BORNEO OIL

ANNUAL REPORT 2011

BORNEO OIL

Annual Report 2011

Borneo Oil Berhad (121919-H) **Incorporated in Malaysia**

BORNEO OIL

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Abd. Hamid Bin Ibrahim	*(Non-Independent & Non-Executive Director)*
Teo Kiew Leong	*(Executive Director)*
John Lee Yan Hong @ John Lee	*(Independent Non-Executive Director)*
Tan Kok Chor	*(Independent Non-Executive Director)*
Michael Moo Kai Wah	*(Independent Non-Executive Director)*

AUDIT COMMITTEE

Chairman
Tan Kok Chor
(Independent Non-Executive Director)

Member
John Lee Yan Hong @ John Lee
(Independent Non-Executive Director)

Member
Michael Moo Kai Wah
(Independent Non-Executive Director)

COMPANY SECRETARIES

Chin Siew Kim (L.S. 000982)
Chin Chee Kee (MIA 3040)

REGISTERED OFFICE

1st & 2nd Floor , Victoria Point,
Jalan OKK Awang Besar,
87007 , W.P. Labuan
Tel : 087-410509
Fax : 087-410515

REGISTRAR

Labuan Corporate Services Sdn Bhd
1st & 2nd Floor,
Victoria Point,
Jalan OKK Awang Besar,
87007, W.P. Labuan.
Tel : 087-410748
Fax : 087-410515

AUDITORS

STYL Associates (AF-1929)
Chartered Accountants
107-B, Jalan Aminuddin Baki
Taman Tun Dr. Ismail,
60000 Kuala Lumpur

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)
Hong Leong Bank Berhad (97141-X)
HSBC Bank Malaysia Berhad (127776-V)
Malayan Banking Berhad (3813-K)
RHB Bank Berhad (6171-M)

SOLICITORS

Jie Nyuk Choo & Co.
J. Ambrose & Partners
S. Vanugopal & Partners

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : BORNOIL
Stock Code : 7036

WEBSITE

www.borneo-oil.com.my

DIRECTOR'S PROFILE

Abd Hamid Bin Ibrahim
Non-Independent & Non-Executive Director

Abd Hamid Bin Ibrahim, aged 63, is a Non-Independent & Non-Executive Director of Borneo Oil Berhad. In addition, he is also appointed as the Chief Executive Officer of Borneo Oil & Gas Corporation Sdn Bhd and Borneo Energy Sdn Bhd, both wholly owned subsidiaries of Borneo Oil Berhad. He is responsible for the entire operation and performance of the companies.

With a M. Eng. in Petroleum Engineering from Heriott Watt University and an alumni of the Wharton Advanced Management Program, he has some 35 years experience in the Oil and Gas Industry, mainly with the PETRONAS Group. He joined PETRONAS in 1976 and retired in 2003 , having served in the exploration & production, petrochemicals and gas sectors. He was the MD/CEO of several PETRONAS subsidiaries for the last 12 years of his service, the last being as MD/CEO of PETRONAS Gas Berhad.

Currently, he is the director of two public listed companies, namely Muhibbah Engineering (Malaysia) Berhad and Borneo Oil Berhad.

He is also active in four NGOs, namely in cancer research (CARIF), the Malaysian Oil & Gas Services Council (MOSGC), the RESOURCE magazine of the Malaysian Petroleum Club and PETRONAS Alumni.

Raymond Teo Kiew Leong
Executive Director

Raymond Teo Kiew Leong, aged 46, obtained his college education at Graphic Design & Photography, Regent Fine Art & Design Academy, Kuala Lumpur. He has been with the Group since 1986.

Through his commitment and dedication, he progressed to become the head of the Graphic Department. With his active involvement and contribution in restaurant development, he was subsequently promoted as the Regional General Manager in 2003, to implement the same concept in Sarawak and West Malaysia. He has worked closely with Marketing, Operations, Processing and Distribution within the Group towards achieving the Company's goals and aspirations.

In June 2005, he was appointed as a General Manager for SB Franchise Management Sdn Bhd to oversee all existing franchised restaurants and new development of Sugar Bun of franchised restaurants locally and also overseas.

He is now an Executive Director in Borneo Oil Berhad responsible for the overall running of the Group's fast food, restaurant and franchising division.

DIRECTOR'S PROFILE (cont'd)

John Lee Yan Hong @ John Lee

Independent Non-Executive Director

John Lee Yan Hong @ John Lee, 41, obtained his Diploma in Music Production and Engineering at the Fullsail Centre of Arts in Orlando, USA in 1993. Throughout his career, he has garnered vast experience in the music and entertainment industry.Having joined the Southern Pacific Hotel Group in 1991, he immediately made an impact on the industry by introducing creative events to assist the Parkroyal Chain of hotels. The hotel transformed and became known for its continuous party-fever events.

Having spent nearly a decade in various Asian Clubs and resorts , he then joined ASTRO as Hitz FM's Music Director/ Announcer in 1996. In 2001 he was commissioned by Warner Music Asia as a music producer.

John Lee Yan Hong @ John Lee is currently an independent Non-Executive Director of the Company.

Tan Kok Chor

Independent Non-Executive Director

Tan Kok Chor, aged 61, was appointed to the Board of Borneo Oil Berhad on 21st August 2001. He has more than 5 years experience in legal line which involved litigation, conveyancing and preparing legal documentation and related matters. He is also a very experienced businessman involved in property investment. He holds various directorships in several other private limited companies, incorporated in Malaysia.

Michael Moo Kai Wah

Independent Non-Executive Director

Michael Moo Kai Wah, aged 59, is a Non–Executive Director appointed to the Board of Borneo Oil Berhad on 15th January 2008. He obtained his college education at the University of Huddersfield, United Kingdom in 1977 and obtained a Higher National Diploma in Business Studies. He is currently a member of the Financial Planning Association of Malaysia.

He had more than 10 years working experience in the United Kingdom and in Malaysia in accounting, tax, audit and secretarial matters. Currently he was a Consultant on unit trusts. He is also actively involved in the various activities of private social clubs, golf clubs, societies and associations in Sabah and holding in various capacities both as a Committee member and Manager.

DIRECTOR'S STATEMENT

"Dear Shareholders,

On behalf of the Board of Directors, it gives me pleasure to present herewith the Annual Reports of Borneo Oil Berhad for the financial year ended 31 January 2011."

Over the financial year, the Group's Fast Food Operations division achieved yet another year of encouraging performance where the Group continued with the division's expansion strategy with evident success, both domestically and internationally. The Board is proud to mention that a total of five new franchised outlets were opened during the year, of which one is in overseas. The fast food franchise business today continues to be in demand and remain very much on an upward trend. A total of eight new franchised outlets are in the pipeline and are expected to be opened by August 2011.

With regards to the Group's Property Management and Operations division, there were no significant changes in its overall operations. A professional valuation exercise was carried out on the Group's investment properties during the year to determine its fair values. Arising from this exercise, the Board is pleased to inform that the change in fair value of the Group's investment properties amounting to a gain of approximately RM80 million had been recognised in the financial statements during the financial year.

As for the Group's Oil, Gas and Energy Related Businesses division, the Board had maintained its decision to consolidate its current position. Various plans and options available to the Group are presently kept in abeyance until such time when economic conditions are favourable and circumstances permit.

The Board would also wish to bring to the attention of the shareholders that substantial amounts of the Group's loans have been settled during the year. Subsequent to this, the debt-to-equity ratio of the Group now stands at 0.04 based on the audited financial statements, and is comparatively low by industry standards. This, coupled with the abovementioned change in fair value of the Group's investment properties, and subject to the Group's prospective ability to achieve operational profitability in the forthcoming years, will place the Group in a much stronger financial position in the years ahead.

In addition to all the positive measures and steps being undertaken to improve the Group's existing businesses, the Board will continue in its effort to look for any other viable business ventures to broaden the Group's earning base.

On behalf of the Board, I would like to express my deep gratitude and 'thank-you' to all our valued shareholders, management team, staff members and all other parties associated with us who have in one way or another contributed to our Group's strive to move forward for another year, and also for many more years to come.

Many thanks.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Borneo Oil Berhad fully recognises and appreciates the importance and continuing process of adopting and exercising high standards of good corporate governance as laid out from the recommendations of the Malaysian Code On Corporate Governance ("code") and continuously strives to achieve the Principles and Best Practices as recommended in the Code.

The Board is committed to ensure that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance whilst taking into account the interests of other stakeholders.

The Company has continuously applied the principles of the Code and extent of compliance with the Best Practices in Corporate Governance as set out in the Malaysian Code On Corporate Governance pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad for the financial year ended 31 January 2011 as follows:

A. BOARD OF DIRECTORS

(i) Board's Responsibilities

The Board of Directors of Borneo Oil Berhad takes full responsibility for the success and performance of the Group. Its role is to exercise leadership, guide the Company on its short and long term goals, providing advice and directions on management and business development issues and also to provide sound judgement in directing the Group to achieve sustainable growth and act in the best interests of the shareholders.

It focuses mainly on the Group's responsibilities as follows:

- reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- identifying principal risks and ensuing the implementation of appropriate systems to manage these risks.
- reviewing and adopting a strategic business plan for the Group.
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.

ii) Board Composition and balance

The Board has five(5) members for the financial year ended 31 January 2011 which comprises of:

- one (1) Executive Director,
- one (1) Non-Independent & Non-Executive Director,
- three (3) Independent Non-Executive Directors.

The Directors have a wide range of expertise as well as significant experience in financial, commercial and management which is vital for the successful performance of the Board. A brief profile of each Director is presented in the Profile of the Board of Directors.

The Independent Non-Executive Directors are drawn from a range of business and other background. They offer unbiased independent view, advice and judgement in the best interests of not only the Group but also employees, shareholders and other stakeholders in which the Group conducts its business. They also serve as a check and balance to carry sufficient weight in Board decisions. They are independent of the management and major shareholders and are free to exercise their independent judgement.

(iii) Board Meetings

Board meetings are conducted on a regular basis with matters addressed by way of circular resolutions and additional meetings held as and when necessary. The meetings are scheduled in advance before the end of the financial year to enable the Directors to plan accordingly, to fit the Board meetings into their schedules.

During the financial year ended 31 January 2011, the Board conducted meetings to review and discuss on the Group's financial results, corporate development, strategic decisions, business plans, operational issues and compliance matters and also to approve on the quarterly reports and annual financial statements. Board papers were delivered in advance to facilitate informed decision making. The Board also discussed reports from Audit Committee and proposals by the Management that require the Board's approval. All directors fulfilled the requirements of the Articles of Association in respect of board meeting attendance.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(iii) Board Meetings (cont'd)

The summary of attendance of each director at the board meetings held during the financial year are as follows:-

Names Of Directors	No. of meetings attended
Abd Hamid Bin Ibrahim	9
John Lee Yan Hong @ John Lee	13
Teo Kiew Leong	10
Tan Kok Chor	14
Michael Moo Kai Wah	16

The Board has also delegated certain responsibilities to the Audit Committee, which operates within clearly defined terms of reference. The Chairman of this Committee reports the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the board meetings.

(iv) Supply Of Information to the Board

The Board members were presented with comprehensive information in a timely and appropriate quality concerning the performance and financial status of the Company to enable them to discharge their duties in making fully informed decision at all Board Meetings.

All directors have full and unrestricted access to further information which they may require in discharging their duties including seeking independent professional advice and services of the Company Secretaries and external auditors.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office. Besides Board Meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors Resolutions.

(v) Appointment and Re-election of Directors

The Articles of Association of the Company provide that at least one-third (1/3) of the Board members are required to retire at every Annual General Meeting and be subject to re-election by shareholders and this means that all Directors shall stand for re-election at least once every three(3) years. Newly appointed directors shall hold office until the next following Annual General Meeting and shall then be eligible for re-election by shareholders.

(vi) Directors' Training

Recognizing the demands of their role as Directors, the Directors of the Company continue to equip themselves with the relevant professional advancement particularly in the corporate regulatory developments and current developments of the industry. The Directors have attended and successfully completed the Mandatory Accreditation programme and Continuing Education Programme ("CEP") as required by Bursa Malaysia Securities Berhad.

The Directors recognizes the need and are encouraged to attend briefings and seminars to keep abreast with current developments in the industry as well as any changes in new laws and regulations.

(vii) Audit Committee

The Audit Committee currently comprises of three (3) independent Non-Executive Directors. They have attended and held four (4) meetings during the financial year ended 31 January 2011. The functions and activities carried out by the Audit Committee during the year under review are contained in the Audit Committee Report.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

B. DIRECTORS' REMUNERATION

(i) Level and Make-up of remuneration

The objective of the Company's policy on Director's remuneration is to attract and retain the Directors of the caliber needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

(ii) Remuneration Procedure

The determination of remuneration packages of the directors is decided by the Board as a whole.The Directors are paid certain fees which are approved annually by the shareholders. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

Each individual Director is abstained from making Board decision on his own remuneration package.

(iii) Remuneration Package

The aggregate remuneration of the Directors are categorized into the appropriate components for the financial year ended 31 January 2011 as follows:-

Category of Directors	Fees (RM)
Executive Director	137,000
Non-Executive Directors	156,000
Total	293,000

The number of Directors whose total remuneration falls within the respective bands for the financial year ended 31 January 2011 is as follows:-

Range of Remuneration	Number of Directors Executive Directors	Number of Directors Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	-

C. SHAREHOLDERS' COMMUNICATION

(i) Dialogue between Company and Investors

The Board recognises the importance of maintaining effective communication with shareholders, stakeholders and the public and therefore acknowledges the need for shareholders to be informed of all development, events and business matters affecting the Company.

In addition, the annual report and announcements through Bursa Malaysia Securities Berhad and circulars are the substantial means of communicating with all the shareholders.

The Company's website at **www.borneo-oil.com.my** is used as a forum to communicate with shareholders and investors and to provide information on the Group's business activities. Announcements to Bursa Malaysia on corporate news, quarterly results and annual report, that contain current and historical information are also accessible to shareholders.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

C. SHAREHOLDERS' COMMUNICATION (cont'd)

(ii) The Annual General Meeting

The Annual General Meeting (AGM) is the principal avenue for dialogue and interaction with the shareholders, where they may seek clarifications on the Group's performance, major developments of the Group as well as on the resolutions being proposed. The Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements and information on the Audit Committee and the Board of Directors, is sent to all shareholders on a timely basis.

The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. Members of the Board, as well as the External Auditors of the Company and Senior Management are present to respond to all questions raised by the shareholders at the meeting. Status of all resolutions proposed at the Annual General Meeting is submitted to Bursa Malaysia at the end of the meeting day.

D. ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Directors are responsible for ensuing that the financial statements as drawn up are in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the annual financial statements and quarterly announcements of its results, the Company used appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also ensure that the financial statements present a fair and understandable assessment of the Company's position and prospects. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to the release to Bursa Malaysia Securities Berhad and Securities Commission.

(b) Internal Control

The Statement on Internal Control provides an overview of the state of internal controls within the Group.

(c) Relationship with Auditors

The Board through the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors in seeking their professional advice and towards ensuing compliance with the accounting standards and statutory requirements.

The Audit Committee has been accorded the power to communicate directly with both the external and internal auditors.

OTHER DISCLOSURES

Share Buy-Back
The Company had obtained its shareholders' approval at the Extraordinary General Meeting to buy back shares of the Company. However, the Company has not conducted any share buy back for the financial year ended 31 January 2011.

Options, Warrants or Convertible Securities
No options , warrants or convertible securities had been converted to ordinary shares during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
During the financial year , the Group did not sponsor any ADR or GDR programme.

Non-Audit Fees
Non-audit fees amounting to RM106,635.00 were paid to the external auditors for the services rendered in connection with the audit for the financial year ended 31 January 2011.

Profit Guarantees
There were no profit guarantees given by the Group during the financial year ended 31 January 2011.

Variance in results
There were no variances of 10% or more between the audited results for the financial year and the unaudited results previously announced.

COMPLIANCE TO THE CODE

The Board of Directors of Borneo Oil Group is of the opinion that the Group is in compliance with the principles of and best practices in corporate governance throughout the financial year ended 31 January 2011.

AUDIT COMMITTEE REPORT

The Board of Directors of Borneo Oil Berhad is pleased to present the Audit Committee report for the financial year ended 31 January 2011. The Audit Committee was established in July 1999 to act as a Committee for the Board of Directors.

MEMBERS OF THE AUDIT COMMITTEE

1.	Tan Kok Chor (Chairman)	Independent Non Executive Director
2.	John Lee Yan Hong @ John Lee (Member)	Independent Non Executive Director
3.	Michael Moo Kai Wah (Member)	Independent Non Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. OBJECTIVES

The principal objectives of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the accounting and reporting practices of the Company. In addition , the Audit Committee shall:-

1. evaluate the quality of the audits conducted by the internal and external auditors.

2. provide assurance that the financial information presented by the management is relevant, reliable and timely.

3. oversee compliance with laws and regulations and observance of a proper code of conduct, especially Paragraph 15, Part C of the Bursa Malaysia Securities Berhad ("BURSA") Listing Requirements.

2. SIZE AND COMPOSITION

The Audit Committee should comprise at least three directors, the majority of whom shall be independent non-executive members of the Board. The Committee shall elect a chairman from among its members who is an independent non-executive director. At least one member of the Audit Committee must be:

(i) a member of the Malaysian Institute of Accountants ('MIA'), or
(ii) have at least 3(three) years working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967, or
(iii) be a member of one of the associations of accountants specified by Part II of the 1st Schedule of the Accountants Act 1967.

3. MEETINGS AND ATTENDANCE

1. The Audit Committee shall meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require.

2. The quorum for each meeting shall be two (2) members of the Audit Committee , majority of whom must be Independent Non-Executive Directors.

3. The Audit Committee may regulate its own procedures in respect of the convening of meetings, the notice to be given of such meetings, the voting and proceedings thereof, the keeping of minutes and the custody, production and inspection of such minutes.

4. The Chairman of the Audit Committee shall submit a report of each meeting to the Board.

5. Other members of senior management, employees, head of internal audit or representative of the external auditors may also attend the meetings upon invitation by the Audit Committee and any questions raised shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

6. The Company Secretary shall act as the Secretary of the Audit Committee. The Secretary shall also be responsible for keeping the minutes of the meetings of the Audit Committee, circulating them to Committee members and to other members of the Board of Directors and for following up outstanding matters.

AUDIT COMMITTEE REPORT (cont'd)

4. AUTHORITY

The Audit Committee shall have unlimited access to all information and documents, to the internal and external auditors and to senior management of the Company.

The Audit Committee is authorized by the Board of Directors to:

(i) investigate any activity within its terms of reference;
(ii) seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee;
(iii) obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
(iv) be able to promptly report such matter to Bursa Malaysia Securities Berhad where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

5. REPORTING

The Audit Committee shall report to the Board of Directors either formally in writing or verbally, as it considers appropriate on the matters within its terms of reference at least four(4) times a year, but more frequently if it so wishes. The Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

6. DUTIES AND RESPONSIBILITIES

Pursuant to Para 15.13 of Bursa Malaysia Securities Berhad Listing Requirements , the duties and responsibilities of the Audit Committee amongst others , comprises of : reviewing, appraising and report to the Board on:-

(i) The appointment of the External Auditors, their audit fees and in the event of their resignation or dismissal with full explanatory statements.

(ii) The adequacy of the scope, functions, competency and resources of the internal audit function and results of the internal audit procedures.

(iii) The quality and effectiveness of the entire accounting and internal control system of the Group.

(iv) The adequacy of the audit effort by both the External and Internal Auditors.

(v) The adequacy of the disclosures of information essential to give a true and fair presentation of the financial affairs of the Group.

(vi) Any material discoveries of adjustments made by the External or Internal Auditors.

(vii) The quarterly results and yearly financial statements, prior to the approval by the Board, focusing particularly on :-
   a. changes in major accounting policies and their implementation and the effects of such changes;
   b. the going concern assumptions,
   c. significant and unusual events; and
   d. compliance with accounting standards, Bursa Malaysia Securities Berhad Listing requirements and other legal requirements.

(viii) Any related party transactions and conflict of interest situation that may arise, including any transactions, procedures or course of conduct that raises questions of management integrity.

(ix) The assistance given by the employees to the External Auditors.

(x) Verification and allocation of employees' share option scheme ("ESOS") to be in compliance with the criteria as stipulated in the by-laws of ESOS of the Company.

(xi) Undertake any such other functions and responsibilities as may be agreed to by the Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT (cont'd)

7. SUMMARY OF ACTIVITIES

There were four (4) Audit Committee meetings held during the financial year ended 31 January 2011 and the details of their attendance of each Audit Committee member are as follows :

Names of Audit Committee	No. of Meetings attended
Tan Kok Chor	4
John Lee Yan Hong @ John Lee	4
Michael Moo Kai Wah	4

The activities of the Audit Committee during the financial year ended 31 January 2011 were summarized as follows :-

- Reviewed the unaudited quarterly results and financial statements of the Company and its subsidiaries and other general announcements to be released to Bursa Malaysia Securities Berhad to ensure compliance with the relevant Listing Requirements, the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia;
- Reviewed the financial statements of the Group and Company for the financial year ended 31 January 2011 with the External Auditors and discussed before it was approved by the Board;
- Reviewed and evaluated External Auditors' scope of work, proposed audit fee, audit reports and audit plan for the financial year;
- Reviewed and discussed recent developments on accounting and auditing standards issued by the Malaysian Accounting Standards Board;
- Deliberated on the Group's financial performance, business development, management and corporate issues and recommended for approvals any key business strategies and actions that may affect the Group.
- Reviewed the Internal Audit report pertaining to the state of internal control of the operating units within the Group and appraised the adequacy and effectiveness of the management's response in resolving the audit issues reported.

8. INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department which reports to the Audit Committee and also assists the Board in maintaining a sound system of internal controls to mitigate risks and to safeguard the Group's assets. The principal role of the Group's internal Audit Department is to undertake regular and systematic reviews of the system of financial and operational controls so as to ensure that the system of internal controls operates efficiently and effectively.

The Internal Audit Department focus its activities on key areas of business operations based on an internal audit plan which covers operational compliance and risk assessment of business process in the Group.

Internal audit reports, incorporating audit findings, recommendations and follow-up on corrective actions were submitted to the Audit Committee.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors of Borneo Oil Berhad is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal control of the Group during the year pursuant to paragraph 15.27 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad("Bursa") with regards to the Group's compliance with the Principles and Best Practices provisions relating to internal control as provided in the Malaysian Code on Corporate Governance("code").

Board Responsibility

The Board acknowledges its responsibility for the Group's system of internal control which includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of these systems. The Board is committed to maintaining a sound system of internal control and effective risk management policies to safeguard the shareholders' investment and its assets. The Board's responsibility in relation to the systems of internal control extends to all subsidiaries of the Group.

It is to be noted that there are inherent limitations in any system of internal control , such system of internal control put into effect by Management is only designed to manage but not eliminate all risks that may impede the achievement of the Group's business objectives. As such, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

During the year under review , Borneo Oil Berhad and its subsidiaries ("Group") continued to enhance its system of internal control and risk management in order to better quantify its compliance with the Malaysian Code on Corporate Governance and Bursa Malaysia Securities Berhad Listing Requirements.

The Board believes that the Group's system of internal control, financial or otherwise, should provide reasonable assurance regarding the achievement of objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

The Group's system of internal control can be summarised as follows:

1. Internal Audit and Risk Management

The Board acknowledges that all areas of the Group's business activities involve some degree of risk and is committed to ensure that there is effective risk management to manage risks within defined parameters and standards. The process is done on an ongoing process which is undertaken at each level of operations. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business , and policies and procedures by which these risks are managed.

Management is responsible for identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdown, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units concerned as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities.

2. Authorization Procedures

The Group has a clear definition of authorization procedures and a clear line of accountability, with strict authorization, approval and control procedures within which senior management operates. Responsibility levels are communicated throughout the Group which set out, among others, authorization levels, segregation of duties and other control procedures.

3. Authority Levels

The Group has delegated certain authority limits to the directors for which decisions were made on significant transactions. The approval of capital and revenue proposals above certain limit is reserved for decisions by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

The authority of Directors is required for decisions on key treasury matters including financing of corporate and investment funding requirements, interest rate risk management, investments, insurance and designation of authorized signatories.

STATEMENT ON INTERNAL CONTROL (cont'd)

4. Financial Performance

Interim financial results are reviewed and approved by the Audit Committee, then final approval from the Board before release to Bursa Securities. The full year's financial results and analysis of the Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

5. Internal Compliance

The Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies. Internal audit visits are systematically arranged over specific periods to monitor and scrutinize compliance with procedures and assess the integrity of financial information provided.

In addition to the risk management and internal audit function , the Board has put in place an organizational structure with clearly defined lines of responsibility and delegation of authority , allowing internal checks and balances. The Group has also developed and made available to employees an Employee Handbook that highlights policies with respect to health and safety, training, entitlements, benefits and serious misconduct.

In overseeing the Group's businesses, the Board continually strives for an appropriate balance between control and empowerment. Through the management's periodic review of performance and operational reports, as well as attending management meetings, the day-to-day affairs of the Group are closely monitored.

Regular Board meetings are held to discuss and decide on policies and major business matters, while the management Committees' discussions, briefings and meetings are held from time to time to :

(i) Monitor and assess the business performance;
(ii) Manage the operational controls;
(iii) identify , discuss and resolve financial and key management issues;
(iv) Review the risks and controls of the businesses;
(v) Deliberate on the investment proposals;
(vi) Discuss appropriate tax planning measure and plans;
(vii) Consider issues of corporate governance and business practices, and
(viii) Review and evaluate the information technology requirements and systems support of the various subsidiaries.

The proceedings of these meetings are minuted or documented in reports , memorandums and proposals submitted to the Board of the Company.

The Board's conclusion

The Board consistently believe that by maintaining a balanced achievement of its business objectives and operational efficiency it will bring about a better and more effective performance and results of the Group. As such, the Board is of the view that the system of internal controls being instituted throughout the financial year 2011 is sound and effective. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard shareholders' investment and the Group's interest and assets. No major internal control weaknesses were identified during the year under review nor have any of the reported weaknesses resulted in any material losses or contingencies requiring disclosure in the Group's Annual Report.

The statement is made in accordance with a resolution of the Board of Directors dated 15 June 2011.

STATEMENT ON DIRECTORS' RESPONSIBILITY

(Pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad).

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and Company as at 31 January 2011 and of the results and cash flows of the Group and Company for the financial year ended on that date.

The Directors are pleased to announce that in preparing the financial statements of the Group and of the Company for the financial year ended 31 January 2011, the Board has :-

- ensured compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965;
- adopted and consistently applied and implemented appropriate accounting policies, fully supported by reasonable and prudent judgements and estimates;
- ensured that all the Listing Requirements of Bursa Malaysia Securities Berhad and other statutory requirements in Malaysia have been complied with; and
- confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain proper accounting records and other registers that disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2011.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and provision of corporate and management services to the Group. All other operational activities of the Group are undertaken by respective subsidiaries and are disclosed in Note 5 to the financial statements.

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

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Net profit for the year	72,393,770	960,620
Attributable to:		
Equity holders	72,393,770	960,620
Minority interest	-	-
	72,393,770	960,620

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend for the current year.

ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued during the financial year.

RESERVES AND PROVISIONS

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

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 3 October 2006. The ESOS was implemented on 13 October 2006 and is to be in force for a period of 5 years from the date of implementation.

The main features of the ESOS and the movements in the share options for the year ended 31 January 2011 are disclosed in Note 15 to the financial statements.

DIRECTORS' REPORT (Cont'd)

INFORMATION ON THE FINANCIAL STATEMENTS

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

a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

b. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

a. 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

b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

c. 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.

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

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

a. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

b. any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 31 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown 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 company 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 recorded and disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company or its related companies was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (Cont'd)

DIRECTORS OF THE COMPANY

Directors who served on the Board of the Company since the date of the last report are as follows:

ABD. HAMID BIN IBRAHIM
JOHN LEE YAN HONG @ JOHN LEE
TAN KOK CHOR
TEO KIEW LEONG
MICHAEL MOO KAI WAH
DATO' SUHAILI BIN ABDUL RAHMAN (RESIGNED ON 17.03.2010)

In accordance with Article 96 of the Company's Article of Association, Michael Moo Kai Wah and Teo Kiew Leong retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

As recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Company Act, 1965, none of the current Directors had any interest in the shares of the Company at the end of the financial year.

WARRANT A

The Company's warrants were allotted on 19 November 2002 and listed on the Bursa Malaysia Securities Berhad on 25 November 2002. Each warrant entitles the holder the right to subscribe for one new ordinary share of RM1 each in the Company at an exercise price of RM1 per share within ten years from the date of issue. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll dated 3 October 2002.

The number of warrants issued at the date of allotment was 32,947,200. The warrants will expire on 18 November 2012. The movement of warrants during the financial year is as follows:

	Number of Warrants	
	2011	**2010**
At beginning of year	11,847,200	11,847,200
Exercised during the financial year	-	-
At end of year	11,847,200	11,847,200

WARRANT B

The Company's issued new warrants via a Renounceable Rights Issue of 53,458,666 new warrants 2008/2018 on the basis of one (1) new warrant for every three (3) existing shares held were listed on the Bursa Malaysia Securities Berhad on 5 March 2008. The issue price is at RM0.05 each. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll dated 18 January 2008.

The issue date for 53,458,666 Rights Issue of warrants was 29 February 2008. The warrants will expire on 28 February 2018. The exercise period for the warrants 2008/2018 is ten (10) years commencing from and inclusive of the date of issue of the Warrants 2008/2018. Warrants 2008/2018 which are not exercised during the exercise period shall thereafter lapse and cease to be valid.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

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

b. there has not arisen in the interval between the end of the financial year and the date of this report, any such item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

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

MICHAEL MOO KAI WAH

JOHN LEE YAN HONG @ JOHN LEE

KOTA KINABALU
DATE: 2 5 MAY 2011

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, **MICHAEL MOO KAI WAH** and **JOHN LEE YAN HONG @ JOHN LEE,** two of the Directors of BORNEO OIL BERHAD, state that, in the opinion of the Directors, the accompanying Statements of Financial Position, Comprehensive Income, Changes in Equity and Cash Flows of the Group and of the Company, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards 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 January 2011 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 30, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

MICHAEL MOO KAI WAH

JOHN LEE YAN HONG @ JOHN LEE

KOTA KINABALU
DATE: 25 MAY 2011

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, **MICHAEL MOO KAI WAH**, the Director primarily responsible for the financial management of BORNEO OIL BERHAD, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying Statements of Financial Position, Comprehenseive Income, Changes in Equity and Cash Flows of the Group and of the Company, together with the notes thereto, 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 **MICHAEL MOO KAI WAH**
at Kota Kinabalu in the State of Sabah
this day of 25 MAY 2011

MICHAEL MOO KAI WAH

Before me:

PESURUHJAYA SUMPAH
NO. A-S 023
MAIL B. AYUH
Mahkamah Sesyen
Kota Kinabalu
Sabah
MALAYSIA

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BORNEO OIL BERHAD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of BORNEO OIL BERHAD which comprise the statements of financial position of the Group and of the Company as at 31 January 2011, the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

b) we have considered the accounts and the auditors' reports of all subsidiary companies of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

d) the audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BORNEO OIL BERHAD (Incorporated in Malaysia) (Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 30 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Styl Associates

STYL ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NO: AF-1929

LEOU THIAM LAI
APPROVED COMPANY AUDITOR
TREASURY APPROVAL NO.1269/6/12(J)

KUALA LUMPUR
DATE: 25 MAY 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2011

	Note	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	11,059,995	15,512,687	102,049	171,045
Investment properties	4	131,003,195	54,016,371	-	-
Investment in subsidiary companies	5	-	-	2	2
Investment in quoted shares	6	85,360	-	-	-
Prepaid lease payments	7	17,127,052	18,716,948	-	-
Development expenditure	8	1,505,002	1,884,699	-	-
Intangible assets	9	11,833	11,833	-	-
Total non-current assets		160,792,437	90,142,538	102,051	171,047
Current assets					
Inventories	10	1,562,491	1,604,893	-	-
Trade receivables	11	3,516,765	3,442,717	-	-
Other receivables	12	5,898,435	21,666,655	284,575	13,632,738
Amount due from subsidiary companies	13	-	-	152,040,747	137,620,410
Cash and cash equivalents	14	5,311,325	5,470,861	2,212,634	2,190,955
Total current assets		16,289,016	32,185,126	154,537,956	153,444,103
Total assets		177,081,453	122,327,664	154,640,007	153,615,150
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	160,376,000	160,376,000	160,376,000	160,376,000
Reserves	16	(2,150,004)	(74,543,774)	(8,921,280)	(9,881,900)
Shareholders' equity		158,225,996	85,832,226	151,454,720	150,494,100
Non-current liabilities					
Long term borrowings	17	8,486,340	14,997,240	49,978	94,385
Deferred tax liabilities	19	188,000	223,000	-	-
Total non-current liabilities		8,674,340	15,220,240	49,978	94,385
Current liabilities					
Trade payables	20	632,410	979,964	-	-
Other payables	21	5,228,934	6,078,128	474,477	459,009
Amount due to subsidiary companies	13	-	-	2,625,269	2,535,029
Short term borrowings	17	4,072,148	14,125,423	35,563	32,627
Provision for taxation		247,625	91,683	-	-
Total current liabilities		10,181,117	21,275,198	3,135,309	3,026,665
Total liabilities		18,855,457	36,495,438	3,185,287	3,121,050
Total equity and liabilities		177,081,453	122,327,664	154,640,007	153,615,150

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2011

		GROUP		COMPANY	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue	22	21,025,493	22,395,105	2,067,696	5,454,569
Cost of sales		(12,123,272)	(10,530,862)	-	-
Gross profit		8,902,221	11,864,243	2,067,696	5,454,569
Other income	23	83,856,112	5,102,484	50,519	3,063,054
Administrative expenses		(19,558,182)	(18,367,561)	(1,135,965)	(7,132,584)
Finance costs		(891,371)	(2,610,341)	(9,030)	(19,244)
Profit/(Loss) before taxation	24	72,308,780	(4,011,175)	973,220	1,365,795
Taxation	25	84,990	(199,139)	(12,600)	(9,700)
Profit/(Loss) for the year		72,393,770	(4,210,314)	960,620	1,356,095
Attributable to:					
Equity holders of the Group		72,393,770	(4,210,314)		
Minority interest		-	-		
Profit/(Loss) for the year		72,393,770	(4,210,314)		
Profit/(Loss) per share attributable to ordinary equity holders of the Group					
- Basic (sen)	26	45.1	(2.6)		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2011

	Attributable to equity holders of the Company						
	Non distributable					Distributable	
	Share Capital RM	Share Premium RM	Warrants Reserves RM	Capital Reserves RM	ESOS Reserves RM	Accumulated Loss RM	Total Shareholders' Equity RM
GROUP							
Balance at 1 February 2009	160,376,000	24,164,992	2,672,933	15,000	45,717	(97,232,102)	90,042,540
Loss for the year	-	-	-	-	-	(4,210,314)	(4,210,314)
Balance at 31 January 2010	160,376,000	24,164,992	2,672,933	15,000	45,717	(101,442,416)	85,832,226
Profit for the year	-	-	-	-	-	72,393,770	72,393,770
Balance at 31 January 2011	160,376,000	24,164,992	2,672,933	15,000	45,717	(29,048,646)	158,225,996

	Non distributable				Distributable	
	Share Capital RM	Share Premium RM	ESOS Reserves RM	Warrants Reserves RM	Accumulated Loss RM	Total Shareholders' Equity RM
COMPANY						
Balance at 1 February 2009	160,376,000	24,164,992	45,717	2,672,933	(38,121,637)	149,138,005
Profit for the year	-	-	-	-	1,356,095	1,356,095
Balance at 31 January 2010	160,376,000	24,164,992	45,717	2,672,933	(36,765,542)	150,494,100
Profit for the year	-	-	-	-	960,620	960,620
Balance at 31 January 2011	160,376,000	24,164,992	45,717	2,672,933	(35,804,922)	151,454,720

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		72,308,780	(4,011,175)
Adjustments for:			
Allowance for doubtful debts		802,236	210,829
Allowance for doubtful debts written back		(51,864)	(3,602,147)
Amortisation of intangible assets		-	500,000
Amortisation of investment properties		-	1,334,991
Amortisation of prepaid lease rental		1,589,896	1,583,690
Bad debts written off		229,051	4,191,886
Change in fair value on investment properties		(80,033,404)	-
Depreciation		2,752,623	2,897,328
Development expenditure written off		389,697	42,188
Gain on deregistration of a subsidiary company	5(a)	-	(122,044)
Gain on disposal of investment properties		(3,054,591)	(137,568)
Goodwill written off		-	14,996
Impairment loss on investment in quoted shares		3,449,640	-
Loss/(Gain) on disposal of property, plant and equipment		294,865	(149,113)
Interest expenses		891,371	2,610,341
Interest income		(50,659)	(39,103)
Property, plant and equipment written off		55,216	27,760
Operating (loss)/profit before working capital changes		(427,143)	5,352,859
Inventories		42,402	136,608
Receivables		14,887,675	(247,535)
Payables		(1,196,748)	(689,974)
Cash generated from operations		13,306,186	4,551,958
Tax paid		(7,780)	(218)
Tax refunded		40,786	-
Interest paid		(669,174)	(1,728,186)
Net cash from operating activities		12,670,018	2,823,554
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow arising from deregistration of subsidiary company	5(a)	-	(1,538)
Additional of development expenditure		(10,000)	-
Purchase of property, plant and equipment		(367,616)	(601,331)
Purchase of investment properties		(18,472,167)	-
Acquisition of investment in quoted shares		(3,535,000)	-
Proceeds from disposal of investment properties		24,573,338	1,020,027
Proceeds from disposal of property, plant and equipment		1,761,004	187,986
Interest received		50,659	39,103
Net cash from investing activities		4,000,218	644,247
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease and hire purchase payables		(54,459)	(79,536)
Repayment of term loans		(16,775,313)	(3,346,356)
Net cash used in financing activities		(16,829,772)	(3,425,892)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(159,536)	41,909
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,470,861	5,428,952
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	5,311,325	5,470,861

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		973,220	1,365,795
Adjustments for:			
Allowance for doubtful debts written back		-	(3,024,152)
Amortisation of intangible assets		-	500,000
Bad debts written off		-	3,146,533
Depreciation		68,996	111,673
Impairment loss on investment in subsidiary companies		-	2,599,998
Interest expenses		9,030	19,244
Interest income		(50,519)	(38,902)
Operating profit before working capital changes		1,000,727	4,680,189
Receivables		13,343,343	(87,164)
Payables		15,468	32,502
Subsidiary companies		(14,330,097)	(4,540,378)
Net cash generated from operations		29,441	85,149
Interest paid		(9,030)	(19,244)
Tax paid		(7,780)	-
Net cash from operating activities		12,631	65,905
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		50,519	38,902
Net cash from investing activities		50,519	38,902
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase payables		(41,471)	(49,984)
Net cash used in financing activities		(41,471)	(49,984)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,679	54,823
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,190,955	2,136,132
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	2,212,634	2,190,955

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011

1. CORPORATE INFORMATION

The Company's principal activities are investment holding and provision of corporate and management services to the Group. All other operational activities of the Group are undertaken by respective subsidiaries and are disclosed in Note 5 to the financial statements.

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

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

The registered office of the Company is located at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007 Wilayah Persekutuan Labuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 May 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation/accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and in compliance with the provisions of the Companies Act, 1965 and Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

On 1 February 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 February 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards on FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellation
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transacations
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit, Minimum Funding Requirements and Their Interaction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation/accounting (Cont'd)

Standards and interpretations issued but not yet effective

The following accounting standards, amendments, and interpretations have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 March 2010:

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Right Issues

Effective for financial periods beginning on or after 1 July 2010:

- FRS 1, First Time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 16, FRS 2 – Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011:

- Amendments to FRS 1, First Time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemption for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

Effective for financial periods beginning on or after 1 July 2011:

- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012:

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and the Company plan to adopt the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2011 for those standards, amendments and interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011.

- from the annual period beginning on 1 January 2012 for those standards, amendments and interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation/accounting (Cont'd)

The initial applications of the aforesaid applicable standards, amendments or interpretations are not expected to have any significant financial impact to the Group's and the Company's financial statements upon their first adoption.

(b) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(c) Property, plant and equipment

(i) Recognition and measurement
Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised within "realised gains and losses" in the financial statement.

(ii) Subsequent costs
The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the financial statements as incurred.

(iii) Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Property, plant and equipment are depreciated on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

	Rate
Machinery and equipment	10 - 25 %
Furniture, fixture and fittings	5 - 20 %
Motor vehicles	10 - 20 %

Bridge under construction is not depreciated. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other property, plant and equipment. Depreciation and amortisation of other property, plant and equipment is provided on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) 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 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 or losses on the disposal of an enterprise include the carrying amount of goodwill relating to entity sold.

(e) Investment in subsidiary companies

Investments in subsidiary companies are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2 (m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the financial statements.

(f) Investment properties

(i) Investment properties carried at fair value
Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the financial statements.

(ii) Reclassifications to/from investment properties carried at fair value
When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the financial statements. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the financial statements.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value
The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(g) Investments in quoted shares

Investments in quoted shares are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the financial statements.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is measured based on a first-in, first-out (FIFO) basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with licensed banks. Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of change in value.

(j) Hire purchase and leases

(i) Finance leases
A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

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 hire purchase or lease payments at the inception of the hire purchase or lease, less accumulated depreciation and impairment losses. The corresponding liability is included in the financial statements as borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine, otherwise, the Group's incremental borrowing rate is used.

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

The depreciation policy for hire purchase or leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2 (c).

(ii) Operating leases
Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease.

The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments. The prepaid lease payments are amortised on a straight-line basis over the term of respective leases which ranges from 11 to 20 years.

(k) Patents and rights

Patents and rights are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the Group and the costs of such assets can be measured reliably.

Rights acquired for the use of certain brand names and trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the financial statements on a straight-line basis over the estimated useful life of 10 years. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (m).

(l) Deferred exploration and development expenditure

Exploration and evaluation expenditures are accumulated for each area of interest and deferred as an asset when the costs are expected to be recouped through exploitation or by sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area are continuing.

Deferred exploration and development expenditures are amortised over the economic lives of the related areas of interest from the date of commencement of production. Amortisation is determined on a production output basis.

The net carrying value of each area of interest is reviewed regularly and, to the extent this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment

(i) Financial assets
All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Non-financial assets
The carrying amounts of non-financial assets (except for inventories, assets arising from construction contract, deferred tax asset, assets arising from employee benefits, investment property, that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment (Cont'd)

(ii) Non-financial assets (Cont'd)
Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of the other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Foreign currency

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

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

Exchange difference 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 translaction 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 average exchange rates for the year, which approximates the exchange rates at the dates of the translations. 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 YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Provisions for liabilities

Provisions for liabilities are recognised when the Group have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial statements date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(p) Revenue recognition

Revenue of the Group is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Sales of goods
Revenue relating to sales of goods is recognised net of sales tax and discounts upon transfer of risks and rewards.

(ii) Revenue from fast food and restaurant operations
Revenue from fast food and restaurant operations are recognised at point of sales, net of service tax and discounts.

(iii) Franchisee fees income
Franchisee fees income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(iv) Rental income
Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(v) Management income
Management fee is recognised on an accrual basis.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the financial statements liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference 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 the accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Income tax (Cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(r) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the financial statements as incurred.

(iii) Share-based compensation

The Group's Employees' Share Option Scheme, an equity-settled, share-based compensation plan, allows the Group's employees to exercise the options granted to acquire ordinary shares of the Group. The fair value of the share options granted in exchange for the employee services received are recognised as an expense in the financial statements over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred directly to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable costs are credited to share capital (nominal value) and share premium when the options are exercised.

Details of the Group's Employees' Share Option Scheme are set out in Note 15 to the financial statements.

(s) Critical Accounting Estimates And Judgements

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

(i) Depreciation of Machinery and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the machinery 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 anticipates that the residual values of its machinery and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Critical Accounting Estimates And Judgements (Cont'd)

(ii) Income Taxes
There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its 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.

(iii) 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.

(iv) Amortisation of Development Expenditure
Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(v) Impairment of Trade and Other Receivables
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 judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(t) Financial instruments

Financial assets and financial liabilities 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 instruments.

(i) Financial Assets

Trade and other receivables, cash and cash equivalents and amount owing by related companies are measured at initial recognition at fair value, and are subsequently measured at amortised cost less impairment losses, if any.

Trade receivables are assessed for indicators of impairment at the end of each reporting period. Trade receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the trade receivables, the estimated future cash flows of the trade receivables have been impacted.

For trade receivables, objective evidence of impairment could include:

- Significant financial difficulty of the customers; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the customers will enter bankruptcy or financial re-organisation.

Trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade 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 of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the trade receivables is reduced by the impairment loss through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Financial instruments (Cont'd)

(i) Financial Assets (Cont'd)

Derecognition of Financial Assets

Financial assets are 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.

(ii) Financial Liabilities and Equity Instruments

Classification as Debt or Equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

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

Trade and Other Payables and Amount Owing to Related Companies
Trade and other payables and amount owing to related companies, are initially measured at fair value. These financial liabilities are subsequently measured at amortised cost.

Derecognition of Financial Liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

GROUP COST	Balance at 01.02.2010 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2011 RM
Machinery and equipment	15,168,990	99,952	(2,396,521)	-	12,872,421
Furniture, fixture and fittings	19,179,926	200,314	(3,764,598)	-	15,615,642
Motor vehicles	2,263,544	60,750	(9,409)	-	2,314,885
Bridge under construction	-	50,000	-	-	50,000
	36,612,460	411,016	(6,170,528)	-	30,852,948

ACCUMULATED DEPRECIATION	Balance at 01.02.2010 RM	Charge for the year RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2011 RM
Machinery and equipment	10,321,265	1,102,005	(1,987,246)	-	9,436,024
Furniture, fixture and fittings	8,631,563	1,573,581	(2,062,963)	-	8,142,181
Motor vehicles	2,146,945	77,037	(9,234)	-	2,214,748
Bridge under construction	-	-	-	-	-
	21,099,773	2,752,623	(4,059,443)	-	19,792,953

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP (Cont'd)

COST	Balance at 01.02.2009 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2010 RM
Machinery and equipment	15,076,530	15,501	(246,638)	323,597	15,168,990
Furniture, fixture and fittings	19,024,777	585,830	(61,962)	(368,719)	19,179,926
Motor vehicles	2,215,188	-	(3,400)	51,756	2,263,544
	36,316,495	601,331	(312,000)	6,634	36,612,460

ACCUMULATED DEPRECIATION	Balance at 01.02.2009 RM	Charge for the year RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2010 RM
Machinery and equipment	8,769,562	1,057,949	(191,813)	685,567	10,321,265
Furniture, fixture and fittings	7,739,498	1,660,751	(50,155)	(718,531)	8,631,563
Motor vehicles	1,932,118	178,628	(3,399)	39,598	2,146,945
	18,441,178	2,897,328	(245,367)	6,634	21,099,773

NET BOOK VALUE	2011 RM	2010 RM
Machinery and equipment	3,436,397	4,847,725
Furniture, fixture and fittings	7,473,461	10,548,363
Motor vehicles	100,137	116,599
Bridge under construction	50,000	-
	11,059,995	15,512,687

COMPANY COST	Balance at 01.02.2010 RM	Additions RM	Disposals RM	Balance at 31.01.2011 RM
Furniture, fixture and fittings	17,260	-	-	17,260
Motor vehicles	600,544	-	-	600,544
Office equipment	40,699	-	-	40,699
	658,503	-	-	658,503

ACCUMULATED DEPRECIATION	Balance at 01.02.2010 RM	Charge for the year RM	Disposals RM	Balance at 31.01.2011 RM
Furniture, fixture and fittings	5,178	1,726	-	6,904
Motor vehicles	474,140	63,200	-	537,340
Office equipment	8,140	4,070	-	12,210
	487,458	68,996	-	556,454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY (Cont'd)

COST	Balance at 01.02.2009 RM	Additions RM	Disposals RM	Balance at 31.01.2010 RM
Furniture, fixture and fittings	17,260	-	-	17,260
Motor vehicles	600,544	-	-	600,544
Office equipment	40,699	-	-	40,699
	658,503	-	-	658,503

ACCUMULATED DEPRECIATION	Balance at 01.02.2009 RM	Charge for the year RM	Disposals RM	Balance at 31.01.2010 RM
Furniture, fixture and fittings	3,452	1,726	-	5,178
Motor vehicles	368,263	105,877	-	474,140
Office equipment	4,070	4,070	-	8,140
	375,785	111,673	-	487,458

NET BOOK VALUE	2011 RM	2010 RM
Furniture, fixture and fittings	10,356	12,082
Motor vehicles	63,204	126,404
Office equipment	28,489	32,559
	102,049	171,045

(a) Included in property, plant and equipment of the Group and of the Company are motor vehicles acquired under hire purchase arrangements at net book value of RM48,605 (2010 – RM3,746) and RM4 (2010 – RM4) respectively.

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Machinery and equipment	903,486	903,486	-	-
Furniture, fixture and fittings	558,020	558,020	-	-
Motor vehicles	809,813	809,813	284,544	284,544
	2,271,319	2,271,319	284,544	284,544

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

4. INVESTMENT PROPERTIES

	GROUP	
	2011 RM	2010 RM
At beginning of year	54,016,371	56,233,821
Add: Additional during the year	18,472,167	-
Add: Change in fair value	80,033,404	-
	152,521,942	56,233,821
Less: Amotisation during the year	-	(1,334,991)
Less: Disposal during the year	(21,518,747)	(882,459)
At the end of year	131,003,195	54,016,371

Included in the above are:

	GROUP	
	2011 RM	2010 RM
Freehold land	1,712,000	1,712,000
Long term leasehold land and buildings	117,774,869	30,675,358
Short term leasehold land	7,611,731	11,014,680
Freehold condominium	3,904,595	10,614,333
	131,003,195	54,016,371

Certain investment properties of the Group with carrying amount of RM10,442,767 (2010 – RM17,152,505) are pledged to financial institutions for borrowings granted to the Group as disclosed in Note 17 to the financial statements.

Certain investment properties of the Group with carrying amount of RM43,402,038 (2010 – RM43,402,038) are registered under the name of third parties.

The short term and long term leasehold land and buildings have lease terms of 30 to 99 years.

The fair value of the Group's investment properties amounting to RM27,585,195 was determined based on market values estimated by the Directors without involvement of independent valuers, by reference to market evidence of transaction prices for similar properties and previous valuation in 2004 carried out by independent valuers. The estimated market values of the investment properties at the end of the reporting period approximated their fair values.

The estimated fair value of the Group's investment properties amounting to RM103,418,000 was based on valuations carried out by independent valuers, VPC Alliance (Sabah) Sdn. Bhd. and Henry Butcher Malaysia (Sabah) Sdn. Bhd. in October 2010, to reflect the market values. Valuations were based on current prices in an active market for all properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost	2,600,000	2,600,000
Less: Accumulated impairment losses	(2,599,998)	(2,599,998)
	2	2

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD 2011	% EQUITY HELD 2010	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Borneo Oil & Gas Corporation Sdn. Bhd.	100	100	Malaysia	Oil, gas and energy and its related businesses.
SB Partners Sdn. Bhd.	100	100	Malaysia	Investment holding.
Subsidiaries of Borneo Oil & Gas Corporation Sdn. Bhd.				
Borneo Energy Sdn. Bhd.	100	100	Malaysia	Oil, gas and energy and its related businesses.
Borneo Oil (Indonesia) Limited * @	100	100	Wilayah Persekutuan Labuan, Malaysia	Oil, gas and energy and its related businesses.
Subsidiaries of SB Partners Sdn. Bhd.				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Provision of management and marketing services.
SB Resorts Sdn. Bhd.	100	100	Malaysia	Provision of management services, catering services, operations of lodge and cafe cum entertainment and rental of equipment.
Subsidiaries of SB Franchise Management Sdn. Bhd.				
Bonushopping Sdn. Bhd.	100	100	Malaysia	Dormant.
SB Supplies & Logistics Sdn. Bhd. *(Formerly known as Sugar Bun Fast Food Centre Sdn. Bhd.)*	100	100	Malaysia	Investment holding and operating of fast food restaurants.
Applebee's Bakery Sdn. Bhd.	100	100	Malaysia	Dormant.
L & V Trading Sdn. Bhd.	100	100	Malaysia	Food processing and sales and distributions of equipment and spare parts.
SB Food Enterprise Sdn. Bhd.	100	100	Malaysia	Investment properties. Ceased business operations since August 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

NAME OF COMPANY	% EQUITY HELD 2011	2010	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Subsidiaries of SB Resorts Sdn. Bhd.				
SB Lifestyle Sdn. Bhd.	100	100	Malaysia	Investment properties.
The Borneo Bar Sdn. Bhd.	100	100	Malaysia	Dormant.
SB Rainforest Travel & Tours Sdn. Bhd.*	100	100	Malaysia	Have not commenced business operations yet.
Subsidiary of SB Supplies & Logistics Sdn. Bhd. *(Formerly known as Sugar Bun Fast Food Centre Sdn. Bhd.)*				
Segama Resources Sdn. Bhd. *(Formerly known as Strawberry Foods Sdn. Bhd.)*	100	100	Malaysia	Investment holding.
Subsidiary of Segama Resources Sdn. Bhd. *(Formerly known as Strawberry Foods Sdn. Bhd.)*				
Segama Ventures Sdn. Bhd. *(Formerly known as Strawberry Baking System Sdn. Bhd.)*	100	100	Malaysia	Dormant.

* Not audited by STYL Associates
@ Shares of subsidiary companies's results are consolidated based on management accounts as at 31 January 2011

a) On 23 April 2009, Borneo Oil (Thailand) Ltd was deregistered.

(i) The deregistration had no effect on the Group's financial results for the year.

(ii) The deregistration had the following effects on the financial position of the Group as at the end of the year:

	GROUP 2011 RM	2010 RM
Cash and bank balances	-	1,538
Other payables and accruals	-	(1)
Amount due to ultimate holding company	-	(123,581)
Net liabilities deregistered	-	(122,044)
Deregistration proceeds	-	-
Gain on deregistration to the Group	-	(122,044)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

a) On 23 April 2009, Borneo Oil (Thailand) Ltd was deregistered. (Cont'd)

(iii) Cash outflow arising from the deregistration is as follows:

	GROUP	
	2011	2010
	RM	RM
Cash consideration	-	-
Cash and cash equivalent of subsidiary deregistered	-	(1,538)
Net cash outflow to the Group	-	(1,538)

6. INVESTMENT IN QUOTED SHARES

	GROUP	
	2011	2010
	RM	RM
Non-current assets		
Available-for-sales financial assets		
Quoted shares - at cost	3,535,000	-
Less: Accumulated impairment losses	(3,449,640)	-
	85,360	-
Quoted shares - at market value	85,360	-

7. PREPAID LEASE PAYMENTS

	GROUP	
	2011	2010
	RM	RM
Prepaid lease rental	27,474,992	27,474,992
Less: Accumulated amortisation	(10,347,940)	(8,758,044)
	17,127,052	18,716,948

Include in prepaid lease payments is the Group's cost incurred in developing two locations in Kota Kinabalu belonging to a government authority and, in return, the Group is allowed to operate its business operation in these two locations for periods of between eleven to twenty years in lieu of rental payment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

8. DEVELOPMENT EXPENDITURE

	GROUP 2011 RM	GROUP 2010 RM
At beginning of year	1,884,699	1,926,887
Add: Additional during the year	10,000	-
Less: Written off	(389,697)	(42,188)
At end of year	1,505,002	1,884,699

9. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
(a) Goodwill arising on consolidation:				
At beginning of year	11,833	26,829	-	-
Less: Written off during the year	-	(14,996)	-	-
At end of year	11,833	11,833	-	-
(b) Patents and rights, at cost				
At beginning of year	5,000,000	5,000,000	5,000,000	5,000,000
Less: Accumulated amortisation	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
At end of year	-	-	-	-
Total	11,833	11,833	-	-

In the previous year, a subsidiary company, Borneo Oil (Thailand) Ltd was deregistered, and the related goodwill has been written off accordingly. The goodwill written off is included in the administrative expenses in the financial statements.

10. INVENTORIES

	GROUP 2011 RM	GROUP 2010 RM
At cost:		
Food and beverages and packing materials	1,562,491	1,262,320
At net realisable value:		
Machinery and spare parts	-	342,573
	1,562,491	1,604,893

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

11. TRADE RECEIVABLES

	GROUP	
	2011 RM	2010 RM
Trade receivables	4,653,070	4,473,708
Less: Allowance for doubtful debts	(1,136,305)	(1,030,991)
	3,516,765	3,442,717

The Group's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The ageing analysis of trade receivables as at 31 January 2011 is as follows:

	2011 RM	2010 RM
Not past due	712,819	571,380
Less than 30 days past due	10,846	34,784
more than 30 days past due	2,793,100	2,836,553
	3,516,765	3,442,717

12. OTHER RECEIVABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Prepayments	494,493	80,732	-	660
Deposits	1,036,789	4,568,060	20,217	14,867
Sundry receivables	4,819,648	16,998,226	42,442	13,390,475
Tax recoverable	244,427	71,501	221,916	226,736
	6,595,357	21,718,519	284,575	13,632,738
Less: Allowance for doubtful debts	(696,922)	(51,864)	-	-
	5,898,435	21,666,655	284,575	13,632,738

13. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

These amounts are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	3,159,325	3,334,520	66,380	95,220
Deposits with licensed banks	2,152,000	2,136,341	2,146,254	2,095,735
	5,311,325	5,470,861	2,212,634	2,190,955

The weighted average interest rates during the financial year range from 1.75% to 2.5% (2010 – 1.75% to 2.5%) per annum and the average maturities of deposits are 30 to 365 days (2010 – 30 to 365 days).

15. SHARE CAPITAL

	GROUP AND COMPANY	
	2011 RM	2010 RM
Authorised:		
500,000,000 ordinary shares at RM1 each	500,000,000	500,000,000
Issued and fully paid:		
160,376,000 ordinary shares at RM1 each	160,376,000	160,376,000

(a) The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 3 October 2006. The ESOS was implemented on 13 October 2006.

(b) The main features of the ESOS are as follows:

(i) The ESOS shall be in force for a period of 5 years from the date of the receipt of the last of the requisite approvals and may, at the discretion of the ESOS committee, be extended provided always that the initial 5 year period and such extension made shall not in aggregate exceed a duration of 10 years.

(ii) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.

(iii) The total number of shares to be issued under the ESOS shall not in aggregate exceed 15% of the issued and paid-up share capital of the Company at any point in time during the tenure of the ESOS.

(iv) The option price for each share shall be based on the weighted average market price of the shares for the 5 market days preceeding the date of offer, with a discount of not more than 10%, if deemed appropriate, or the par value of the shares, whichever is higher.

(v) No option shall be granted for less than 100 shares nor more than 3,000,000 shares to any eligible employee.

(vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of offer but before the expiry of 5 years.

(vii) The persons to whom the options have been granted have no right to participate by virtue of any share issue of any other company.

(c) There were no share options outstanding as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

16. RESERVES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable:				
Share premium	24,164,992	24,164,992	24,164,992	24,164,992
ESOS reserves	45,717	45,717	45,717	45,717
Warrants reserves	2,672,933	2,672,933	2,672,933	2,672,933
Capital reserves *	15,000	15,000	-	-
Distributable:				
Accumulated loss	(29,048,646)	(101,442,416)	(35,804,922)	(36,765,542)
	(2,150,004)	(74,543,774)	(8,921,280)	(9,881,900)

* This represents a surplus arising on revaluation of an investment.

17. BORROWINGS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Short Term Borrowings				
Secured:				
Term loans	4,023,305	14,083,363	-	-
Hire purchase and financial lease payables (Note 18)	48,843	42,060	35,563	32,627
	4,072,148	14,125,423	35,563	32,627
Long Term Borrowings				
Secured:				
Term loans	8,396,129	14,889,187	-	-
Hire purchase and financial lease payables (Note 18)	90,211	108,053	49,978	94,385
	8,486,340	14,997,240	49,978	94,385
Total Borrowings				
Term loans	12,419,434	28,972,550	-	-
Hire purchase and financial lease payables (Note 18)	139,054	150,113	85,541	127,012
	12,558,488	29,122,663	85,541	127,012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

17. BORROWINGS (Cont'd)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within 1 year	4,023,305	14,083,363	-	-
More than 1 year and less than 2 years	2,375,698	3,409,454	-	-
More than 2 years and less than 5 years	6,020,431	9,845,229	-	-
5 years or more	-	1,634,504	-	-
	12,419,434	28,972,550	-	-

The effective interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

	GROUP	
	2011 %	2010 %
Term loans	3.8 - 7.8	3.8 - 7.3

The term loans of the Group are secured by the following:

(i) First legal charge over leasehold land and buildings of the Group as disclosed in Note 4 to the financial statements;
(ii) First fixed legal charge over two parcels of lands owned by a third party;
(iii) First fixed and floating charge by way of debenture on assets of a subsidiary company;
(iv) Corporate guarantee by the Company; and
(v) Deed of assignment of all rights, interest and benefits of contract signed in respect of prepaid lease payments as disclosed in Note 7 to the financial statements.

18. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Minimum hire purchase and finance lease payments:				
Within 1 year	52,363	50,420	35,563	39,864
More than 1 year and less than 2 years	94,949	54,570	49,978	39,864
More than 2 years and less than 5 years	-	62,784	-	62,784
	147,312	167,774	85,541	142,512
Less: Future finance charges	(8,258)	(17,661)	-	(15,500)
Present value of hire purchase and finance lease liabilities	139,054	150,113	85,541	127,012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

18. HIRE PURCHASE AND FINANCE LEASE PAYABLES (Cont'd)

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Present value of hire purchase and finance lease liabilities:				
Within 1 year	48,843	42,060	35,563	32,627
More than 1 year and less than 2 years	90,211	48,613	49,978	34,945
More than 2 years and less than 5 years	-	59,440	-	59,440
	139,054	150,113	85,541	127,012
Analysed as:				
Due within 1 year	48,843	42,060	35,563	32,627
Due after 1 year	90,211	108,053	49,978	94,385
	139,054	150,113	85,541	127,012

The hire purchase and finance lease payables bore interest of between 3.8% and 8.7% (2010 – 3.8% and 8.7%) per annum.

19. DEFERRED TAX LIABILITIES

	GROUP	
	2011	**2010**
	RM	**RM**
At beginning of year	223,000	43,700
Recognised in the income statement (Note 25)	(35,000)	179,300
At end of year	188,000	223,000

This is in respect of taxation effect on temporary differences arising from capital allowance claimed on property, plant and equipment in excess of their depreciation charges.

20. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

21. OTHER PAYABLES

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Amount owing to Director	-	25,250	-	-
Accruals	574,401	1,184,649	33,000	121,673
Deposits received	470,680	554,589	185,100	185,100
Sundry payables	4,183,853	4,313,640	256,377	152,236
	5,228,934	6,078,128	474,477	459,009

The amount due to Director is unsecured, interest-free and has no fixed term of repayment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

22. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Oil, gas and energy related businesses	834	745	-	-
Sales from fast food and restaurant operations	18,892,572	16,574,242	-	-
Revenue from administrative, management and marketing services	1,622,361	1,849,786	2,067,696	1,954,569
Franchise fees	382,521	3,710,426	-	3,500,000
Rental income	127,205	259,906	-	-
	21,025,493	22,395,105	2,067,696	5,454,569

23. OTHER INCOME

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for doubtful debts written back	51,864	3,602,147	-	3,024,152
Gain on deregistration of subsidiary company	-	122,044	-	-
Gain on disposal of investment properties	3,054,591	137,568	-	-
Gain on disposal of property, plant and equipment	84,300	149,113	-	-
Gain on foreign exchange	4,303	2,008	-	-
Interest income from:				
- Held to maturity investment	50,659	39,103	50,519	38,902
Sundry income	576,991	1,050,501	-	-
Change in fair value of on investment properties	80,033,404	-	-	-
	83,856,112	5,102,484	50,519	3,063,054

24. PROFIT/(LOSS) BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for doubtful debts	802,236	210,829	-	-
Amortisation of intangible assets	-	500,000	-	500,000
Amortisation of investment properties	-	1,334,991	-	-
Amortisation of prepaid lease rental	1,589,896	1,583,690	-	-
Audit fee				
- current year	106,635	148,450	42,000	42,000
- overprovision in prior year	-	(1,848)	-	-
Bad debts written off	229,051	4,191,886	-	3,146,533
Depreciation	2,752,623	2,897,328	68,996	111,673
Development expenditure written off	389,697	42,188	-	-
Goodwill written off	-	14,996	3,426	-
Hire of motor vehicle	-	9,549	-	-
Impairment loss on investment in quoted shares	3,449,640	-	-	-
Impairment loss on investment in subsidiary companies	-	-	-	2,599,998
Interest expenses:				
- Hire purchase interest	11,765	23,614	9,030	19,244
- Late payment interest	127,025	8,941	50,519	38,902
- Term loan interest	879,606	2,586,727	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

24. PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Loss on disposal of property, plant and equipment	379,165	340	-	-
Loss on foreign exchange	145	-	-	-
Non-executive Directors' remuneration	156,000	287,500	36,000	162,500
Property, plant and equipment written off	55,216	27,760	-	-
Rental of hostel	4,200	4,200	-	-
Rental of office equipment	1,967	2,160	-	-
Rental of premises	1,276,544	871,803	35,920	7,920
and crediting the following items:				
Allowance for doubtful debts written back	51,864	3,602,147	-	3,024,152
Gain on deregistration of a subsidiary company	-	122,044	-	-
Gain on disposal of investment properties	3,054,591	137,568	-	-
Gain on disposal of property, plant and equipment	84,300	149,113	-	-
Gain on foreign exchange	4,303	2,008	-	-
Interest income	50,659	39,103	50,519	38,902
Change in fair value on investment properties	80,033,404	-	-	-

25. TAXATION

The provision for taxation for the financial year is computed at the prevailing tax rates.

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Provision for the year	12,635	44,200	12,600	9,700
Overprovision in prior years	(62,625)	(24,361)	-	-
Deferred taxation (Note 19)	(35,000)	179,300	-	-
	(84,990)	199,139	12,600	9,700

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

25. TAXATION (Cont'd)

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) before taxation	72,308,780	(4,011,175)	973,220	1,365,795
Taxation at the Malaysian statutory tax rate of 25%	18,077,195	(1,002,794)	243,305	341,449
Income not subject to tax	(22,227,701)	(931,860)	-	(756,038)
Expenses not deductible for tax purposes	4,224,258	2,410,639	91,874	882,821
Deferred tax assets not recognised on:				
- Unabsorbed tax losses	263,744	366,106	-	-
Utilisation of previously unrecognised unabsorbed tax losses	(359,861)	(475,860)	(322,579)	(458,532)
Utilisation of previously unrecognised unutilised capital allowances	-	(99,031)	-	-
Overprovision in prior years:				
- Malaysian tax	(62,625)	(24,361)	-	-
- Deferred tax	-	(43,700)	-	-
Tax expense for the year	(84,990)	199,139	12,600	9,700

The Group and the Company have not recognised deferred tax assets in respect of the following items:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Unabsorbed tax losses	37,577,264	39,344,868	3,264,000	7,564,000
Unutilised capital allowances	12,718,284	12,394,553	-	-
	50,295,548	51,739,421	3,264,000	7,564,000

The unabsorbed tax losses and unutilised of capital allowances are available for offset against future taxable profits of the subsidiary and Company in which those items arose. These amounts are subject to agreement by the Inland Revenue Board.

The Company has tax credit of approximately RM5,578,984 (2010 – RM5,578,984) under Section 108 of the Income Tax Act, 1967 to frank payment of future dividends. This is subject to agreement by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

26. PROFIT/(LOSS) PER SHARE

(a) Basic:

Basic profit/(loss) per share is calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2011	2010
Profit/(Loss) for the year (RM)	72,393,770	(4,210,314)
Weighted average number of ordinary shares in issue	160,376,000	160,376,000
Basic profit/(loss) per share (sen)	45.1	(2.6)

(b) The effects on the basic profit/(loss) per share for the current financial year arising from the assumed exercise of warrants are anti-dilutive. Accordingly, diluted profit/(loss) per share for the current year has not been presented.

27. STAFF COSTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries	2,775,785	2,208,970	75,900	64,800
E.P.F. and Socso contributions	252,782	252,618	16,216	16,216
Other staff related expenses	121,514	107,038	11,890	20,585
	3,150,081	2,568,626	104,006	101,601

Included in staff costs of the Group and of the Company are executive Directors' remuneration amounting to RM137,000 (2010 – RM137,900) and RM131,000 (2010 – RM136,400) respectively as disclosed in Note 28 to the financial statements.

28. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
Executive:				
Fees	137,000	137,900	131,000	136,400
Non-Executive:				
Fees	156,000	287,500	36,000	162,500
Total	293,000	425,400	167,000	298,900

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

28. DIRECTORS' REMUNERATION (Cont'd)

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

	Number of Directors	
	2011	**2010**
Executive Directors:		
Below RM50,000	2	-
RM50,001 - RM100,000	1	1
Non-Executive Directors:		
Below RM50,000	1	3
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	-	-

29. RELATED PARTY TRANSACTIONS

The related party transactions of the Company comprise the following:

	COMPANY	
	2011 **RM**	**2010** **RM**
Management fee charged to subsidiary companies	2,031,696	1,918,569

These transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Compensation of key management personnel ("KMP")
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel of the Group are executive directors of the Group.

The remuneration of key management personnel during the year was as follows:

	GROUP		COMPANY	
	2011 **RM**	**2010** **RM**	**2011** **RM**	**2010** **RM**
Total KMP's remuneration	593,304	137,900	201,600	136,400

30. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and format required.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

30. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS OR LOSSES (Cont'd)

The breakdown of accumulated losses of the Group and the Company as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

	GROUP 2011 RM	COMPANY 2011 RM
Total accumulated losses of the Company and its subsidiaries		
- Realised	(128,951,695)	(35,804,922)
- Unrealised	79,818,404	-
	(49,133,291)	(35,804,922)
Add: Consolidation adjustments	20,084,645	-
Accumulated losses	(29,048,646)	(35,804,922)

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on 25 March 2010.

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

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

31. CONTINGENT LIABILITIES

	COMPANY 2011 RM	COMPANY 2010 RM
Unsecured:		
Corporate guarantees given to banks and other financial institutions for credit facilities granted to subsidiary companies	14,646,490	32,030,280

32. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	Loan and Receivables			
	GROUP		COMPANY	
Financial Assets	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	3,516,765	3,442,717	-	-
Other receivables	5,898,435	21,666,655	284,575	13,632,738
Amount due from subsidiary companies	-	-	152,040,747	137,620,410
Cash and cash equivalents	5,311,325	5,470,861	2,212,634	2,190,955
	14,726,525	30,580,233	154,537,956	153,444,103

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

	Amortised Cost			
	GROUP		COMPANY	
Financial Liabilities	**2011 RM**	**2010 RM**	**2011 RM**	**2010 RM**
Trade payables	632,410	979,964	-	-
Other payables	5,228,934	6,078,128	474,477	459,009
Amount due to subsidiary companies	-	-	2,625,269	2,535,029
Term loans	12,419,434	28,972,550	-	-
Hire purchase payables	139,054	150,113	85,541	127,012
	18,419,832	36,180,755	3,185,287	3,121,050

(b) Financial Risk Management Policies

The Group has to ensure that it has sufficient financial resources to complement its human resources capabilities and inherent strengths in distribution coverage and brand strengths for further market expansion within the country and even overseas. The financial risk management policy has to allow for sufficient cash and capital flows for operational efficiencies while minimising interest rates on borrowings, and managing liquidity and credit risks. The Board acts as the controlling body that best ensures there are no speculative transactions by providing stringent guidelines and procedures for Management to follow.

(i) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the financial statements date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	2-5 years RM	More than 5 years RM	Total RM
At 31 January 2011						
Group						
Deposits with licensed bank						
Short term placements	14	2.75	2,152,000	-	-	2,152,000
Fixed rate						
Term loans	17	6.45	4,023,305	8,396,129	-	12,419,434
Hire purchases	18	4.23	48,843	90,211	-	139,054

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial Risk Management Policies (Cont'd)

(i) Interest Rate Risk (Cont'd)

	Note	WAEIR %	Within 1 year RM	2-5 years RM	More than 5 years RM	Total RM
At 31 January 2010						
Group						
Deposits with licensed bank						
Short term placements	14	1.90	2,136,341	-	-	2,136,341
Fixed rate						
Term loans	17	6.28	14,083,363	13,254,683	1,634,504	28,972,550
Hire purchases	18	2.25	42,060	108,053	-	150,113

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practice prudent liquidity risk management by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows. The Group's and the Company's operations are financed mainly through equity and retained earnings.

The table below summarises the maturity profile of the Group and the Company's financial liabilities at 31 January 2011 and 31 January 2010, based on contractual undiscounted cash flows.

	GROUP			
At 31 January 2011	**Within 1 year RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total RM**
Trade payables	632,410	-	-	632,410
Other payables and accruals	5,228,934	-	-	5,228,934
Term loans	4,023,305	8,396,129	-	12,419,434
Hire purchase payables	48,843	90,211	-	139,054
	9,933,492	8,486,340	-	18,419,832

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial Risk Management Policies (Cont'd)

(ii) Liquidity Risk (Cont'd)

	COMPANY			
At 31 January 2011	**Within 1 year RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total**
Trade payables	-	-	-	-
Other payables and accruals	474,477	-	-	474,477
Term loans	-	-	-	-
Hire purchase payables	35,563	49,978	-	85,541
	510,040	49,978	-	560,018

	GROUP			
At 31 January 2010	**Within 1 year RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total RM**
Trade payables	979,964	-	-	979,964
Other payables and accruals	6,078,128	-	-	6,078,128
Term loans	14,083,363	13,254,683	1,634,504	28,972,550
Hire purchase payables	42,060	108,053	-	150,113
	21,183,515	13,362,736	1,634,504	36,180,755

	COMPANY			
At 31 January 2010	**Within 1 year RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total RM**
Trade payables	-	-	-	-
Other payables and accruals	459,009	-	-	459,009
Term loans	-	-	-	-
Hire purchase payables	32,627	94,385	-	127,012
	491,636	94,385	-	586,021

(iii) Credit Risk

The Group is exposed to credit risk mainly from receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

The Group's exposure to credit risk in relation to its receivables, should all its customers fail to perform their obligations as at year end, is the carrying amount of these receivables as disclosed in the financial statements.

The Group places its fixed deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial Risk Management Policies (Cont'd)

(iv) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through purchases and undertakes transactions with associated company that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily in United States Dollar, Indonesia Rupiah, Thai Baht and Singapore Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

	Net financial assets/(financial liabilities) <-- held in non-functional currency -->				
Functional Currency	**United States Dollar RM**	**Singapore Dollar RM**	**Indonesia Rupiah RM**	**Brunei Dollar RM**	**Total RM**
At 31 January 2011					
Group					
Trade and other receivables					
Ringgit Malaysia	44,659	-	-	44,655	89,314
Trade and other payables					
Ringgit Malaysia	-	195,591	98,592	-	294,183
Investment in quoted shares					
Ringgit Malaysia	85,360	-	-	-	85,360
At 31 January 2010					
Group					
Trade and other receivables					
Ringgit Malaysia	3,574,102	-	-	14,633	3,588,735
Trade and other payables					
Ringgit Malaysia	-	195,591	98,592	-	294,183
Investment in quoted shares					
Ringgit Malaysia	-	-	-	-	-

(v) Market Risk

The Group's principal exposure to market risk arises from quoted investments held for long term purposes. The Group manages its market risk by continuously monitoring the performance and market price of the quoted shares.

(c) Fair Values

It is not practical to estimate the fair values of amounts due from/to subsidiary companies mainly due to the absence of fixed repayment terms. However, the Group does not expect the carrying amounts recorded at the balance financial statements to be significantly different from the values that would eventually be received or settled.

The carrying amounts of the financial assets and financial liabilities as reported in the statements of financial position as of 31 January 2011 approximate their fair values because of the immediate or short maturity terms of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

(d) Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt convenants and regulatory requirements.

The debt-to-equity ratios as at 31 January 2010 and as at 31 January 2011 were as follows:

	GROUP	
	2011 RM	2010 RM
Total borrowings (Note 17)	12,419,434	28,972,550
Less: Cash and cash equivalents (Note 14)	(5,311,325)	(5,470,861)
Net debt	7,108,109	23,501,689
Total equity	158,225,996	85,832,226
Debt-to-equity ratio	0.04	0.27

There were no changes in the Group's approach to capital management during the year.

33. MATERIAL LITIGATIONS

(a) There is a legal suit against the Company and, its subsidiaries (Sugar Bun Fast Food Centre Sdn. Bhd. and SB Franchise Management Sdn. Bhd.) by Positive Triumph Sdn. Bhd., Sinar Sterling Sdn. Bhd., Domain Delight Sdn. Bhd. and Eight Tower Sdn. Bhd. for a sum of RM4,195,138 being the amount expended by them and claim for damages pursuant to the agreements entered with them. The Company and the subsidiary companies had, in return, filed a counter claim of RM1,018,918 against them pertaining to the same. On the other hand, two separate suits against Sinar Sterling Sdn. Bhd. in which judgments have been obtained against it for unsatisfied debts and a winding-up order had already been obtained against the said company. The Company and its subsidiaries are in the process of initiating legal suits against the guarantors.

34. SEGMENTAL INFORMATION

(a) Business segments

The Group is organised into four major business segments:

i) Head office and others
ii) Fast food operations
iii) Management and operations of properties
iv) Oil, gas and energy related businesses

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Geographical segments

Segmental reporting by geographical location has not been prepared as the Group's operations are only carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011 (Cont'd)

34. SEGMENTAL INFORMATION (Cont'd)

	Head Office and Others		Fast Food Operations		Management and Operations of Properties		Oil, Gas and Energy Related Businesses		Elimination		Consolidated	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
Revenue and Expenses												
Revenue												
External sales	36,000	3,536,000	15,746,026	14,217,582	5,242,633	4,640,778	834	745	-	-	21,025,493	22,395,105
Inter-segment sales	2,031,696	1,918,569	162,637	183,754	-	-	-	-	(2,194,333)	(2,102,323)	-	-
Total revenue	2,067,696	5,454,569	15,908,663	14,401,336	5,242,633	4,640,778	834	745	(2,194,333)	(2,102,323)	21,025,493	22,395,105
Results												
Segment results	(1,259,163)	2,146,993	(44,914)	393,946	78,953,011	(3,254,871)	(4,448,783)	(686,902)			73,200,151	(1,400,834)
Profit/(Loss) from operations											73,200,151	(1,400,834)
Finance costs, net											(891,371)	(2,610,341)
Taxation											84,990	(199,139)
Profit/(Loss) after taxation											72,393,770	(4,210,314)
Minority interest											-	-
Profit/(Loss) for the year											72,393,770	(4,210,314)
Assets and Liabilities												
Segment assets	2,719,423	16,094,103	12,057,438	15,232,881	160,049,074	84,777,491	2,255,518	6,223,189			177,081,453	122,327,664
Segment liabilities	831,926	665,709	2,323,206	12,958,088	14,895,948	22,013,468	804,377	858,173			18,855,457	36,495,438
Other information												
Capital expenditure	-	-	107,700	17,009	302,086	582,658	1,230	1,664			411,016	601,331
Depreciation	68,996	113,277	994,659	994,236	1,596,076	1,697,046	92,892	92,769			2,752,623	2,897,328
Amortisation of goodwill, intangible assets and prepaid lease rental	-	500,000	-	-	1,589,896	2,918,681	-	-			1,589,896	3,418,681

LIST OF PROPERTIES

Particulars of the Group's Properties

The properties of the Group as at 31 January 2011 and their carrying Values are indicated as follows:

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Acquisition
1	NT 013064812, Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	13.08 acres	Nil	654	3.7.2002
2	NT 013061768, Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	5.70 acres	Nil	383	3.7.2002
3	FR 014015706, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	23.15 acres	Nil	926	3.7.2002
4	NT 013068570, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	16.90 acres	Nil	676	3.7.2002
5	FR 014013462, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	15.00 acres	Nil	570	3.7.2002
6	NT 013096985, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	3.766 hectares	Nil	372	3.7.2002
7	NT 013091202, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	11.70 acres	Nil	468	3.7.2002
8	NT 013068954, Tombongon, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 2.7.2032	12.67 acres	Nil	532	3.7.2002
9	CL 015279099, Kg. Kiansom, Kota Kinabalu	Vacant land	Leasehold 99 years expiring on 31.12.2059	22.15 acres	Nil	3,987	26.12.2002
10	CL 015160102, Likas, Kota Kinabalu, Sabah	1 unit double storey detached houses at Lot 3, Lorong Pungguk Satu, Likas	Leasehold 99 years expiring on 26.1.2050	0.282 acres	10	1,308	29.3.2004
11	NT 013068589, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	6.75 acres	Nil	270	5.3.2003
12	NT 013067939, Kg Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	2.76 acres	Nil	138	5.3.2009
13	NT 013067742, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	5.65 acres	Nil	282	5.3.2003
14	NT 013064821, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	3.89 acres	Nil	194	5.3.2003
15	NT 013067751, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	12.95 acres	Nil	518	5.3.2003
16	FR 014009057, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	12.66 acres	Nil	633	5.3.2003
17	NT 014009066, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	14.59 acres	Nil	730	5.3.2003

LIST OF PROPERTIES (Cont'd)

Particulars of the Group's Properties (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Acquisition
18	NT 013068043, Kg Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	2.65 acres	Nil	106	5.3.2003
19	CL 065313804, Kg. Kundasang, Ranau, Sabah	Vacant land	Leasehold 99 years expiring on 31.12.2081	1.57 acres	Nil	160	5.3.2003
20	CL 095310071, Sg. Metah, Kinabatangan District, Sandakan	Vacant land	Leasehold 99 years expiring on 31.12.2073	100.07 acres	Nil	2,363	25.7.2008
21	CL 115379265, Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold 99 years expiring on 31.12.2086	14.41 acres	Nil	259	25.7.2008
22	NT 43163837, NT 43163784, NT 43192365, NT 43163775 & NT 43169884, Kg Sabandar, Tuaran, Sabah	Vacant land	Leasehold 30 years expiring on 31.1.2038	11.22 acres	Nil	3,226	20.7.2008
23	NT 113026305, NT 113016336, NT 113016345, NT 113016354, NT 113050392, NT 113019551, NT 113019560, NT 113019588, NT 113019579, NT 113019597 & NT 113018492, Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold 99 years expiring on 31.1.2038	161.57 acres	Nil	56,531	18.2.2008
24	NT 113018509, NT 113018527, NT 113018563, NT 113018554, & NT 113053277, Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold 99 years expiring on 31.1.2038	79.89 acres	Nil	13,649	29.2.2008
25	Approximately 43% of the undivided Share of CL 115349070, Ulu Segama, Lahad Datu	Vacant land	Leasehold 99 years expiring on 31.12.2072	92.48 acres	Nil	25,280	23.1.2009
26	NT 053047199, Kg Rukam , Kudat	Vacant land	Leasehold 30 years expiring on 14.7.2040	5.09 acres	Nil	1,850	30.7.2010
27	NT 053047297, Kg Rukam, Kudat	Vacant land	Leasehold 30 years expiring on 14.7.2040	3.36 acres	Nil	1,400	30.7.2010

Statement of Shareholdings
as at 9TH JUNE 2011

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHARE HOLDINGS	NO. OF SHARE HOLDERS	%	NO. OF SHARES	%
Less than 100	30	0.55	501	-
100 to 1,000	774	14.14	704,399	0.44
1,001 to 10,000	2,891	52.83	16,078,800	10.03
10,001 to 100,000	1,551	28.34	48,930,600	30.51
100,001 to less than 5% of issued shares	226	4.14	94,661,700	59.02
5% and above of issued shares	-	-	-	-
*** TOTAL	5,472	100.00	160,376,000	100.00

LIST OF TOP 30 SHAREHOLDERS AS AT 9TH JUNE 2011

ITEM	NAME	NO. OF SHARES	%
1	AIBB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation S/B)	3,694,000	2.30
2	WARISAN HARTA SABAH SDN BHD	3,215,000	2.00
3	YONG FOO SAN	3,204,950	2.00
4	AMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Energy Resources Investment Limited)	3,100,000	1.93
5	TAN SOH GEK	2,753,000	1.72
6	TAN SIEW HONG	2,289,300	1.43
7	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for credit Suisse)	2,250,000	1.40
8	AIBB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yayasan Pok Dan Kassim)	2,000,000	1.25
9	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Suisse)	1,824,000	1.14
10	DB (MALAYSIA) NOMINEE (ASING) SDN BHD (Pledged Securities Account for EFG Bank)	1,574,000	0.98
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Siong)	1,470,000	0.92
12	LO SUK LAN	1,373,550	0.86
13	SUHAILI BIN ABDUL RAHMAN	1,322,000	0.82
14	OSK NOMINEES (ASING) SDN BHD (Pledged Securities Account for Yiu May Kae Mavis)	1,297,000	0.81
15	H'NG CHIAU CHIN	1,228,000	0.77

Statement of Shareholdings
as at 9TH JUNE 2011 (Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 9TH JUNE 2011 (Cont'd)

ITEM	NAME	NO. OF SHARES	%
16	DB (MALAYSIA) NOMINEE (ASING) SDN BHD (Pledged Securities Account for EFG Bank (HongKong))	1,120,000	0.70
17	MAYBAN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Hong)	1,005,000	0.63
18	VICTORIA CAPITAL SDN BHD	1,000,500	0.62
19	TEW BOO SING	995,000	0.62
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Azeman Sipang)	979,600	0.61
21	KO KIM KWA	961,400	0.60
22	LOW YEW HOCK	950,000	0.59
23	YONG KOON PAN	937,000	0.58
24	KHO CHANG MING	909,300	0.57
25	HENG SIAW CHUI	905,000	0.56
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chai Bee Foon @ Chua Kuan Fung)	846,700	0.53
27	CHONG HONG JONG	738,100	0.46
28	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for See Kiew)	700,000	0.44
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account For Kong Hwa Ling)	696,000	0.43
30	MAYBAN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Siong)	696,000	0.43
		46,034,400	28.70

SUBSTANTIAL SHAREHOLDERS AS AT 9TH JUNE 2011

NAME	NO. OF SHARES HELD			
	Direct	%	Indirect	%
None of the Shareholders have more than 5% as at 9th June 2011	-	-	-	-

STATEMENT OF WARRANT A (2002/2012) HOLDINGS
as at 9TH JUNE 2011

ANALYSIS OF WARRANT A (2002/2012) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	2	0.32	100	-
100 to 1,000	73	11.59	55,100	0.47
1,001 to 10,000	343	54.44	1,719,600	14.51
10,001 to 100,000	191	30.32	6,463,500	54.56
100,001 to less than 5% of issued warrants	21	3.33	3,608,900	30.46
5% and above of issued warrants	-	-	-	-
*** TOTAL	630	100.00	11,847,200	100.00

LIST OF TOP 30 WARRANT A (2002/2012) HOLDERS AS AT 9TH JUNE 2011

	NAME	No. of Warrants	%
1	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ravindran Sivasubramaniam)	353,300	2.98
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ravindran Sivasubramaniam)	278,100	2.35
3	CIMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Jarsuma Investments Ltd)	240,000	2.03
4	VICTORIA CAPITAL SDN BHD	221,800	1.87
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chin Lee Choon)	220,000	1.86
6	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD (Kim Eng Securities Pte Ltd for Chua Chwee Chye)	212,900	1.80
7	HDM NOMINEES (ASING) SDN BHD (DBS Vickers Secs(s) Pte Ltd For Phuay Yong Hen)	200,000	1.69
8	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for HSBC Private Bank (Suisse))	184,000	1.55
9	OOI CHENG ENG	170,000	1.43
10	MOHD HADI BIN MOHAMED ANUAR	158,600	1.34
11	WONG SIEN NGIK	155,000	1.31
12	HDM NOMINEES (ASING) SDN BHD (UOB Kay Hian Pte Ltd for Kundadak Ramesh Kudva)	140,000	1.18
13	BHLB TRUSTEE BERHAD (Pledged Securities Account for EPF Investment)	135,300	1.14
14	AYAZ AHMAD BIN MOHAMED SALLEH KHAN	129,200	1.09
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Khow Pow Chuan)	127,800	1.08

STATEMENT OF WARRANT A (2002/2012) HOLDINGS
as at 9TH JUNE 2011 (Cont'd)

LIST OF TOP 30 WARRANT A (2002/2012) HOLDERS AS AT 9TH JUNE 2011 (Cont'd)

	NAME	No. of Warrants	%
16	KENANGA NOMINEES (ASING) SDN BHD (Pledged Securities Account for Phillip Securities Pte Ltd)	121,100	1.02
17	CHUAH TEONG AUNG	120,000	1.01
18	HDM NOMINEES (ASING) SDN BHD (Pledged Securities Account for Jerome Chua Chwee Meng)	120,000	1.01
19	AFFIN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Chee Kean)	110,000	0.93
20	LIM LEE CHIN @ LING LEE CHIN	107,000	0.90
21	U YONG DOONG @ U SUNG KWI	104,800	0.88
22	CHIA YONG KIANG	100,000	0.84
23	KEE NGENG HONG	100,000	0.84
24	QUAH CHOO HUEG	100,000	0.84
25	SITI ZAHARAH BINTI MOHD SHAH	100,000	0.84
26	WONG YOU HEN	100,000	0.84
27	LIM SIEW WAN	96,500	0.81
28	CHE NORDIN BIN YIEH	90,000	0.76
29	KHOO SUI CHUAN @ KHOO SWEE CHUAN	90,000	0.76
30	LIM TEIK CHOON	88,200	0.74
		4,473,600	37.72

SUBSTANTIAL WARRANT A (2002/2012) HOLDERS AS AT 9TH JUNE 2011

Name	No. Of Warrants	%
None of the warrant A Holders have more than 5% as at 9th June 2011	-	-

STATEMENT OF WARRANT B (2008/2018) HOLDINGS
as at 9TH JUNE 2011

ANALYSIS OF WARRANT B (2008/2018) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	90	4.64	3,931	0.01
100 to 1,000	363	18.71	235,056	0.44
1,001 to 10,000	776	40.00	4,103,361	7.68
10,001 to 100,000	625	32.22	21,637,154	40.47
100,001 to less than 5% of issued warrants	86	4.43	27,479,164	51.40
5% and above of issued warrants	-	-	-	-
*** TOTAL	1,940	100.00	53,458,666	100.00

LIST OF TOP 30 WARRANT B (2008/2018) HOLDERS AS AT 9TH JUNE 2011

	NAME	No. of Warrants	%
1	WONG SIEN NGIK	2,077,500	3.89
2	YONG FOO SAN	1,922,340	3.60
3	YII LEH KIEW	1,435,100	2.68
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Siong)	1,150,000	2.15
5	WARISAN HARTA SABAH SDN BHD	1,071,666	2.00
6	MAYBAN SECURITIES NOMINEES(TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	855,100	1.60
7	LO SUK LAN	823,860	1.54
8	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Suisse-SG)	750,000	1.40
9	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Suisse-HK)	608,000	1.14
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tee Kim Hew)	581,500	1.09
11	TAN KOK SIONG	580,000	1.08
12	LIM YUET CHOON	577,000	1.08
13	KEE SHIH-LENE	569,666	1.07
14	DB (MALAYSIA) NOMINEE (ASING) SDN BHD (Pledged Securities Account for EFG Bank)	524,667	0.98
15	CHANG MUI LIN @ CHANG MUI LING	503,400	0.94

STATEMENT OF WARRANT B (2008/2018) HOLDINGS
as at 9TH JUNE 2011 (Cont'd)

LIST OF TOP 30 WARRANT B (2008/2018) HOLDERS AS AT 9TH JUNE 2011 (Cont'd)

	NAME	No. of Warrants	%
16	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for RBS Coutts Bank Ltd)	471,333	0.88
17	TAN SIN SIN	450,000	0.84
18	SENTRAL BINA JAYA SDN BHD	400,000	0.75
19	FAN KOK SENG	350,000	0.65
20	MAYBAN SECURITIES NOMINEES(TEMPATAN) SDN BHD (Pledged Securities Account for Lim Chee Sing)	350,000	0.65
21	HDM NOMINEES (ASING) SDN BHD (Pledged UOB Kay Hian Pte Ltd for Lian Suat Hia)	343,700	0.64
22	POH KEAT GUAN	330,000	0.62
23	HLG NOMINEES (TEMPATAN) SDN BHD (Pledge Hong Leong Bank Ltd for Tan Kim Hong)	300,000	0.56
24	OSK NOMINEES (ASING) SDN BHD (Pledged OSK Securities Hong Kong Limited for Yiu May Kae Mavis)	300,000	0.56
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Low Saw Hoon)	300,000	0.56
26	SUHAILI BIN ABDUL RAHMAN	266,500	0.50
27	NG SAY CHAI	260,000	0.49
28	MUHAMMED SALEH BIN ABAS	250,000	0.47
29	YAP MOON SANG	240,000	0.45
30	MAH MING YUET	238,400	0.45
		18,879,732	35.31

SUBSTANTIAL WARRANT B (2008/2018) HOLDERS AS AT 9TH JUNE 2011

NAME	No. Of Warrants	%
None of the warrant B holders have more than 5% as at 9 th June 2011	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of BORNEO OIL BERHAD (Co. No. 121919-H) will be held at 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87000 W.P. Labuan, on 27 July 2011, Wednesday at 8.00 a.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 31 January, 2011 and the Report of the Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees for the financial year ended 31 January 2011. **(Resolution 2)**

3. To re-elect the following Directors who retire pursuant to Article 96 of the Company's Articles of Association, and being eligible, offer themselves for re-election;

   (i) Teo Kiew Leong **(Resolution 3)**

   (ii) Michael Moo Kai Wah **(Resolution 4)**

4. To re-appoint Messrs STYL Associates as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 5)**

As Special Business

To consider and, if thought fit, to pass the following resolutions :

5. **Ordinary Resolution**
   - Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 **(Resolution 6)**

   "That, pursuant to Section 132D of the Companies Act, 1965 approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being, subject always to the approval of the relevant regulatory authorities being obtained for such allotment and issue."

6. **Ordinary Resolution**
   - Proposed renewal of authority for the purchase of own shares by the Company ("Proposed Renewal") **(Resolution 7)**

   "THAT subject to the Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and the approvals of all relevant authorities (if any), the Company be and is hereby authorized to purchase such number of ordinary shares of RM1.00 each in the Company ("Bornoil Shares") as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased pursuant to this resolution representing up to 10% of the total issued and paid-up share capital of the Company";

   That the maximum amount of funds to be utilized for the purpose of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits and/or share premium account;

   THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Bornoil Shares so purchased by the Company in the following manner:

   (a) the Bornoil Shares so purchased could be cancelled; or
   (b) the Bornoil Shares so purchased could be retained as treasury shares for distribution as share dividend to the shareholders of the Company and/or be resold through Bursa in accordance with the relevant rules of Bursa and/or be cancelled subsequently; or
   (c) the Bornoil Shares so purchased could be in part be retained as treasury shares, in part be sold and in part be cancelled.

   THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary resolution and will continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting (AGM), at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
   (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
   (iii) the authority is revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

6. Ordinary Resolution
- Proposed renewal of authority for the purchase of own shares by the Company ("Proposed Renewal") (Cont'd)

whichever occur first;

AND THAT the Directors of the Company be and are hereby authorized to take such steps to give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deemed fit and expedient in the best interest of the Company."

7. To transact any other business of the Company for which due notice shall have been given in accordance with the Companies Act, 1965. (Resolution 8)

By Order of the Board

CHIN SIEW KIM (L.S. 000982)
CHIN CHEE KEE , J.P. (MIA 3040)
Company Secretaries

Labuan F.T.
Dated: 5 July 2011

NOTES:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.

   A member of the Company who is an authorized nominee as defined under the Securities Industry (Central Depository) Act 1991, is to appoint at least 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.

2. Where a member appoints two or more proxies , the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or , if the appointer is a corporation / company, either under its common seal or under the hand of an officer or its attorney duly authorized.

4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at 1st & 2nd Floor , Victoria Point , Jalan OKK Awang Besar, 87007 W.P. Labuan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5. **Explanatory Notes to Special Business :-**

   (i) Ordinary Resolution

   Resolution 6- Authority to allot shares pursuant to Section 132D of the Companies Act , 1965

   The Ordinary Resolution proposed under Resolution 6 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act , 1965.

   The Proposed Resolution 6, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting , to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being. This authority , unless revoked or varied at a general meeting , will expire at the conclusion of the next Annual General Meeting of the Company .

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 27th Annual General Meeting to be held on 27 July 2011.

   The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investments, working capital and/or acquisitions.

   (ii) Ordinary Resolution

   Resolution 7- Proposed Renewal of Authority For The Purchase Of Own Shares By The Company ("Proposed Renewal")

   The Ordinary Resolution proposed under Resolution 7, if passed, will enable the company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company by utilizing the funds allocated out of the share premium reserves of the Company.

   This authority will , unless revoked or varied by the Company at a General Meeting , will expire at the conclusion of the next Annual General Meeting.

Statement Accompanying Notice Of Annual General Meeting

1. Names of individuals who are standing for re-election pursuant to Article 96 of the Articles of Association of the Company :

   (a) Mr Teo Kiew Leong
   (b) Mr Michael Moo Kai Wah

   The details of the two directors seeking re-election are set out in their respective profiles which appear on pages 9 and 10.

2. Board meetings held during the financial year ended 31 January 2011

   The Board sat for 16 times during the financial year to review and monitor the development of the Group. The details of the attendance of each member of the Board are tabulated as follows :

Directors	**Date of Appointment**	**No. of meetings Attended**
1. Abd. Hamid Bin Ibrahim	16 Oct 2006	9/16
2. Teo Kiew Leong	2 April 2007	10/16
3. John Lee Yan Hong @ John Lee	25 April 2006	13/16
4. Tan Kok Chor	21 August 2001	14/16
5. Michael Moo Kai Wah	15 Jan 2008	16/16

3. The place , date and time of the 27th Annual General Meeting:

   2nd Floor , Victoria Point, Jalan OKK Awang Besar, 87007 W.P. Labuan on 27 July 2011 , Wednesday at 8.00 am.

BORNEO OIL

Borneo Oil Berhad

(Co. No. 121919-H)

Shareholding Represented by Proxy

proxy form

I/We ____

of ____

being a member/members of the above-named company, hereby appoint ____________________________

of ____

or failing whom ____

of ____

as my/our proxy for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on 27 July 2011, Wednesday at 8.00 a.m. and at any adjournment thereof, and there at, to vote on the following resolutions referred to in the notice of the 27th Annual General Meeting.

NO.	RESOLUTION	FOR	AGAINST
1.	To receive and adopt the Report of the Directors and the Audited Statement of the Accounts for the year ended 31st. January 2011 and the Report of the Auditors thereon.		
2.	To approve the Directors' fees for the financial year ended 31st. January 2011.		
3.	To re-elect Mr Teo Kiew Leong in accordance with Article 96 of the Company's Articles of Association.		
4.	To re-elect Mr. Michael Moo Kai Wah in accordance with Article 96 of the Company's Articles of Association.		
5.	To re-appoint Messrs STYL Associates as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	**As Special Business:** Ordinary Resolution 1 - To authorize Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Ordinary Resolution 2 - Renewal of Authority for the purchase of own shares by the Company.		
8.	To transact any other Business of the Company (if any)		

Please indicate with a cross (X) in the appropriate spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Date :

....

Signature of Member(s)/
Common Seal of Appointer

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation / company, either under its common seal or under the hand of an officer or its attorney duly authorized.
4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at 1st and 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007 W.P. Labuan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Please Fold Here

Affix
stamp

THE COMPANY SECRETARY
BORNEO OIL BERHAD
1st & 2nd Floor,
Victoria Point,
Jalan OKK Awang Besar,
87007 W.P. Labuan

Please Fold Here