

BORNEO OIL



ANNUAL REPORT 2012



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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 STATEMENT

On behalf of our Board of Directors, it gives me great pleasure to present herewith the Annual reports of Borneo Oil Berhad for the financial year ended 31st January 2012.

“Over the financial year, the Group's Franchise business has achieved another year of vibrant growth. The division's expansion strategy, together with stronger market fundamentals has seen the division expand by 83% in the domestic market. Over the last 12 months, the board is proud to announce that a total of 11 new franchised outlets were opened, of which one is in Brunei. A total of sixteen (16) new franchised outlets are currently in the pipeline. Out of these, six (6) are overseas. This marks the division's exciting new entry into the China and overseas market and a step towards a larger international presence for the group”

With regards to the Group's Property Management and Operations division, strong market fundamentals in the plantation and related sectors has prompted the division to venture into the plantation related services which include the manufacture of local soil conditioners and fertilizers. The division's interests in quarry lands is expected to see further expansion and growth within this division in the next few years.

As for the Group's Oil, Gas and energy related business division, the Board maintained its decision to consolidate its current position. The group will continue to keep in abeyance the various options and plans available to the group until such time when the economic conditions are favourable.

The Group continues to maintain a low debt-to-equity ratio and this together with the Board's stringent cost cutting and debt recovery strategies has seen the overall financial standing of the group improve as compared to past years. This together with the Group's prospective ability to achieve operational profitability in forthcoming years is expected to see the Group in a stronger financial position in the years ahead.

In addition with maintaining its current strategies and ensuring good corporate governance, the Board will continue to look for other viable business ventures to broaden the group's earning base with a view to increase the group's overall profitability.

On behalf of the Board, I would like to express my deepest gratitude and heartfelt thanks to all our valued shareholders, management team, staff members, consultants, advisors and all other parties associated with us who have one way or another contributed to our Group's effort to progress profitably in the near future.

Thank you

Teo Kiew Leong
Executive Director

DIRECTOR'S PROFILE

RAYMOND TEO KIEW LEONG

Executive Director

Raymond Teo Kiew Leong, aged 47, 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 of the overall running of the Group's fast food, restaurant and franchising division.

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JOHN LEE YAN HONG @ JOHN LEE

Independent Non-Executive Director

John Lee Yan Hong @ John Lee, aged 42, 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 62, 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 60, 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 had more than 10 years working experience in the United Kingdom and in Malaysia in accounting, tax, audit and secretarial matters. He is also actively involved in the various activities of private social clubs, golf club, societies and associations in Sabah.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Borneo Oil Berhad is firmly committed to good corporate governance and fully recognizes that accountability and transparency at every level of the organization is essential in safeguarding assets, enhancing shareholders' value and maintaining strong financial performance.

The Group has continuously applied the principles of the Malaysian Code On Corporate Governance pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad and the extend of compliance with the Best Practices in Corporate Governance of the Code during the financial year ended 31st January 2012.

THE BOARD OF DIRECTORS

The Group is headed by an effective Board with mixed knowledge, expertise and diverse academic background to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction. The Board currently has four (4) members, one (1) Executive Director and 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 Board balance is reflected through the contributions of Independent Non-Executive Directors. They offer unbiased independent view, advice and judgement to facilitate balance leadership of the Group as well as to safeguard interest of the minority shareholders and other stakeholders by ensuring the highest standard of conduct and integrity are maintained by the Group. The Non-Executive Director contribute significantly in areas such as policy and strategy, performance monitoring as well as improving governance and controls.

Board's Responsibilities

The Board is responsible for the overall corporate governance of the Group, including its strategic plan, overall management and business performance, management of principal risks and controls.

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

- identifying principal risks and ensuring 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.

Board Meetings

The Board meets at least four(4) times in a year, with additional meetings convened as required. Agenda and Board papers are provided to the Directors prior to the meeting to ensure that the Board is fully aware of the matters that are to be deliberated.

During the financial year ended 31st January 2012, the Board had conducted Seven (7) meetings, of which their attendance are as follows:-

Names Of Directors	No. of meetings attended
Teo Kiew Leong	4
John Lee Yan Hong @ John Lee	7
Tan Kok Chor	7
Michael Moo Kai Wah	7

At each meeting, the Board considers the financial statements and results of the Group for the period ended for each quarter, the performance of the business of the Group, new business development proposal, policies and strategic issues affecting the Group's business and factors imposing potential risks in the business of the Group.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Board Meetings

In the interval between Board meetings, for exceptional matters requiring urgent Board decisions, Board approval are sought via circular resolutions, which are attached with sufficient and relevant information required for an informed decision to be made.

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors or the nearest to one-third (1/3), shall retire by rotation at each Annual General Meeting and at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme and Continuing Education Programme ("CEP") as required by Bursa Malaysia Securities Berhad. The Directors are mindful that they should receive continuous training in order to broaden their perspectives and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

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.

Appointment and Re-election of Directors

Pursuant to Section 129 of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

In accordance with the Company's Articles of Association, all Directors retire from office at least once in every three years and offer themselves for re-election. The election of each Director is voted on separately. The Executive Director also rank for re-election by rotation. Re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

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 31st January 2012. The functions and activities carried out by the Audit Committee during the year under review are contained in the Audit Committee Report.

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.

The Non-Executive Directors are paid annual 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.

(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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

(iii) Remuneration Package

The aggregate remuneration of the Directors are categorized into the appropriate components for the financial year ended 31st January 2012 as follows:-

Category of Directors	Fees RM	#Salary RM	Bonus RM	Benefits-in-kind RM	Total RM
Executive Director 54,000	60,500	-	-	114,500	
Non-Executive Directors	164,000	-	-	-	164,000
Total	218,000	60,500	-	-	278,500

The salary is inclusive of statutory employer's contribution to Employees Provident Fund

The aggregate remuneration of Directors analysed into bands for the financial year ended 31st January 2012 is as follows:-

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

SHAREHOLDERS' COMMUNICATION

(i) Dialogue with Shareholders and Investors

The Group recognizes the importance of effective communication with Shareholders and investors. They are kept well informed of the Group's developments and performance through disclosures to Bursa Malaysia Securities Berhad and the press (where applicable) as well as the Annual Report and Circulars to Shareholders.

Adequate time is given during the Annual and Extraordinary General Meetings to allow shareholders to seek clarification or ask questions on pertinent and relevant matters.

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

(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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Directors are responsible for ensuring that the financial statements as drawn up 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) Related Party Transactions

The Company practices an internal compliance framework in identifying and assessing related party transactions. The Board, through the Audit Committee reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction.

(c) Internal Control

The Board has overall responsibility for maintaining a sound system of internal control and risk management to safeguard shareholders' investment and the Group's assets. The Statement on Internal Control provides an overview of the state of internal controls within the Group.

(d) 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 ensuring compliance with the accounting standards and statutory requirements. The Auditors are invited to attend Audit Committee Meetings at least twice a year without executive board members present and will highlight to the Audit Committee significant matters requiring deliberation and attention.

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

ADDITIONAL COMPLIANCE INFORMATION

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 31st January 2012.

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 RM148,960.00 were paid to the external auditors for the services rendered in connection with the audit for the financial year ended 31st January 2012.

Profit Guarantees

There were no profit guarantees given by the Group during the financial year ended 31st January 2012.

Variance in results

There were no variances of 10% or more in the profit after tax and minority interest between the audited and unaudited results announced for the financial year ended 31st January 2012.

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 31st January 2012.

AUDIT COMMITTEE REPORT

Chairman

Mr Tan Kok Chor	-	Independent Non-Executive Director
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Members

Mr John Lee Yan Hong @ John Lee	-	Independent Non-Executive Director
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Mr Michael Moo Kai Wah	-	Independent Non-Executive Director
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MEETINGS

All Audit Committee members are provided with an agenda together with relevant reports and papers which are issued prior to the Audit Committee Meeting to enable the members to review the reports and papers as well as to obtain further information or explanation.

Minutes of Audit Committee Meetings were tabled during Board Meetings for the Board's notation and endorsement. At each Board Meeting, the Chairman of the Audit Committee reports and highlights to the Board, all findings discussed by the Audit Committee.

During the financial year ended 31 January 2012, four (4) Audit Committee Meetings were held. Details of each Audit Committee member are as follows:

Name of Audit Committee Member	Percentage of Meetings attended
Mr Tan Kok Chor	100%
Mr John Lee Yan Hong @ John Lee	100%
Mr Michael Moo Kai Wah	100%

TERMS OF REFERENCE

Composition

The Audit Committee shall be appointed by the Board from among their number and shall consist of not less than three members.

The majority of the Audit Committee members must be Independent Directors and all members must be Non-Executive Directors. At least one of the members must be a qualified accountant or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad. The Chairman of the Committee shall be appointed by the Board and shall be an Independent Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the vacancy shall be filled within three (3) months.

All members of the Audit Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith.

Meetings

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.

The quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

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.

AUDIT COMMITTEE REPORT (Cont'd)

Meetings

Other Board members and Head of Finance and Accounts or 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. At least twice (2) a year, the Audit Committee shall meet with the external auditors, the Head of Internal Audit or both without the presence of the Executive Director and other employees of the Company.

The Company Secretary shall be 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.

Minutes of meetings shall be distributed to the Board. The Chairman shall submit a report of each meeting to the Board.

Authority

The Audit Committee shall have unrestricted access to both the internal and external auditors and to the Senior Management of the Group.

The Audit Committee is authorized by the Board to :

- (i) investigate any activity within its terms of reference;
- (ii) authorized to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee;
- (iii) obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise where they consider it necessary to carry out their duties.
- (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 .

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:

1. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in major accounting policies and their implementation and the effects of such changes;
 - (ii) significant and unusual events;
 - (iii) the going concern assumption;
 - (iv) significant adjustments arising from the audit; and
 - (v) compliance with Financial Reporting Standards, Bursa Malaysia Securities Berhad Listing requirements and other legal requirements.
2. To review with the external auditors, the following:
 - (i) the audit plan;
 - (ii) the audit report;
 - (iii) their evaluation of the system of internal controls;
 - (iv) problems and reservations arising from their interim and final audits, and any matter the external auditors may wish to discuss;
 - (v) the assistance given by the Company's officers to the external auditors; and
 - (vi) the external auditors' management letter and Management's response.

AUDIT COMMITTEE REPORT (Cont'd)

Duties and Responsibilities

3. To do the following in respect of internal audit functions:
 - (i) review the adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the Internal Audit Department;
 - (iii) consider the findings of internal investigations and Management's response;
 - (iv) review any appraisal or assessment of the performance of members of the Internal Audit Department;
 - (v) approve any appointment or termination of senior staff member(s) of the Internal Audit Department; and
 - (vi) take cognizance of resignations of internal audit staff member(s) and provide the resigning staff member an opportunity to submit his reasons for resigning.
4. To consider any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
5. To review:
 - (i) Any letter of resignation from the external auditors of the Company;
 - (ii) Whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
 - (iii) Any recommendation on the nomination of a person or persons as external auditors.
 - (iv) 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.
6. To undertake and carry out any such other functions and responsibilities as may be agreed by the Audit Committee and the Board of Directors.

SUMMARY OF ACTIVITIES

During the financial year ended 31st January 2012, the Audit Committee carried out the following activities:

1. Reviewed the audit plan of the external auditors on the scope of their audit including audit procedures, significant accounting and auditing issues, impact of new or proposed changes in Financial Reporting Standards and regulatory requirements on the financial statements;
2. Reviewed the unaudited quarterly financial reports before tabling to the Board for approval and release to Bursa Malaysia Securities Berhad and the Securities Commission;
3. Reviewed the year end unaudited financial reports before tabling to the Board for approval and release to Bursa Malaysia Securities Berhad;
4. Reviewed the audited financial statements of the Group together with the external auditors prior to submission to the Board for their consideration and approval;
5. Reviewed the audit findings by the external auditors;
6. Assessed the external auditors' performance and audit fees prior to submission to the Board for their approval;
7. Reviewed and approved the annual audit plan as presented by the internal auditor;
8. Reviewed the internal audit reports which highlighted the audit issues, recommendation and the Management's responses and directed actions to be taken by the Management to improve the system of internal control;

AUDIT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES

9. Followed up on corrective actions taken by the Management on audit issues raised by the external auditors and the internal auditor;
10. Assessed the performance of the internal auditor;
11. Reviewed the Statement on Internal Control and the Audit Committee Report before tabling to the Board for approval to be published in the Annual Report;
12. Reviewed related party transactions entered into by the Group;
13. Reported all pertinent issues to the Board.

INTERNAL AUDIT FUNCTION

The Group has established the internal Audit Department to support the Audit Committee and the Board in reviewing the Group's system of internal control and governance process so as to provide assurance that such systems continue to operate satisfactorily and effectively.

The Internal Audit Department provides an independent assurance on risk management and internal control. It focuses on regular and systematic review of the internal control and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

The Internal Audit Department provides quarterly reports of the audit undertaken to the Audit Committee, reporting on the outcome of its audits. The Audit Committee reviews and evaluates the key issues raised by the Internal Audit Department and ensures that appropriate and prompt remedial actions are taken by the Management.

During the financial year ended 31st January 2012, the activities of the Internal Audit Department included:

1. Prepare the annual audit plan based on risk approach method for deliberation by the Audit Committee;
2. Carried out audit work in liaison with the Management for optimization of resources;
3. Carried out audit visits at the Group's sites;
4. Made recommendations to improve the operations in the Group;
5. Ascertained the extent of compliance with the Group's plans, policies, procedures and statutory requirements;
6. Ascertained the adequacy of controls for safeguarding the Group's assets from losses of all kinds;
7. Reviewed and appraised the soundness, adequacy and application of financial and other controls to promote effective control in the Group.

EMPLOYEE SHARE OPTION SCHEME

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. Some of the main features are disclosed and explained in note 16(a), (b), (c) & (d) to the financial statements.

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board affirms its overall responsibilities and is committed to maintain a sound system of internal control and ensure its adequacy and integrity of financial, operational, compliance controls and risk management procedures so as to safeguard shareholders' investments and the Group's assets.

The Board and Management have implemented an internal control system designed to identify and manage the risks facing the Group in pursuit of achieving its policies and business objectives. It provides reasonable assurance against material errors, misstatement, losses or fraud.

INTERNAL CONTROL SYSTEM

Attributes of the Group's system of internal control are summarized as follows:

Independent Audit Committee

The Audit Committee comprises of all non-executive Directors, who are also independent of the management. It has an overall responsibility to assist the Board in fulfilling its responsibilities for the financial reporting process, the system of internal control, the audit process and the Group's process for monitoring compliance with laws and regulations.

Internal Audit Department

The Internal Audit Department serves as a corporate resource in support of the Audit Committee to fulfill its responsibilities. It independently review the control processes implemented by the Management and reports the findings and recommendations directly to the Audit Committee.

Risk Management

The Board recognizes that risk management is an integral part of the system of internal control and good management practice that strengthens the business planning processes.

Management reports regularly on the management of risks to the Board of Directors on all major business risks faced by the Group and the adequacy of internal controls to manage those risks. Any significant changes in the business and the external environment which may result in significant risks will be reported to the Audit Committee and Board accordingly.

Approval of Major Decisions

All major decisions require the final approval of the Board and are only made after appropriate in-depth studies have been conducted. Matters that require the Board's approval include acceptance and award of major contracts, major investments and financial decisions.

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The other key elements of the Group's internal control system include:

Clearly defined lines of responsibility and delegated authority

The Group has an organization structure which clearly defines the responsibilities and reporting lines including relevant authorization levels.

STATEMENT ON INTERNAL CONTROL (Cont'd)

Management Meetings

The Board periodically meets with the Group's departmental heads to share information, monitor the progress of various business units, and to deliberate and decide upon operational matters, and to review its financial performance, business development, management and corporate issues.

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.

Budget

The Annual Budgets and revised Budgets are prepared by each operating company in the Group and are submitted to the Board for approval. It provides the Board with comparative information to assess and monitor performance of the Group.

Internal Audit

The Group Internal Audit Department reports directly to the Audit Committee of the Group functionally to preserve the independence of the function. The internal audit work is focused on areas of priority as identified by risk analysis in accordance with its annual audit plan as approved by the Audit Committee.

Best Practices in internal Control

An internal control best practice has been established for key areas and has been distributed to each subsidiary for adoption. Each subsidiary will review and ensure that the internal control best practices are incorporated into their existing Standard Operating Procedures.

Information and Communication

The Management Information Systems provide the Board with relevant and timely reports for monitoring the financial performance and the business operation of the Group.

CONCLUSION

This Statement of Internal Control has been prepared in accordance with the Guidelines for Directors of Public Listed Companies and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is of the view that the current system of internal control of the Group being instituted throughout the financial year 2012 is adequate and satisfactory. 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. There were no material internal control failures nor any reported weaknesses resulting in any material losses or contingencies as disclosed in the Group's Annual Report.

The statement is made in accordance with a resolution of the Board of Directors dated 20 June 2012.

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 31st January 2012 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 31st January 2012, the Board has:-

- ensured compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965;
- adopted and consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable;
- 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 also 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.

In addition, the Directors have overall responsibilities for the proper safeguarding of the assets of the Group and Company and taking such reasonable steps for the prevention and detection of fraud and other irregularities.



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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 2012.

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 6 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 (loss)/profit for the year attributable to owners of the parent	(5,231,326)	890,762

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

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM160,376,000 to RM165,926,000 by way of the issuance of 5,550,000 ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Options Scheme at RM1 per ordinary share.

No 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 2012 are disclosed in Note 16 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 corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as 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:

TEO KIEW LEONG
JOHN LEE YAN HONG @ JOHN LEE
TAN KOK CHOR
MICHAEL MOO KAI WAH
ABD. HAMID BIN IBRAHIM (RESIGNED ON 31.12.2011)

In accordance with Article 96 of the Company's Article of Association, Tan Kok Chor retires at the forthcoming Annual General Meeting and, being eligible, offer himself 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	
	2012	2011
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: **18 MAY 2012**

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 financial statements of the Group and of the Company, together with the notes thereto, are 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 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 36, 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: 18 MAY 2012

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 financial statements 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

18 MAY 2012

Before me:

Commissioner for Oaths



MICHAEL MOO KAI WAH

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 as at 31 January 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the 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 control 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 2012 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 financial statements and the auditors' reports of all subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) we are satisfied that the financial statements 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 financial statements 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 36 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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



STYL ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NO: AF-1929

KUALA LUMPUR
DATE: 18 MAY 2012



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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2012

	Note	GROUP		COMPANY	
		2012 RM	2011 RM	2012 RM	2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	13,432,825	11,059,995	33,054	102,049
Investment properties	5	130,868,507	131,003,195	-	-
Investment in subsidiary companies	6	-	-	2	2
Investment in quoted shares	7	256,201	85,360	-	-
Prepaid lease payments	8	15,537,157	17,127,052	-	-
Development expenditure	9	1,505,002	1,505,002	-	-
Intangible assets	10	11,833	11,833	-	-
Total non-current assets		161,611,525	160,792,437	33,056	102,051
Current assets					
Inventories	11	1,879,287	1,562,491	-	-
Trade receivables	12	3,470,613	3,516,765	-	-
Other receivables	13	7,961,685	5,898,435	2,742,048	284,575
Amount due from subsidiary companies	14	-	-	156,390,436	152,040,747
Cash and cash equivalents	15	5,272,154	5,311,325	2,255,386	2,212,634
Total current assets		18,583,739	16,289,016	161,387,870	154,537,956
Total assets		180,195,264	177,081,453	161,420,926	154,640,007
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	165,926,000	160,376,000	165,926,000	160,376,000
Reserves	17	(7,381,330)	(2,150,004)	(8,030,518)	(8,921,280)
Shareholders' equity		158,544,670	158,225,996	157,895,482	151,454,720
Non-current liabilities					
Long term borrowings	18	7,001,318	8,486,340	12,098	49,978
Deferred tax liabilities	20	-	188,000	-	-
Total non-current liabilities		7,001,318	8,674,340	12,098	49,978
Current liabilities					
Trade payables	21	1,771,540	632,410	-	-
Other payables	22	8,040,791	5,228,934	851,226	474,477
Amount due to subsidiary companies	14	-	-	2,624,240	2,625,269
Short term borrowings	18	4,589,355	4,072,148	37,880	35,563
Provision for taxation		247,590	247,625	-	-
Total current liabilities		14,649,276	10,181,117	3,513,346	3,135,309
Total liabilities		21,650,594	18,855,457	3,525,444	3,185,287
Total equity and liabilities		180,195,264	177,081,453	161,420,926	154,640,007

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2012

	Note	GROUP		COMPANY	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	23	25,507,796	21,025,493	2,229,399	2,067,696
Cost of sales		(14,349,050)	(12,123,272)	-	-
Gross profit		11,158,746	8,902,221	2,229,399	2,067,696
Other income	24	1,333,030	83,856,112	17,000	50,519
Administrative expenses		(17,240,919)	(19,558,182)	(1,349,533)	(1,135,965)
Finance costs		(668,415)	(891,371)	(4,301)	(9,030)
(Loss)/Profit before taxation	25	(5,417,558)	72,308,780	892,565	973,220
Taxation	26	186,232	84,990	(1,803)	(12,600)
(Loss)/Profit for the year		(5,231,326)	72,393,770	890,762	960,620
(Loss)/Profit attributable to:					
Owners of the parent		(5,231,326)	72,393,770		
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(5,231,326)	72,393,770		
(Loss)/Profit per share attributable to owners of the parent					
- Basic (sen)	27	(3.2)	45.1		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2012

	← Attributable to Owners of the Parent →						Total Shareholders' Equity RM
	Non distributable				Distributable		
	Share Capital RM	Share Premium RM	Warrants Reserves RM	Capital Reserves RM	ESOS Reserves RM	Accumulated Loss RM	
GROUP							
Balance at 1 February 2010	160,376,000	24,164,992	2,672,933	15,000	45,717	(101,442,416)	85,832,226
Total comprehensive income 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
Issuance of shares	5,550,000	-	-	-	-	-	5,550,000
Total comprehensive loss for the year	-	-	-	-	-	(5,231,326)	(5,231,326)
Balance at 31 January 2012	165,926,000	24,164,992	2,672,933	15,000	45,717	(34,279,972)	158,544,670

	← Non distributable				Distributable		Total Shareholders' Equity RM
	Share Capital RM	Share Premium RM	ESOS Reserves RM	Warrants Reserves RM	Accumulated Loss RM		
	COMPANY						
Balance at 1 February 2010	160,376,000	24,164,992	45,717	2,672,933	(36,765,542)		150,494,100
Total comprehensive income 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
Issuance of shares	5,550,000	-	-	-	-		5,550,000
Total comprehensive income for the year	-	-	-	-	890,762		890,762
Balance at 31 January 2012	165,926,000	24,164,992	45,717	2,672,933	(34,914,160)		157,895,482

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(5,417,558)	72,308,780
Adjustments for:			
Allowance for impairment		830,971	802,236
Allowance for impairment written back		(604,716)	(51,864)
Amortisation of prepaid lease rental		1,589,895	1,589,896
Bad debts written off		604,723	229,051
Change in fair value on investment properties		-	(80,033,404)
Depreciation		2,563,293	2,752,623
Development expenditure written off		-	389,697
Gain on disposal of investment properties		(160,511)	(3,054,591)
(Gain)/Loss on disposal of property, plant and equipment		(97,895)	294,865
Impairment loss on investment in quoted shares		76,909	3,449,640
Interest expenses		668,415	891,371
Interest income		(17,155)	(50,659)
Loss on disposal of investment in quoted shares		482,803	-
Property, plant and equipment written off		534,465	55,216
		<hr/>	<hr/>
Operating profit/(loss) before working capital changes		1,053,639	(427,143)
Inventories		(316,796)	42,402
Receivables		(3,320,899)	14,887,675
Payables		3,950,987	(1,196,748)
		<hr/>	<hr/>
Cash generated from operations		1,366,931	13,306,186
Tax paid		(11,906)	(7,780)
Tax refunded		-	40,786
Interest paid		(668,415)	(669,174)
		<hr/>	<hr/>
Net cash from operating activities		686,610	12,670,018
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional of development expenditure		-	(10,000)
Purchase of property, plant and equipment		(5,254,896)	(367,616)
Purchase of investment properties		(54,800)	(18,472,167)
Investment in quoted shares		(253,987)	(3,535,000)
Proceeds from disposal of investment in quoted shares		6,360	-
Proceeds from disposal of investment properties		349,999	24,573,338
Proceeds from disposal of property, plant and equipment		102,403	1,761,004
Interest received		17,155	50,659
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(5,087,766)	4,000,218
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		5,550,000	-
Repayment of finance lease and hire purchase payables		(85,640)	(54,459)
Repayment of term loans		(1,102,375)	(16,775,313)
		<hr/>	<hr/>
Net cash from/(used in) financing activities		4,361,985	(16,829,772)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(39,171)	(159,536)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,311,325	5,470,861
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	5,272,154	5,311,325
		<hr/>	<hr/>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		892,565	973,220
Adjustments for:			
Depreciation		68,995	68,996
Interest expenses		4,301	9,030
Interest income		(17,000)	(50,519)
		948,861	1,000,727
Operating profit before working capital changes			
Receivables		(2,447,370)	13,343,343
Payables		376,749	15,468
Subsidiary companies		(4,350,718)	(14,330,097)
		(5,472,478)	29,441
Net cash (used in)/generated from operations			
Interest paid		(4,301)	(9,030)
Tax paid		(11,906)	(7,780)
		(5,488,685)	12,631
Net cash (used in)/from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		17,000	50,519
		17,000	50,519
Net cash from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase payables		(35,563)	(41,471)
Proceeds from issuance of shares		5,550,000	-
		5,514,437	(41,471)
Net cash from/(used in) financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		42,752	21,679
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,212,634	2,190,955
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	2,255,386	2,212,634

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012

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 6 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 18th May 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS as described below.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) except when otherwise indicated.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company adopted, where applicable, the following new and amended FRS and Issues Committee ("IC") Interpretations which became mandatory at the beginning of the current financial year.

- 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 1: First Time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7: Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7: Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
- Amendments to FRS 132: Financial Instruments: Presentation – Classification of Right Issues
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 4: Determining whether an Arrangement contains a Lease
- 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
- IC Interpretation 18: Transfers of Assets from Customers
- Improvements to FRSs issued in 2010

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

Standards and interpretations issued but not yet effective

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

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)
- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Disclosures - Transfers of financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- IC Interpretation 15: Agreements for the Construction of Real Estate

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

- Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013:

- FRS 9: Financial Instruments
- FRS 10: Consolidated Financial Statements
- FRS 11: Joint Arrangements
- FRS 12: Disclosure of Interests in Other Entities
- FRS 13: Fair Value Measurement
- FRS 119: Employee Benefits
- FRS 127: Separate Financial Statements
- FRS 128: Investment in Associates and Joint Ventures
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

The Directors expect that the adoption of the other standards, amendments and interpretations above will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained losses.

The Group and the Company is currently in the process of determining the impact arising from the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standard and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed these financial statements for the year ended 31 January 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Property, plant and equipment and depreciation

(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.

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 %
Office equipment	10 %

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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. Cost is determined on weighted average basis. Cost of materials represents direct material cost and all direct expenditure incurred in bringing the inventories to their present 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 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of consolidated cash flows, cash and cash equivalents are presented net of bank overdraft.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Deferred exploration and development expenditure (Cont'd)

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.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

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

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

(n) Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Financial assets (Cont'd)

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

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

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

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

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

(ii) *Loans and receivables*

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

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

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

(iii) *Held-to-maturity investments*

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

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

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

The Group and the Company have not designated any financial assets as at held-to-maturity investments.

(iv) *Available-for-sale financial assets*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Trade and other receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Foreign currency (Cont'd)

(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 translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at 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.

(q) 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 reporting 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Revenue recognition (Cont'd)

(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.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(t) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) 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 16 to the financial statements.

(v) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Financial liabilities (Cont'd)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, term loans, hire purchase and finance lease payables and amount due to subsidiary companies.

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

Term loans and hire purchase and finance lease payables are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their business segment and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Share capital and share issuance expenses

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

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

(y) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle.

3. SIGNIFICANT 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.

(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 available-for-sale financial assets

When there is a significant or prolonged decline in fair value of available-for-sale financial assets below their cost, management determine whether it is an impairment that should be recognised in profit or loss. The determination of what is "significant" or "prolonged" requires judgement.

(iv) Capitalisation and amortisation of development expenditure

The Group assesses the capitalisation and amortisation of development expenditure based on ongoing estimation on the future outcome of the development projects. Any changes from the previous estimation will impact the initial and subsequent capitalisation of the development expenditure as well as its future amortisation charges.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

GROUP COST	Balance at 01.02.2011 RM	Additions RM	Disposals/ Written off RM	Balance at 31.01.2012 RM
Machinery and equipment	12,872,421	2,289,412	(1,390,668)	13,771,165
Furniture, fixture and fittings	15,615,642	1,554,084	(1,618,199)	15,551,527
Motor vehicles	2,314,885	891,600	(111,155)	3,095,330
Bridge under construction	50,000	740,000	-	790,000
	30,852,948	5,475,096	(3,120,022)	33,208,022

ACCUMULATED DEPRECIATION	Balance at 01.02.2011 RM	Charge for the year RM	Disposals/ Written off RM	Balance at 31.01.2012 RM
Machinery and equipment	9,436,024	1,015,222	(1,360,101)	9,091,145
Furniture, fixture and fittings	8,142,181	1,414,797	(1,109,799)	8,447,179
Motor vehicles	2,214,748	133,274	(111,149)	2,236,873
Bridge under construction	-	-	-	-
	19,792,953	2,563,293	(2,581,049)	19,775,197

COST	Balance at 01.02.2010 RM	Additions RM	Disposals/ Written off 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	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 2012 (Cont'd)

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

NET BOOK VALUE	2012	2011
	RM	RM
Machinery and equipment	4,680,020	3,436,397
Furniture, fixture and fittings	7,104,348	7,473,461
Motor vehicles	858,457	100,137
Bridge under construction	790,000	50,000
	<u>13,432,825</u>	<u>11,059,995</u>

COMPANY COST	Balance at 01.02.2011	Additions	Disposals	Balance at 31.01.2012
	RM	RM	RM	RM
Furniture, fixture and fittings	17,260	-	-	17,260
Motor vehicles	600,544	-	-	600,544
Office equipment	40,699	-	-	40,699
	<u>658,503</u>	<u>-</u>	<u>-</u>	<u>658,503</u>

ACCUMULATED DEPRECIATION	Balance at 01.02.2011	Charge for the year	Disposals	Balance at 31.01.2012
	RM	RM	RM	RM
Furniture, fixture and fittings	6,904	1,726	-	8,630
Motor vehicles	537,340	63,199	-	600,539
Office equipment	12,210	4,070	-	16,280
	<u>556,454</u>	<u>68,995</u>	<u>-</u>	<u>625,449</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

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

ACCUMULATED DEPRECIATION	Balance at 01.02.2010	Charge for the year	Disposals	Balance at 31.01.2011
	RM	RM	RM	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
	<u>487,458</u>	<u>68,996</u>	<u>-</u>	<u>556,454</u>

NET BOOK VALUE	2012	2011
	RM	RM
Furniture, fixture and fittings	8,630	10,356
Motor vehicles	5	63,204
Office equipment	24,419	28,489
	<u>33,054</u>	<u>102,049</u>

(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 RM313,450 (2011 – RM48,605) and RM4 (2011 – 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Machinery and equipment	903,486	903,486	-	-
Furniture, fixture and fittings	556,210	558,020	-	-
Motor vehicles	725,148	809,813	284,544	284,544
	<u>2,184,844</u>	<u>2,271,319</u>	<u>284,544</u>	<u>284,544</u>

5. INVESTMENT PROPERTIES

NET BOOK VALUE	GROUP	
	2012	2011
	RM	RM
At beginning of year	131,003,195	54,016,371
Add: Additional during the year	54,800	18,472,167
Add: Change in fair value	-	80,033,404
	<u>131,057,995</u>	<u>152,521,942</u>
Less: Disposal during the year	(189,488)	(21,518,747)
At the end of year	<u>130,868,507</u>	<u>131,003,195</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

5. INVESTMENT PROPERTIES (Cont'd)

	GROUP	
	2012 RM	2011 RM
Investment properties consist of the following:		
Long term leasehold land and buildings	119,541,669	119,486,869
Short term leasehold land	7,611,731	7,611,731
Freehold condominium	3,715,107	3,904,595
	<u>130,868,507</u>	<u>131,003,195</u>

Certain investment properties of the Group with carrying amount of RM15,314,107 (2011 – RM10,442,767) are pledged to financial institutions for borrowings granted to the Group as disclosed in Note 18 to the financial statements.

Certain investment properties of the Group with carrying amount of RM36,964,233 (2011 – 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 estimated fair value of the Group's investment properties amounting to RM103,418,000 (2011 – 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.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2012 RM	2011 RM
Unquoted shares, at cost	2,600,000	2,600,000
Less: Accumulated impairment losses	(2,599,998)	(2,599,998)
	<u>2</u>	<u>2</u>

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
	2012	2011		
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

NAME OF COMPANY	% EQUITY HELD		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
	2012	2011		
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. #	100	100	Malaysia	Sales and distributions of food ingredients and other related products.
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.
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.				
Segama Resources Sdn. Bhd. (Formerly known as Strawberry Foods Sdn. Bhd.)	100	100	Malaysia	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

NAME OF COMPANY	% EQUITY HELD		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
	2012	2011		
Subsidiary of Segama Resources Sdn. Bhd.				
<i>(Formerly known as Strawberry Foods Sdn. Bhd.)</i>				
Segama Ventures Sdn. Bhd. <i>(Formerly known as Strawberry Baking System Sdn. Bhd.)</i>	100	100	Malaysia	Dormant.

* Not audited by STYL Associates

@ Shares of subsidiary company's results are consolidated based on management accounts as at 31 January 2012

The auditors' report on the financial statements of these companies contain an emphasis of matter on the preparation of financial statements on a going concern

7. INVESTMENT IN QUOTED SHARES

	GROUP	
	2012 RM	2011 RM
Non-current assets		
Available-for-sale financial assets		
Quoted shares - at cost	3,782,750	3,535,000
Less: Accumulated impairment losses	(3,526,549)	(3,449,640)
	<u>256,201</u>	<u>85,360</u>
Quoted shares - at market value	<u>256,201</u>	<u>85,360</u>

8. PREPAID LEASE PAYMENTS

	GROUP	
	2012 RM	2011 RM
Prepaid lease rental	27,474,992	27,474,992
Less: Accumulated amortisation	(11,937,835)	(10,347,940)
	<u>15,537,157</u>	<u>17,127,052</u>

Include in prepaid lease payments is the Group's cost incurred in developing two locations in Kota Kinabalu, Sabah 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 2012 (Cont'd)

9. DEVELOPMENT EXPENDITURE

	GROUP	
	2012 RM	2011 RM
At beginning of year	1,505,002	1,884,699
Add: Additional during the year	-	10,000
Less: Written off during the year	-	(389,697)
	1,505,002	1,505,002
At end of year	1,505,002	1,505,002

10. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
(a) Goodwill on consolidation				
At beginning and end of year	11,833	11,833	-	-
	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	-	-

11. INVENTORIES

	GROUP	
	2012 RM	2011 RM
At cost:		
Food and beverages and packing materials	1,754,662	1,562,491
Machinery and spare parts	124,625	-
	1,879,287	1,562,491
	1,879,287	1,562,491

12. TRADE RECEIVABLES

	GROUP	
	2012 RM	2011 RM
Trade receivables	5,322,389	4,653,070
Less: Allowance for doubtful debts	(1,851,776)	(1,136,305)
	3,470,613	3,516,765
	3,470,613	3,516,765

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

12. TRADE RECEIVABLES (Cont'd)

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

	GROUP	
	2012	2011
	RM	RM
Neither past due nor impaired	1,381,258	712,819
1 to 30 days past due not impaired	106,982	10,846
31 to 60 days past due not impaired	-	-
61 to 90 days past due not impaired	-	-
More than 91 days past due not impaired	3,834,149	3,929,405
	<hr/>	<hr/>
	5,322,389	4,653,070
Less: Allowance for impairment	(1,851,776)	(1,136,305)
	<hr/>	<hr/>
	3,470,613	3,516,765
	<hr/>	<hr/>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,982,373 (2011 – RM2,793,100) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movements in the allowance accounts:

	GROUP	
	2012	2011
	RM	RM
At beginning of year	(1,136,305)	(1,030,991)
Add: Charge for the year	(715,471)	(105,314)
	<hr/>	<hr/>
At end of year	(1,851,776)	(1,136,305)
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

13. OTHER RECEIVABLES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Prepayments	56,191	494,493	-	-
Deposits	1,536,696	1,036,789	20,217	20,217
Sundry receivables	6,323,776	4,819,648	2,491,614	42,442
Tax recoverable	252,728	244,427	230,217	221,916
	<u>8,169,391</u>	<u>6,595,357</u>	<u>2,742,048</u>	<u>284,575</u>
Less: Allowance for impairment	(207,706)	(696,922)	-	-
	<u>7,961,685</u>	<u>5,898,435</u>	<u>2,742,048</u>	<u>284,575</u>

Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movements in the allowance accounts:

	GROUP	
	2012 RM	2011 RM
At beginning of year	(696,922)	(51,864)
Add: Charge for the year	(115,500)	(696,922)
Less: Reversal during the year	604,716	51,864
At end of year	<u>(207,706)</u>	<u>(696,922)</u>

14. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

These amounts are unsecured, interest-free and repayable on demand.

15. CASH AND CASH EQUIVALENTS

For the purpose of the statement of consolidated cash flows, cash and cash equivalents comprise the following at the reporting date:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	3,000,161	3,159,325	92,132	66,380
Deposits with licensed banks	2,299,155	2,152,000	2,163,254	2,146,254
Bank overdraft	(27,162)	-	-	-
	<u>5,272,154</u>	<u>5,311,325</u>	<u>2,255,386</u>	<u>2,212,634</u>

The weighted average interest rates of deposits at the end of financial year range from 2.5% to 3.1% (2011 – 1.75% to 2.5%) per annum and the average maturities of deposits are 30 to 365 days (2011 – 30 to 365 days).

The bank overdraft is temporary and unsecured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

16. SHARE CAPITAL

	GROUP AND COMPANY	
	2012 RM	2011 RM
Authorised:		
500,000,000 ordinary shares at RM1 each	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares at RM1 each		
At beginning of year	160,376,000	160,376,000
Allotment on 19.09.2011	750,000	-
Allotment on 23.09.2011	1,000,000	-
Allotment on 29.09.2011	1,000,000	-
Allotment on 10.10.2011	2,800,000	-
At the end of year	165,926,000	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) The allotments of shares under the ESOS during the year are as follows:

- (i) On 19 September 2011, 750,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 18 September 2006.
- (ii) On 23 September 2011, 1,000,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 18 September 2006.
- (iii) On 29 September 2011, 1,000,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 18 September 2006.
- (iv) On 10 October 2011, 2,800,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 18 September 2006.

(d) 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 2012 (Cont'd)

17. RESERVES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 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	(34,279,972)	(29,048,646)	(34,914,160)	(35,804,922)
	<u>(7,381,330)</u>	<u>(2,150,004)</u>	<u>(8,030,518)</u>	<u>(8,921,280)</u>

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

18. BORROWINGS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Short Term Borrowings				
Secured:				
Term loans	4,496,182	4,023,305	-	-
Hire purchase and financial lease payables (Note 19)	93,173	48,843	37,880	35,563
	<u>4,589,355</u>	<u>4,072,148</u>	<u>37,880</u>	<u>35,563</u>
Long Term Borrowings				
Secured:				
Term loans	6,820,877	8,396,129	-	-
Hire purchase and financial lease payables (Note 19)	180,441	90,211	12,098	49,978
	<u>7,001,318</u>	<u>8,486,340</u>	<u>12,098</u>	<u>49,978</u>
Total Borrowings				
Term loans	11,317,059	12,419,434	-	-
Hire purchase and financial lease payables (Note 19)	273,614	139,054	49,978	85,541
	<u>11,590,673</u>	<u>12,558,488</u>	<u>49,978</u>	<u>85,541</u>
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within 1 year	4,496,182	4,023,305	-	-
More than 1 year and less than 2 years	2,711,984	2,375,698	-	-
More than 2 years and less than 5 years	4,108,893	6,020,431	-	-
	<u>11,317,059</u>	<u>12,419,434</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

18. BORROWINGS (Cont'd)

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

	GROUP	
	2012 %	2011 %
Term loans	3.8 - 8.1	3.8 - 7.8

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 5 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 8 to the financial statements.

19. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Minimum hire purchase and finance lease payments:				
Within 1 year	108,432	52,363	39,864	39,864
More than 1 year and less than 2 years	76,548	94,949	12,283	52,147
More than 2 years and less than 5 years	120,647	-	-	-
	<u>305,627</u>	<u>147,312</u>	<u>52,147</u>	<u>92,011</u>
Less: Future finance charges	(32,013)	(8,258)	(2,169)	(6,470)
Present value of hire purchase and finance lease liabilities	<u>273,614</u>	<u>139,054</u>	<u>49,978</u>	<u>85,541</u>
Present value of hire purchase and finance lease liabilities:				
Within 1 year	93,173	48,843	37,880	35,563
More than 1 year and less than 2 years	67,117	90,211	12,098	49,978
More than 2 years and less than 5 years	113,324	-	-	-
	<u>273,614</u>	<u>139,054</u>	<u>49,978</u>	<u>85,541</u>
Analysed as:				
Due within 1 year	93,173	48,843	37,880	35,563
Due after 1 year	180,441	90,211	12,098	49,978
	<u>273,614</u>	<u>139,054</u>	<u>49,978</u>	<u>85,541</u>

The hire purchase and finance lease payables bore interest of between 3.5% and 8.7% (2011 – 3.8% and 8.7%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

20. DEFERRED TAX LIABILITIES

	GROUP	
	2012	2011
	RM	RM
At beginning of year	188,000	223,000
Recognised in the income statement (Note 26)	(188,000)	(35,000)
	<hr/>	<hr/>
At end of year	-	188,000
	<hr/>	<hr/>

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.

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21. TRADE PAYABLES

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

22. OTHER PAYABLES

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Accruals	300,518	574,401	46,545	33,000
Deposits received	1,282,860	470,680	185,100	185,100
Sundry payables	6,457,413	4,183,853	619,581	256,377
	<hr/>	<hr/>	<hr/>	<hr/>
	8,040,791	5,228,934	851,226	474,477
	<hr/>	<hr/>	<hr/>	<hr/>

23. REVENUE

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Oil, gas and energy related businesses	969	834	-	-
Sales from fast food and restaurant operations	23,000,538	18,892,572	-	-
Revenue from administrative, management and marketing services	2,401,600	1,622,361	636,000	2,067,696
Franchise fees	87,072	382,521	1,593,399	-
Rental income	17,617	127,205	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	25,507,796	21,025,493	2,229,399	2,067,696
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

24. OTHER INCOME

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Allowance for impairment written back	604,716	51,864	-	-
Gain on disposal of investment in quoted shares	123	-	-	-
Gain on disposal of investment properties	160,511	3,054,591	-	-
Gain on disposal of property, plant and equipment	97,895	84,300	-	-
Gain on foreign exchange	11,414	4,303	-	-
Interest income	17,155	50,659	17,000	50,519
Sundry income	441,216	576,991	-	-
Change in fair value on investment properties	-	80,033,404	-	-
	<u>1,333,030</u>	<u>83,856,112</u>	<u>17,000</u>	<u>50,519</u>

25. (LOSS)/PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Allowance for impairment	830,971	802,236	-	-
Amortisation of investment properties	-	-	-	-
Amortisation of prepaid lease rental	1,589,895	1,589,896	-	-
Audit fee				
- current year	148,960	106,635	42,000	42,000
- overprovision in prior year	(5,280)	-	(5,280)	-
Bad debts written off	604,723	229,051	-	-
Depreciation	2,563,293	2,752,623	68,995	68,996
Development expenditure written off	-	389,697	-	-
Impairment loss on investment in quoted shares	76,909	3,449,640	-	-
Interest expenses:				
- Hire purchase interest	21,248	11,765	4,301	9,030
- Late payment interest	25,390	127,025	-	-
- Term loan interest	647,167	879,606	-	-
Loss on disposal of investment in quoted shares	482,803	-	-	-
Loss on disposal of property, plant and equipment	-	379,165	-	-
Loss on foreign exchange	-	145	-	-
Non-executive Directors' remuneration	164,000	156,000	42,000	36,000
Property, plant and equipment written off	534,465	55,216	-	-
Rental of hostel	4,200	4,200	-	-
Rental of office equipment	2,160	1,967	-	-
Rental of premises	1,172,929	1,276,544	24,000	35,920

and crediting the following items:

Allowance for impairment written back	604,716	51,864	-	-
Change in fair value on investment properties	-	80,033,404	-	-
Gain on disposal of investment properties	160,511	3,054,591	-	-
Gain on disposal of property, plant and equipment	97,895	84,300	-	-
Gain on foreign exchange	11,414	4,303	-	-
Interest income	17,155	50,659	17,000	50,519

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

26. TAXATION

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

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Provision for current year	4,300	12,635	4,300	12,600
Overprovision in prior years	(2,532)	(62,625)	(2,497)	-
Deferred taxation (Note 20)	(188,000)	(35,000)	-	-
	<u>(186,232)</u>	<u>(84,990)</u>	<u>1,803</u>	<u>12,600</u>

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

A reconciliation of income tax expenses applicable to (loss)/profit 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	
	2012 RM	2011 RM	2012 RM	2011 RM
(Loss)/Profit before taxation	(5,417,558)	72,308,780	892,565	973,220
Taxation at the Malaysian statutory tax rate of 25%	(1,354,390)	18,077,195	223,141	243,305
Income not subject to tax	78,305	(22,227,701)	-	-
Expenses not deductible for tax purposes	1,727,842	4,224,258	118,241	91,874
Deferred tax assets not recognised on:				
- Unabsorbed tax losses	243,263	263,744	-	-
Utilisation of previously unrecognised unabsorbed tax losses	(690,720)	(359,861)	(337,082)	(322,579)
Overprovision in prior years:				
- Malaysian tax	(2,532)	(62,625)	(2,497)	-
- Deferred tax	(188,000)	-	-	-
Tax expense for the year	<u>(186,232)</u>	<u>(84,990)</u>	<u>1,803</u>	<u>12,600</u>

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

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Unabsorbed tax losses	37,037,964	37,577,264	1,920,000	3,264,000
Unutilised capital allowances	11,858,510	12,718,284	-	-
	<u>48,896,474</u>	<u>50,295,548</u>	<u>1,920,000</u>	<u>3,264,000</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

27. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share:

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

	GROUP	
	2012	2011
(Loss)/Profit for the year (RM)	(5,231,326)	72,393,770
Weighted average number of ordinary shares in issue	162,229,288	160,376,000
Basic (loss)/profit per share (sen)	(3.2)	45.1

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

28. STAFF COSTS

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	3,542,070	2,775,785	369,362	75,900
E.P.F. and Socso contributions	289,205	252,782	35,944	16,216
Other staff related expenses	153,793	121,514	8,100	11,890
	<u>3,985,068</u>	<u>3,150,081</u>	<u>413,406</u>	<u>104,006</u>

Included in staff costs of the Group and of the Company are executive Directors' remuneration amounting to RM54,000 (2011 – RM137,000) and RM54,000 (2011 – RM131,000) respectively as disclosed in Note 29 to the financial statements.

29. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors of the Company				
Executive:				
Fees	54,000	137,000	54,000	131,000
Non-Executive:				
Fees	164,000	156,000	42,000	36,000
Total	<u>218,000</u>	<u>293,000</u>	<u>96,000</u>	<u>167,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

29. 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	
	2012	2011
Executive Directors:		
Below RM50,000	-	2
RM50,001 - RM100,000	1	1
Non-Executive Directors:		
Below RM50,000	3	1
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	1

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30. RELATED PARTY TRANSACTIONS

The related party transactions of the Company comprise the following:

	COMPANY	
	2012 RM	2011 RM
Management fee charged to subsidiary companies	600,000	2,031,696
Licensing fee charged to subsidiary companies	1,593,399	-

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Total KMP's remuneration	54,000	593,304	54,000	201,600

31. CONTINGENT LIABILITIES

	COMPANY	
	2012 RM	2011 RM
Unsecured:		
Corporate guarantees given to banks and other financial institutions for credit facilities granted to subsidiary companies	14,099,470	14,646,490

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

32. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below provides analysis of financial instruments of the Group and of the Company. The Group and the Company categorised financial assets as loans and receivables ("L&R") and available-for-sale financial assets ("AFS") and financial liabilities as other financial liabilities measured at amortised cost ("AC").

	AFS RM	L&R RM	AC RM	Total RM
Group				
At 31 January 2012				
Financial Assets				
Trade receivables	-	3,470,613	-	3,470,613
Other receivables	-	7,961,685	-	7,961,685
Investment in quoted shares	256,201	-	-	256,201
Cash and cash equivalents	-	5,272,154	-	5,272,154
	<u>256,201</u>	<u>16,704,452</u>	<u>-</u>	<u>16,960,653</u>
Financial Liabilities				
Trade payables	-	-	1,771,540	1,771,540
Other payables	-	-	8,040,791	8,040,791
Term loans	-	-	11,317,059	11,317,059
Hire purchase and finance lease payables	-	-	273,614	273,614
	<u>-</u>	<u>-</u>	<u>21,403,004</u>	<u>21,403,004</u>
At 31 January 2011				
Financial Assets				
Trade receivables	-	3,516,765	-	3,516,765
Other receivables	-	5,898,435	-	5,898,435
Investment in quoted shares	85,360	-	-	85,360
Cash and cash equivalents	-	5,311,325	-	5,311,325
	<u>85,360</u>	<u>14,726,525</u>	<u>-</u>	<u>14,811,885</u>
Financial Liabilities				
Trade payables	-	-	632,410	632,410
Other payables	-	-	5,228,934	5,228,934
Term loans	-	-	12,419,434	12,419,434
Hire purchase and finance lease payables	-	-	139,054	139,054
	<u>-</u>	<u>-</u>	<u>18,419,832</u>	<u>18,419,832</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

Company	AFS RM	L&R RM	AC RM	Total RM
At 31 January 2012				
Financial Assets				
Other receivables	-	2,742,048	-	2,742,048
Amount due from subsidiary companies	-	156,390,436	-	156,390,436
Cash and cash equivalents	-	2,255,386	-	2,255,386
	-	161,387,870	-	161,387,870
Financial Liabilities				
Other payables	-	-	851,226	851,226
Amount due to subsidiary companies	-	-	2,624,240	2,624,240
Hire purchase and finance lease payables	-	-	49,978	49,978
	-	-	3,525,444	3,525,444
At 31 January 2011				
Financial Assets				
Other receivables	-	284,575	-	284,575
Amount due from subsidiary companies	-	152,040,747	-	152,040,747
Cash and cash equivalents	-	2,212,634	-	2,212,634
	-	154,537,956	-	154,537,956
Financial Liabilities				
Other payables	-	-	474,477	474,477
Amount due to subsidiary companies	-	-	2,625,269	2,625,269
Hire purchase and finance lease payables	-	-	85,541	85,541
	-	-	3,185,287	3,185,287

(b) Financial Risk Management Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, foreign currency risk, liquidity risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's risk management approach seeks to minimise the potential material adverse impact of those exposures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

The following section provides details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest risk arises primarily from interest-bearing financial assets and financial liabilities. The Group's interest-bearing financial assets include fixed deposits that are short term in nature and are held to earn a better yield than cash at banks. The fixed deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk. The Group's interest-bearing financial liabilities include hire purchase and finance lease payables and term loans.

Borrowings at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables at fixed rate expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of 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
Group						
At 31 January 2012						
Fixed rate						
Deposits with licensed bank	15	2.75	2,299,155	-	-	2,299,155
Hire purchase and finance lease payables	19	5.24	93,173	180,441	-	273,614
			2,392,328	180,441	-	2,572,769
Floating rate						
Term loans	18	3.85	4,496,182	6,820,877	-	11,317,059
At 31 January 2011						
Fixed rate						
Deposits with licensed bank	15	2.75	2,152,000	-	-	2,152,000
Hire purchase and finance lease payables	19	4.23	48,843	90,211	-	139,054
			2,200,843	90,211	-	2,291,054
Floating rate						
Term loans	18	6.45	4,023,305	8,396,129	-	12,419,434

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (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
Company						
At 31 January 2012						
Fixed rate						
Deposits with licensed bank	15	2.59	2,163,254	-	-	2,163,254
Hire purchase and finance lease payables	19	3.99	37,880	12,098	-	49,978
			2,201,134	12,098	-	2,213,232
At 31 January 2011						
Fixed rate						
Deposits with licensed bank	15	2.74	2,146,254	-	-	2,146,254
Hire purchase and finance lease payables	19	3.99	35,563	49,978	-	85,541
			2,181,817	49,978	-	2,231,795

(ii) Credit risk

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

The Company is also exposed to credit risk arising from corporate guarantee provided in respect of credit facilities granted to the subsidiary companies.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM14,099,470 (2011 – RM14,646,490) relating to corporate guarantees to bank and other financial institutions for credit facilities granted to subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

(ii) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions and quoted shares that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Notes 12 and 13.

(iii) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales, purchases and investment 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 United States Dollar, Singapore Dollar, Indonesia Rupiah and Brunei 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 that are not denominated in their functional currencies are as follows:

Functional Currency	Net financial assets/(financial liabilities) held in non-functional currency				Total RM
	United States Dollar RM	Singapore Dollar RM	Indonesia Rupiah RM	Brunei Dollar RM	
Group					
At 31 January 2012					
Cash and cash equivalents	286	-	-	3,556	3,842
Trade receivables	25,331	-	-	43,230	68,561
Investment in quoted shares	8,751	-	-	-	8,751
Trade payables	(49,215)	(40,305)	-	-	(89,520)
	(14,847)	(40,305)	-	46,786	(8,366)
At 31 January 2011					
Cash and cash equivalents	825	-	-	3,556	4,381
Trade receivables	44,659	-	-	44,655	89,314
Investment in quoted shares	85,360	-	-	-	85,360
Trade payables	-	(195,591)	(98,592)	-	(294,183)
	130,844	(195,591)	(98,592)	48,211	(115,128)
Company					
At 31 January 2012					
Cash and cash equivalents	286	-	-	-	286
At 31 January 2011					
Cash and cash equivalents	825	-	-	-	825

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

(iv) 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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within 1 year RM	2 - 5 years RM	More than 5 years RM	Total RM
At 31 January 2012				
Group				
Trade payables	1,771,540	-	-	1,771,540
Other payables	8,040,791	-	-	8,040,791
Term loans	4,496,182	6,820,877	-	11,317,059
Hire purchase and finance lease payables	93,173	180,441	-	273,614
	<u>14,401,686</u>	<u>7,001,318</u>	<u>-</u>	<u>21,403,004</u>
Company				
Other payables	851,226	-	-	851,226
Amount due to subsidiary companies	2,624,240	-	-	2,624,240
Hire purchase and finance lease payables	37,880	12,098	-	49,978
	<u>3,513,346</u>	<u>12,098</u>	<u>-</u>	<u>3,525,444</u>
At 31 January 2011				
Group				
Trade payables	632,410	-	-	632,410
Other payables	5,228,934	-	-	5,228,934
Term loans	4,023,305	8,396,129	-	12,419,434
Hire purchase and finance lease payables	93,173	180,441	-	273,614
	<u>9,977,822</u>	<u>8,576,570</u>	<u>-</u>	<u>18,554,392</u>
Company				
Other payables	474,477	-	-	474,477
Amount due to subsidiary companies	2,625,269	-	-	2,625,269
Hire purchase and finance lease payables	35,563	49,978	-	85,541
	<u>3,135,309</u>	<u>49,978</u>	<u>-</u>	<u>3,185,287</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

(v) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Groups' financial instruments will fluctuate because of changes in market prices.

The Group is exposed to securities price risk from its investment in quoted shares. These quoted shares are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and the price risk by investing in investment grade securities with steady dividend yield.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets (except investment in quoted shares) and liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of investment in quoted shares is determined by reference to the market price at the reporting date, and is disclosed in Note 7.

The Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

34. 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 covenants and regulatory requirements.

The debt-to-equity ratios as at 31 January 2011 and as at 31 January 2012 were as follows:

	GROUP	
	2012 RM	2011 RM
Total borrowings (Note 18)	11,590,673	12,558,488
Less: Cash and cash equivalents (Note 15)	(5,272,154)	(5,311,325)
Net debt	6,318,519	7,247,163
Total equity	158,544,670	158,225,996
Debt-to-equity ratio	0.04	0.05

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

35. MATERIAL LITIGATIONS

There is a legal suit against the Company and, its subsidiaries (SB Supplies & Logistics 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 judgements 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.

36. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits or losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at year end is analysed as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(133,470,141)	(128,951,695)	(34,914,160)	(35,804,922)
- Unrealised	79,098,524	79,818,404	-	-
	<u>(54,371,617)</u>	<u>(49,133,291)</u>	<u>(34,914,160)</u>	<u>(35,804,922)</u>
Less: Consolidation adjustments	20,091,645	20,084,645	-	-
Total accumulated losses	<u>(34,279,972)</u>	<u>(29,048,646)</u>	<u>(34,914,160)</u>	<u>(35,804,922)</u>

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

37. SEGMENTAL INFORMATION

(a) Operating segments

For management purpose, the Group is organised into four major operating segments based on their products and services as follows:

- 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.

(c) Information about major customers

Revenue from major customers of the Group amount to RM1,475,534 (2011 – RM1,419,844) arising from sales by the fast food operations segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012 (Cont'd)

37. SEGMENTAL INFORMATION (Cont'd)

	Head Office and Others		Fast Food Operations		Management and Operations of Properties		Oil, Gas and Energy Related Businesses		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue												
External sales	36,000	36,000	19,314,733	15,746,026	6,156,094	5,242,633	969	834	-	-	25,507,796	21,025,493
Inter-segment sales	2,193,399	2,031,696	14,577,627	162,637	-	-	-	-	(16,771,026)	(2,194,333)	-	-
Total revenue	2,229,399	2,067,696	33,892,360	15,908,663	6,156,094	5,242,633	969	834	(16,771,026)	(2,194,333)	25,507,796	21,025,493
Results												
Segment results	(1,334,674)	(1,259,163)	1,561,009	(44,914)	(3,950,979)	78,953,011	(1,024,499)	(4,448,783)			(4,749,143)	73,200,151
(Loss)/Profit from operations												
Finance costs, net											(4,749,143)	73,200,151
Taxation											(668,415)	(891,371)
											186,232	84,990
(Loss)/Profit after taxation											(5,231,326)	72,393,770
(Loss)/Profit for the year											(5,231,326)	72,393,770
Assets and Liabilities												
Segment assets	5,140,802	2,719,423	13,672,998	12,057,438	158,396,378	160,049,074	2,985,086	2,255,518			180,195,264	177,081,453
Segment liabilities	1,199,897	831,926	4,140,594	2,323,206	15,082,971	14,895,948	1,227,132	804,377			21,650,594	18,855,457
Other information												
Capital expenditure	-	-	473,984	107,700	27,952,226	302,086	935,486	1,230			29,361,696	411,016
Depreciation	68,995	68,996	662,861	994,659	1,722,907	1,596,076	108,530	92,892			2,563,293	2,752,623
Amortisation of prepaid lease rental	-	-	-	-	1,589,895	1,589,896	-	-			1,589,895	1,589,896

LIST OF PROPERTIES

Particulars of the Group's Properties

The properties of the Group as at 31st January 2012 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	NT 013068589, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	6.75 acres	Nil	270	5.3.2003
11	NT 013067939, Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	2.76 acres	Nil	138	5.3.2003
12	NT 013067742, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	5.65 acres	Nil	282	5.3.2003
13	NT 013064821, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	3.89 acres	Nil	194	5.3.2003
14	NT 013067751, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	12.95 acres	Nil	518	5.3.2003
15	FR 014009057, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	12.66 acres	Nil	633	5.3.2003
16	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	Carrying		Date of Acquisition
					Age of Building	Value RM'000	
17	NT 013068043, Kg Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	2.65 acres	Nil	106	5.3.2003
18	CL 065313804, Kg. Kundasang, Ranau, Sabah	Vacant land	Leasehold 99 years expiring on 31.12.2081	1.57 acres	Nil	160	5.3.2003
19	CL 095310071, Sg. Metah, Kinabatangan District, Sandakan	Vacant land	Leasehold 99 years expiring on 31.12.2073	100.07 acres	Nil	2,418	25.7.2008
20	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
21	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
22	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
23	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
24	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
25	NT 053047199, Kg Rukam, Kudat	Vacant land	Leasehold 30 years expiring on 14.7.2040	5.09 acres	Nil	1,850	30.7.2010
26	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 11TH JUNE 2012

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHARE HOLDINGS	NO. OF SHARE HOLDERS	%	NO. OF SHARES	%
Less than 100	30	0.59	501	-
100 to 1,000	732	14.33	663,399	0.37
1,001 to 10,000	2,616	51.19	14,481,000	8.07
10,001 to 100,000	1,510	29.55	49,480,900	27.58
100,001 to less than 5% of issued shares	222	4.34	114,800,200	63.98
5% and above of issued shares	-	-	-	-
*** TOTAL	5,110	100.00	179,426,000	100.00

LIST OF TOP 30 SHAREHOLDERS AS AT 11TH JUNE 2012

ITEM	NAME	NO. OF SHARES	%
1	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Coutts & Co. Ltd (HK Branch))	8,000,000	4.46
2	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities account for Lim Nyuk Sang @ Freddy Lim)	4,493,900	2.50
3	AIBB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities account for Batu Bara Resources Corporation Sdn Bhd)	3,694,000	2.06
4	CARTABAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Agricole (Suisse) SA , Singapore Branch)	3,499,700	1.95
5	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities account for Credit Suisse)	3,224,000	1.80
6	WARISAN HARTA SABAH SDN BHD	3,215,000	1.79
7	YONG FOO SAN	3,204,950	1.79
8	AMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Energy Resources Investments Limited)	3,100,000	1.73
9	VICTORIA CAPITAL SDN BHD	3,067,700	1.71
10	TAN SOH GEK	2,753,000	1.53
11	INNOSABAH NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Rozita @ Noorizam Binti Ajmain)	2,326,400	1.30
12	TAN SIEW HONG	2,289,300	1.28
13	PUBLIC INVEST NOMINEES (ASING) SDN BHD (Pledged Securities Account for Phillip Securities Pte Ltd)	2,253,400	1.26
14	AIBB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yayasan Pok Dan Kassim)	2,000,000	1.11
15	KHO CHANG MING	1,400,000	0.78

STATEMENT OF SHAREHOLDINGS

as at 11TH JUNE 2012 (Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 11TH JUNE 2012 (Cont'd)

ITEM	NAME	NO. OF SHARES	%
16	LO SUK LAN	1,373,550	0.77
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chai Bee Foon @ Chua Kuan Fung)	1,336,300	0.74
18	OSK NOMINEES (ASING) SDN BHD (Pledged Securities Account for Yiu May Kae Mavis)	1,297,000	0.72
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account For Kong Hwa Ling)	1,296,000	0.72
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Siong)	1,290,000	0.72
21	CHIA BENG TAT	1,200,000	0.67
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Azeman Sipang)	1,152,800	0.64
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Hong)	1,145,300	0.64
24	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	1,055,700	0.59
25	TEW BOO SING	995,000	0.55
26	H'NG CHIAU CHIN	957,800	0.53
27	SIM SIEW MENG	954,000	0.53
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	919,700	0.51
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Su Haw Tieng @ John)	900,000	0.50
30	LEE POO TECK	890,000	0.50
		65,284,500	36.38

SUBSTANTIAL SHAREHOLDERS AS AT 11TH JUNE 2012

NAME	NO. OF SHARES HELD			
	Direct	%	Indirect	%
None of the Shareholders have more than 5% as at 11th June 2012	-	-	-	-

STATEMENT OF WARRANT A (2002/2012) HOLDINGS

as at 11TH JUNE 2012

ANALYSIS OF WARRANT A (2002/2012) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	2	0.39	100	-
100 to 1,000	67	13.11	47,200	0.39
1,001 to 10,000	265	51.86	1,270,800	10.73
10,001 to 100,000	152	29.75	5,565,300	46.98
100,001 to less than 5% of issued warrants	24	4.70	4,323,800	36.50
5% and above of issued warrants	1	0.19	640,000	5.40
*** TOTAL	511	100.00	11,847,200	100.00

LIST OF TOP 30 WARRANT A (2002/2012) HOLDERS AS AT 11TH JUNE 2012

	NAME	No. of Warrants	%
1	IWAN HARMAN BIN OSMAN	640,000	5.40
2	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ravindran A/L Sivasubramaniam)	353,300	2.98
3	VICTORIA CAPITAL SDN BHD	313,300	2.64
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ravindran A/L Sivasubramaniam)	278,100	2.35
5	CIMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Jarsuma Investments Ltd)	240,000	2.03
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chin Lee Choon)	220,000	1.86
7	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD (Pledged Securities Account for Chua Chwee Chye)	212,900	1.80
8	HDM NOMINEES (ASING) SDN BHD (Pledged Securities Account for Phuay Yong Hen)	200,000	1.69
9	THAM KOY CHEE	200,000	1.69
10	WONG CHOON KIAH	199,000	1.68
11	CHE NORDIN BIN YIEH	195,000	1.65
12	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for HSBC Private Bank (suisse)S.A(HK ac))	184,000	1.55
13	ECML NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Wong Ten Song)	176,500	1.49
14	ECML NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Wong Lee Khien)	160,600	1.36
15	MOHD HADI BIN MOHAMED ANUAR	158,600	1.34

STATEMENT OF WARRANT A (2002/2012) HOLDINGS

as at 11TH JUNE 2012 (Cont'd)

LIST OF TOP 30 WARRANT A (2002/2012) HOLDERS AS AT 11TH JUNE 2012 (Cont'd)

	NAME	No. of Warrants	%
16	HDM NOMINEES (ASING) SDN BHD (Pledged Securities Account for Kundadak Ramesh Kudva)	140,000	1.18
17	CIMB COMMERCE TRUSTEE BERHAD (Pledged Securities Account for EPF Investment for Member Savings Scheme)	133,300	1.13
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Sek Sim Yong)	132,000	1.11
19	PUBLIC INVEST NOMINEES (ASING) SDN BHD (Pledged Securities Account for Phillip Securities Pte Ltd)	121,100	1.02
20	AFFIN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Chee Kean)	121,000	1.02
21	CHUAH TEONG AUNG	120,000	1.01
22	HDM NOMINEES (ASING) SDN BHD (Pledged Securities Account for Jerome Chua Chwee Meng)	120,000	1.01
23	LEE KIAN MING	120,000	1.01
24	ONG CHEE KEAN	116,000	0.98
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Linda Lau Hwee Lin)	109,100	0.92
26	CHIA YONG KIANG	100,000	0.84
27	KANG CHIN NAI	100,000	0.84
28	KEE NGENG HONG	100,000	0.84
29	LONG POH MING	100,000	0.84
30	QUAH CHOO HUEG	100,000	0.84
		5,463,800	46.10

SUBSTANTIAL WARRANT A (2002/2012) HOLDERS AS AT 11TH JUNE 2012

	Name	No. Of Warrants	%
	Iwan Harman Bin Osman	640,000	5.40

STATEMENT OF WARRANT B (2008/2018) HOLDINGS

as at 11TH JUNE 2012

ANALYSIS OF WARRANT B (2008/2018) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	90	5.11	3,964	0.01
100 to 1,000	339	19.23	220,721	0.41
1,001 to 10,000	676	38.34	3,421,363	6.40
10,001 to 100,000	562	31.88	20,583,121	38.50
100,001 to less than 5% of issued warrants	96	5.44	29,229,497	54.68
5% and above of issued warrants	-	-	-	-
*** TOTAL	1,763	100.00	53,458,666	100.00

LIST OF TOP 30 WARRANT B (2008/2018) HOLDERS AS AT 11TH JUNE 2012

	NAME	No. of Warrants	%
1	YONG FOO SAN	1,922,340	3.60
2	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Suisse-HK)	1,358,000	2.54
3	MAYBAN SECURITIES NOMINEES(TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	1,175,100	2.20
4	MAYBAN SECURITIES NOMINEES(ASING) SDN BHD (Pledged Securities Account for Chua Chwee Chye)	1,100,600	2.06
5	WARISAN HARTA SABAH SDN BHD	1,071,666	2.00
6	AFFLUENT CYCLE CORPORATION SDN BHD	993,400	1.86
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Cheng Chai)	850,000	1.59
8	LO SUK LAN	823,860	1.54
9	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chong Yoke Ching)	816,000	1.53
10	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Yee Foong)	678,100	1.27
11	VICTORIA CAPITAL SDN BHD	581,067	1.09
12	KEE SHIH-LENE	569,666	1.07
13	LAW HOCK CHAI	502,600	0.94
14	TAY YEW SIONG	500,000	0.94
15	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Coutts & Co Ltd (HK Branch))	471,333	0.88

STATEMENT OF WARRANT B (2008/2018) HOLDINGS

as at 11TH JUNE 2012 (Cont'd)

LIST OF TOP 30 WARRANT B (2008/2018) HOLDERS AS AT 11TH JUNE 2012 (Cont'd)

	NAME	No. of Warrants	%
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tee Kim Hew)	421,000	0.79
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Kok Siong)	410,700	0.77
18	SENTRAL BINA JAYA SDN BHD	400,000	0.75
19	CHANG MUI LIN @ CHANG MUI LING	353,400	0.66
20	HLB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Cheng Chai)	350,000	0.65
21	TAN SIN SIN	350,000	0.65
22	HDM NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lian Suat Hia)	343,700	0.64
23	VINCENT YONG TUCK SENG	320,000	0.60
24	WONG KOK NYEN	305,000	0.57
25	OSK NOMINEES (ASING) SDN BHD (Pledged Securities Account for Yiu May Kae Mavis)	300,000	0.56
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Low Saw Hoon)	300,000	0.56
27	TAN BENG SIM	300,000	0.56
28	LU LI	280,000	0.52
29	LIM YUET CHOON	279,200	0.52
30	YAP MOON SANG	270,000	0.51
		18,396,732	34.42

SUBSTANTIAL WARRANT B (2008/2018) HOLDERS AS AT 11TH JUNE 2012

	NAME	No. Of Warrants	%
	None of the warrant B holders have more than 5% as at 11 th June 2012	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of BORNEO OIL BERHAD (Co. No. 121919-H) will be held at 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, W.P. Labuan, on 31st July 2012, Tuesday at 8.00 am for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 31st January 2012 and the Report of the Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees for the financial year ended 31st January 2012. **(Resolution 2)**
3. To re-elect Mr Tan Kok Chor who retire pursuant to Article 91 & 92 of the Company's Articles of Association, and being eligible, offers himself for re-election. **(Resolution 3)**
4. To re-appoint Messrs STYL Associates as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 4)**

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 5)**

"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 6)**

"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;

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)

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, 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 7)**

By Order of the Board

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

Labuan F.T.

Dated: 9th July 2012

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. Only members whose names appear in the Record of Depositors as at 23rd July 2012 shall be eligible to attend the meeting or appoint a proxy to attend, speak and vote on his/ her behalf.

6. Explanatory Notes to Special Business:-

(i) Ordinary Resolution

Resolution 5- Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under Resolution 5 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 5, 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 held on 27th 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 6- Proposed Renewal of Authority For The Purchase Of Own Shares By The Company ("Proposed Renewal")

The Ordinary Resolution proposed under Resolution 6, 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. The Director who stands for re-election pursuant to Article 91 & 92 of the Articles of Association of the Company:

(a) Mr Tan Kok Chor

2. Board meetings held during the financial year ended 31st January 2012

The Board sat for 15 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. Teo Kiew Leong	2 April 2007	11/15
2. John Lee Yan Hong @ John Lee	25 April 2006	15/15
3. Tan Kok Chor	21 August 2001	15/15
4. Michael Moo Kai Wah	15 Jan 2008	15/15

3. The place, date and time of the 28th Annual General Meeting

2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, W.P. Labuan on 31st July 2012, Tuesday at 8.00 am.

4. General Meeting Record of Depositors.

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 49 of the Articles of Association of the Company and Paragraph 7.16 (2) of the Bursa Malaysia Securities Berhad's Ace Market Listing Requirements, a Record of Depositors as of 23rd July 2012, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend, speak and/or vote in his stead.

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 28th Annual General Meeting of the Company to be held on 31st July 2012, Tuesday 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 28th 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 2012 and the Report of the Auditors thereon.		
2.	To approve the Directors' fees for the financial year ended 31st January 2012.		
3.	To re-elect Mr Tan Kok Chor in accordance with Article 91 & 92 of the Company's Articles of Association .		
4.	To re-appoint Messrs STYL Associates as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	As Special Business : <u>Ordinary Resolution 1</u> - To authorize Directors to allot and issue shares pursuant to Section 132D of the Companies Act , 1965.		
6.	<u>Ordinary Resolution 2</u> - Renewal of Authority for the purchase of own shares by the Company .		
7.	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.
5. Only members whose names appear in the Record of Depositors as at 23rd July 2012 shall be eligible to attend the meeting or appoint a proxy to attend, speak and vote on his/ her behalf.

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
