
	92,916,703	107,086,254
Tax rate	24%	24%
Deferred tax liabilities recognised	22,300,009	25,700,701

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.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
Trade payables	**RM**	**RM**	**RM**	**RM**
Third parties	4,617,422	2,656,956	–	–
Other payables				
Accruals	2,696,056	1,257,391	133,333	135,033
Amounts due to Directors	287,813	36,660	–	6
Deposit payable	4,000	4,000	–	–
Other payables				
- Third parties	1,865,367	3,718,008	101,207	346,215
- Related parties	5,103	22,942	–	–
	4,858,339	5,039,001	234,540	481,254
Amount due to a subsidiary company	–	–	5,258,799	199,161
Total trade and other payables	9,475,761	7,695,957	5,493,339	680,415

Trade and other 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, related parties and a subsidiary company are unsecured, interest free and repayable on demand.

30. 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.

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30. 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**	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Group					
Companies with common Directors:					
Giant Grouper Retail Chain (Sabah) Sdn. Bhd.	Sale of frozen products	(209,992)	(452,583)	300,222	324,730
	Settlement of accounts	234,500	393,938		
Southsea Gold Sdn. Bhd.	Advances	–	10,898	(5,103)	(22,529)
	Rental of land	60,000	60,000		
	Settlement of accounts	(77,426)	(127,471)		
Directors of the Company:					
Akinori Hotani	Breeding commission	47,059	42,425	(8,701)	(12,875)
	Payment of accounts	(120,966)	(159,099)		
	Payment on behalf	69,733	94,543		
Dato' Sri Dr. Md Kamal Bin Bilal	Settlement of accounts	1,300,000	–	–	–
	Share options exercised	(1,300,000)	–		
Datuk Lo Fui Ming	Advances	4,909,280	–	(191,044)	(20,090)
	Payment of accounts	(6,098,590)	(403,706)		
	Payment on behalf	783,769	369,683		
	Settlement of accounts	44,327	241,513		
	Share options exercised	(44,310)	(241,507)		
	Acquisition of property, plant and equipment	382,437	–		
	Purchase of inventories	194,041	–		

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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

Group Name of related parties	Type of transactions	Transaction value 2019 RM	Transaction value 2018 RM	Balance outstanding as at 31 March 2019 RM	Balance outstanding as at 31 March 2018 RM
Group					
Directors of the Company:					
Lo Teck Yong	Payment of accounts	(86,949)	(29,375)	(88,068)	(3,695)
	Payment on behalf	218,481	20,016		
	Settlement of accounts	180,446	980,095		
	Share options exercised	(227,605)	(980,095)		
Sim Kay Wah	Payment of accounts	–	(1,859)	–	–
	Payment on behalf	–	169		
Entity owned by a person connected to a Director of of the Company					
Restoran Sabah Kertang Sandakan	Sale of frozen products	–	(28,395)	–	4,235
	Settlement of accounts	–	50,183		
Person connected with certain Directors of the Company:					
Lo Choon Fung @ Michelle	Advances	110,000	–	–	(413)
	Payment of account	(124,482)	(6,836)		
	Payment on behalf	14,069	413		
	Settlement of accounts	32,200	–		
	Share options exercised	(32,200)	–		
Company Subsidiary companies:					
Marine Terrace Sdn. Bhd.	Advances	5,059,699	658,147	(5,258,799)	(199,161)
	Payment on behalf	(61)	(12,076)		
Plentiful Earnings Sdn. Bhd.	Advances	600,167	3,613,493	–	–
	Payment on behalf	(600,167)	(3,613,493)		
Plentiful Harvest Sdn. Bhd.	Advances	2,286,682	778,418	3,764,560	1,494,961
	Fair value adjustment	(3,309,829)	(3,086,137)		
	Allowance for impairment on amounts due from subsidiary companies	9,061,188	57,369,486		
	Payment on behalf	(10,307,640)	(12,513,903)		

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30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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

Group		Transaction value		Balance outstanding as at 31 March	
Name of related parties	Type of transactions	2019 RM	2018 RM	2019 RM	2018 RM
Group					
Salient Horizon Sdn. Bhd.	Advances	916,014	921,365	–	–
	Payment on behalf	(916,014)	(921,365)		
Wullersdorf Resources Sdn. Bhd.	Advances	3,136,419	1,287,945	6,050,531	4,098,687
	Allotment of shares	–	4,990,000		
	Payment on behalf	(3,210,000)	(28,356,612)		
	Reversal of allowance for impairment on amounts due from subsidiary companies	(1,878,263)	–		
Company with common Directors:					
Southsea Gold Sdn. Bhd.	Advances	–	(10,898)	–	–
Directors of the Company:					
Dato' Sri Dr. Md Kamal Bin Bilal	Settlement of accounts	1,300,000	–	–	–
	Share options exercised	(1,300,000)	–		
Datuk Lo Fui Ming	Payment of account	(23)	(1,220)	–	(6)
	Settlement of accounts	44,327	241,513		
	Share options exercised	(44,310)	(241,507)		
Lo Teck Yong	Payment of account	(11)	(4,271)	–	–
	Payment on behalf	47,170			
	Settlement of accounts	180,446	980,095		
	Share options exercised	(227,605)	(980,095)		
Sim Kay Wah	Payment of accounts	–	(1,859)	–	–
	Payment on behalf	–	169		
Person connected with certain Directors of the Company:					
Lo Choon Fung @ Michelle	Payment of account	(11,998)	(6,836)	–	–
	Payment on behalf	11,998	–		
	Settlement of accounts	32,200	–		
	Share options exercised	(32,200)	–		

30. 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	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Short-term employee benefits	2,147,000	2,110,000	289,000	357,000
Other emoluments	222,994	178,194	11,000	10,000
Commissions	47,059	42,425	–	–
	2,417,053	2,330,619	300,000	367,000

Included in the key management personnel are:	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Directors' remuneration	1,728,598	1,764,318	300,000	367,000
Key management personnels' remuneration	688,455	566,301	–	–
	2,417,053	2,330,619	300,000	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 (2018: RM48,973,539) which is repayable in full in 2019 as per disclosed in Note 19 to the financial statements.

31. FINANCIAL GUARANTEES

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to a subsidiary company as disclosed in Note 26 to the financial statements with nominal amount of RM21,583,961 (2018: RM24,582,780) 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.

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32. COMMITMENTS

(a) Capital commitments

Property, plant and equipment	Group 2019 RM	Group 2018 RM
Authorised but not contracted for		
- Construction of buildings	567,219	2,598,996
- Construction of equipment	1,585,126	–
- Construction of heavy equipment	1,872,532	3,337,200
- Construction of processing plants	1,445,677	5,349,771
- Renovation	–	100,000
	5,470,554	11,385,967

(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:

	2019 RM	2018 RM
Within one year	104,406	268,089
Between one to two years	226,896	106,189
Between two to five years	235,800	244,800
After five years	1,470,000	1,542,600
	2,037,102	2,161,678

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Group	2019		2018	
Financial assets	Carrying amount RM	Financial assets measured at amortised cost RM	Carrying amount RM	Loans and receivables RM
Trade and other receivables	26,434,846	26,434,846	25,437,060	25,437,060
Cash and bank balances	11,293,483	11,293,483	5,904,850	5,904,850
Total financial assets	37,728,329	37,728,329	31,341,910	31,341,910

33. FINANCIAL INSTRUMENTS (CONT'D)

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

	2019		2018	
Company	**Carrying amount RM**	**Financial assets measured at amortised cost RM**	**Carrying amount RM**	**Loans and receivables RM**
Financial assets				
Trade and other receivables	9,842,529	9,842,529	5,645,414	5,645,414
Cash and bank balances	488,867	488,867	274,288	274,288
Total financial assets	10,331,396	10,331,396	5,919,702	5,919,702

	2019		2018	
Group	**Carrying amount RM**	**Financial liabilities measured at amortised cost RM**	**Carrying amount RM**	**Financial liabilities measured at amortised cost RM**
Financial liabilities				
Trade and other payables	9,475,761	9,475,761	7,695,957	7,695,957
Loans and borrowings	21,583,961	21,583,961	23,243,700	23,243,700
Total financial liabilities	31,059,722	31,059,722	30,939,657	30,939,657

	2019		2018	
Company	**Carrying amount RM**	**Financial liabilities measured at amortised cost RM**	**Carrying amount RM**	**Financial liabilities measured at amortised cost RM**
Financial liabilities				
Trade and other payables	5,493,339	5,493,339	680,415	680,415

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33. FINANCIAL INSTRUMENTS (CONT'D)

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

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

Trade and other receivables	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
As reflected in the Statements of Financial Position (Note 19)	27,350,149	26,306,545	9,863,529	5,666,414
Less: Prepayment	(915,303)	(869,485)	(21,000)	(21,000)
Financial assets measured at amortised cost/Loans and receivables	26,434,846	25,437,060	9,842,529	5,645,414

(b) Net gains and losses arising from financial instruments

Net gains/(losses) arising from:	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Financial assets measured at amortised cost/ Loans and receivables				
- Deposit written off	(11,428)	–	–	–
- Fair value adjustment on amount due from subsidiary company	–	–	3,309,829	3,086,137
- Impairment on financial assets	(114,987)	(7,554,000)	(7,182,925)	(57,369,486)
- Interest income	1,334	1,921	–	–
- Realised loss on foreign exchange	(295,630)	(70,680)	–	–
- Unrealised loss on foreign exchange	(361,411)	(1,570,394)	–	–
Financial liabilities measured at amortised cost				
- Interest expenses	(1,902,518)	(1,102,495)	–	–
- Realised gain on foreign exchange	97,305	70,548	–	–
- Unrealised gain on foreign exchange	280,343	15,030	–	–
	(2,306,992)	(10,210,070)	(3,873,096)	(54,283,349)

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management

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.

(i) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. 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.

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 RM21,583,961 (2018: RM24,582,780) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to the subsidiary companies.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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

2019	Gross amount RM	Impairment RM	Carrying value RM
Not past due	11,305,181	–	11,305,181
Past due:			
- less than 30 days	1,147,014	–	1,147,014
- between 31 to 60 days	1,428,648	–	1,428,648
- between 30 to 90 days	3,906,970	–	3,906,970
- more than 90 days	25,326,073	(20,074,085)	5,251,988
	31,808,705	(20,074,085)	11,734,620
	43,113,886	(20,074,085)	23,039,801

2018	Gross amount RM	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 30 to 90 days	78,359	–	78,359
- more than 90 days	32,227,745	(19,959,098)	12,268,647
	36,180,817	(19,959,098)	16,221,719
	40,794,030	(19,959,098)	20,834,932

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. The balances from these trade receivables are unsecured in nature. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year. The Directors have reviewed the recoverability of the receivables and are of the opinion that no provision is required in respect of these debts.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM11,734,620 (2018: RM16,221,719) that are past due but not impaired at the reporting date. These balances are unsecured in nature.

The Directors believe that no impairment allowance is necessary is respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables that are impaired

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.

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:

	2019		2018	
	RM	% of total	RM	% of total
Malaysia	1,306,107	6%	6,121,351	29%
Hong Kong	21,733,694	94%	14,713,581	71%
	23,039,801	100%	20,834,932	100%

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables without repayment are written off if past due for more than one (1) year and are not subject to enforcement activity.

As at reporting date, the Group has significant concentration of credit risk in the form of outstanding balances due from 4 (2018: 4) overseas customers representing 96% (2018: 93%) of total trade receivables.

(ii) 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.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

Group **2019**	**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	26,434,846	26,434,846	26,434,846	–	–
Cash and bank balances	11,293,483	11,293,483	11,293,483	–	–
Total financial assets	37,728,329	37,728,329	37,728,329	–	–
Financial liabilities					
Trade and other payables	9,475,761	9,475,761	9,475,761	–	–
Loans and borrowings					
- Bank overdrafts	6,069,644	6,069,644	6,069,644	–	–
- Hire purchase payables	9,982,697	11,118,240	3,525,847	7,592,393	–
- Revolving credit	500,000	500,000	500,000	–	–
- Term loan	5,031,620	5,031,620	5,031,620	–	–
Total financial liabilities	31,059,722	32,195,265	24,602,872	7,592,393	–
Total net undiscounted financial assets/ (liabilities)	6,668,607	5,533,064	13,125,457	(7,592,393)	–

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	25,437,060	25,437,060	25,437,060	–	–
Cash and bank balances	5,904,850	5,904,850	5,904,850	–	–
Total financial assets	31,341,910	31,341,910	31,341,910	–	–

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

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

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	5,248,729	5,248,729	–	–
Total financial liabilities	30,939,657	32,461,479	23,901,418	7,608,093	951,968
Total net undiscounted financial assets/ (liabilities)	402,253	(1,119,569)	7,440,492	(7,608,093)	(951,968)

Company **2019**	**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	9,842,529	9,842,529	9,842,529	–	–
Cash and bank balances	488,867	488,867	488,867	–	–
Total financial assets	10,331,396	10,331,396	10,331,396	–	–
Financial liabilities					
Trade and other payables	5,493,339	5,493,339	5,493,339	–	–
Total net undiscounted financial assets	4,838,057	4,838,057	4,838,057	–	–

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) 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	5,645,414	5,645,414	5,645,414	–	–
Cash and bank balances	274,288	274,288	274,288	–	–
Total financial assets	5,919,702	5,919,702	5,919,702	–	–
Financial liabilities					
Trade and other payables	680,415	680,415	680,415	–	–
Total net undiscounted financial assets	5,239,287	5,239,287	5,239,287	–	–

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

(iii) 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)	
Effects on profit after taxation	**2019 RM**	**2018 RM**
Increase of 25bp (2018: 25bp)	(12,596)	(16,175)
Decrease of 25bp (2018: 25bp)	12,596	16,175

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iv) 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 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:

2019	**Renminbi RM**	**Hong Kong Dollar RM**	**United States Dollar RM**	**Total RM**
Financial assets				
Trade and other receivables	24,657,898	–	–	24,657,898
Cash and bank balances	21,721	51,905	–	73,626
	24,679,619	51,905	–	24,731,524
Financial liabilities				
Trade and other payables	(393,020)	(27,476)	(28,100)	(448,596)
Net financial assets/ (liabilities) held in non-functional currencies	24,286,599	24,429	(28,100)	24,282,928

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iv) Foreign currency risk (Cont'd)

2018	Renminbi RM	Hong Kong Dollar RM	United States Dollar RM	Total RM
Financial assets				
Trade and other receivables	29,971,531	–	–	29,971,531
Cash and bank balances	24,318	27,282	–	51,600
	29,995,849	27,282	–	30,023,131
Financial liabilities				
Trade and other payables	(398,603)	(5,279)	(99,017)	(502,899)
Net financial assets/(liabilities) held in non-functional currencies	29,597,246	22,003	(99,017)	29,520,232

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

Effects on profit after taxation	Increase/(Decrease) 2019 RM	2018 RM
RMB/RM		
Strengthened by 5% (2018: 5%)	469,738	1,124,695
Weakened by 5% (2018: 5%)	(469,738)	(1,124,695)
HKD/RM		
Strengthened by 10% (2018: 5%)	484,593	1,672
Weakened by 10% (2018: 5%)	(484,593)	(1,672)
USD/RM		
Strengthened by 10% (2018: 5%)	(1,068)	(7,525)
Weakened by 10% (2018: 5%)	1,068	7,525

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:

2019 **Non-financial asset**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Biological assets				
- Fishery livestocks	151,679,312	–	–	151,679,312

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

There were no transfers between the levels during the year.

Fair value measurements using significant unobservable inputs

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

Description of unobservable inputs	**2019**	**2018**
Mortality rates	0.01% to 10.63%	0.02% to 15.44%
Price per kg	RM52 to RM151	RM53 to RM154

Relationship of unobservable inputs to fair value

(i) ncrease 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 2019, with all other variables held constant, the Group'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 RM1,563,644 (2018: RM1,912,900) higher or lower; and

(ii) A mortality rate increase/decrease of 1% would have been a change of RM7,755,796 (2018: RM31,771,918) 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 carrying amount of the variable rate term loan approximated its fair value as the instrument bears interest at variable rates.

The fair values of amount due from subsidiary company, 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.

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.

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.

35. CAPITAL MANAGEMENT (CONT'D)

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Loans and borrowings	21,583,961	23,243,700	–	–
Less: Cash and bank balances	11,293,483	5,904,850	488,867	274,288
Net debt	10,290,478	17,338,850	–	–
Total equity	300,126,695	289,716,040	105,433,025	109,059,363
Gearing ratio	0.03	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.

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

36. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

	Aquaculture operations		Mining operations		Adjustments and elimination		Per consolidated financial statements	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Revenue								
External customers	25,675,080	22,219,204	39,376,640	–	–	–	65,051,720	22,219,204
Results								
Interest income	1,334	1,921	–	–	–	–	1,334	1,921
Depreciation and amortisation	5,662,288	6,646,502	3,964,491	1,524,134	(16,070)	(2,996)	9,610,709	8,167,640
Segment (loss)/profit	(4,214,833)	35,045,015	8,700,149	(4,526,066)	(104,690)	(2,996)	4,380,626	30,515,953
Assets								
Additions to non-current assets	311,178	2,098,351	14,538,565	32,034,609	–	(80,350)	14,849,743	34,052,610
Segment assets	332,821,067	387,973,176	53,024,744	40,289,866	(27,141,462)	(77,893,340)	358,704,349	350,369,702
Liabilities								
Segment liabilities	181,798,398	173,049,160	45,889,318	40,064,632	(169,110,062)	(152,460,130)	58,577,654	60,653,662

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:

	2019 RM	2018 RM
Property, plant and equipment	14,849,743	34,052,610

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

	2019 RM	2018 RM
Tax recoverable	85,579	127,338

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

	2019 RM	2018 RM
Deferred tax liabilities	22,300,009	25,700,701
Loans and borrowings	21,583,961	23,243,700
	43,883,970	48,944,401

(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	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	40,857,473	1,655,221	160,977,178	159,243,507
Hong Kong	24,194,247	20,563,983	–	140,639
	65,051,720	22,219,204	160,977,178	159,384,146

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019
(cont'd)

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:

	2019 RM	2018 RM
Property, plant and equipment	67,419,709	62,196,121
Intangible assets	92,905,593	96,133,664
Biological assets	651,876	1,054,361
	160,977,178	159,384,146

(iii) Major customers

Revenue from 3 (2018: 4) major customers amounted to RM56,722,050 (2018: RM20,563,983) arising from sale of adult fish, gold and silver.

BAHVEST RESOURCES BERHAD
(649504-D)
(formerly known as Borneo Aqua Harvest Berhad)
(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 **BAHVEST RESOURCES BERHAD** (649504-D) *(formerly known as Borneo Aqua Harvest Berhad)* 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 Fifteenth Annual General Meeting of the Company to be held at Livingston Hotel, Hall I, Level 2, Mile 4, Jalan Utara, 90000 Sandakan, Sabah on Friday, 30 August 2019 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:-

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

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 ...., 2019

____
Signature / Seal of Member

Notes:

a) *Only members whose names appear on the Record of Depositors as at 26 August 2019 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

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AFFIX
STAMP

BAHVEST RESOURCES BERHAD
(649504-D)
(formerly known as Borneo Aqua Harvest Berhad)
c/o Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

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BAHVEST RESOURCES BERHAD

(649504-D)

(Formerly Known As Borneo Aqua Harvest Berhad)

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