

BORNEO OIL



BORNEO OIL
Annual Report 2013
Borneo Oil Berhad (121919-H) Incorporated in Malaysia

ANNUAL REPORT 2013

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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

DIRECTORS' STATEMENT

Dear Shareholders,

Another year had since passed and we are now in the second quarter of the new financial year ended 31 January 2014.

On behalf of the Board of Directors, I am pleased to present herewith the Annual Report of the Company and the Group for the financial year ended 31 January 2013 together with our commentary on their overall performances, our plans and prospects for the Group in the coming years.

The most notable achievement; in overall performances and operational results was from our Group's Fast Food division. As in the past consecutive years, the division continued to perform well. While domestically an additional 5 new franchised outlets were opened in the first quarter of this year, 3 in the final stage of completion, we expect at least a few more prospective ones which are currently in the midst of being finalized to be added to our chain of outlets by the year end. We now have a total of 62 outlets; out of which, 9 are in overseas, namely Brunei, China and Bangladesh. Our third outlet in Shenyang, capital city of Liaoning Province, China is currently under renovation while in Brunei, a minimum of 2 new openings are in the pipeline.

It is also heartening to note that our venture into Australia is progressing well; the first outlet in Melbourne is currently under renovation. This is part of our strategic overseas expansion plans to tap its potential and if it proves to be successful, more outlets will follow suit. In addition to this, we are also in the midst of negotiation with potential investors in Myanmar, Papua New Guinea and Indonesia. In order to encourage more Bumiputra entrepreneurs to participate and benefit from our already well established franchise scheme, we will be working closely with Perbadanan Nasional Berhad and Malaysian Franchise Association towards this objective.

With the above development coupled by the recent awarding of Area Franchise Licenses for the States of Sabah and Johor to two of our successful long term franchisees; which require them to open at least a certain number of outlets each year, our Fast Food division has set a target of at least 100 outlets to be in operation by the time we meet again next year to table the next Annual Report. This will contribute greatly to our franchise income as well as the supply of certain controlled materials which the franchisees have to source from our trading arm as part of the terms of the Franchise agreement.

Our success so far are mainly attributable to our proven established business models, consistent research done by our R&D department to introduce creative "fusion type" of quality foods; a combination of both Western and Asian menus, that could cater to all ages and range of customers. But most important of all, it is the commitment and support from our valued franchisees who have been working closely with us; providing feedbacks and ideas that contributed very much to the success. Besides our own marketing force, many of the new openings were contributed by them through their net-working and recommendations.

As for the other divisions of the Group, they performed as planned. While the Oil and Gas division is looking into possible renewable energy projects, it has also been preparing some ground works to engage itself as a service provider to the industry if such opportunity arises. Meanwhile, the Group's venture into resourced based manufacturing operation and other related activities are progressing as planned.

Barring any unforeseen circumstances, the Board is optimistic that the Group's future is heading towards the right direction with much improved performances and as such has invariably put the Group in a much better financial footing as compared to years ago for having one of the lowest gearing ratios by the industry standard.

To be able to achieve the above, we greatly appreciate the contribution and support of our management team and staff, creditors and financiers and all other parties associated with us who had in one way or another contributed to our achievements so far. We would also like to thank our professional and legal advisors, auditors and the relevant authorities for their cooperation and guidance. And to our valued franchisees, we greatly appreciate having them as part of our "Group's family". Lastly, to all our shareholders, it is our sincere hope that your patience, loyalty and support throughout all this while would not be in vain.

We thank you and wish you all the best.

Teo Kiew Leong
Executive Director

DIRECTORS' PROFILE

RAYMOND TEO KIEW LEONG

Executive Director

Raymond Teo Kiew Leong, aged 48, 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.

JOHN LEE YAN HONG @ JOHN LEE

Independent Non-Executive Director

John Lee Yan Hong @ John Lee, 43, 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 63, 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 61, 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 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 his alma mater as board treasurer for the past 8 years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Borneo Oil Berhad acknowledges that good corporate governance is vital to uphold business integrity and to sustain the performance and profitability of the Group's business operations. In this context, the Board strives to ensure that the Company adheres and complies with the principles and best practices of the Malaysian Code of Corporate Governance.

The Board is pleased to present to the shareholders the following statement on corporate governance and the extent of compliance with the best practices of the Malaysian Code On Corporate Governance pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad throughout the financial year ended 31 January 2013.

THE BOARD OF DIRECTORS

The Board takes full responsibility for the performance of the Group. The Board guides the Company on its short and long term goals, providing advice and directions on management and business development issues.

Composition and Responsibilities

For the financial year ended 31 January 2013, the Board has four(4) members comprising :

- 1 Executive Director
- 3 independent Non-Executive Director

The composition of the Board together bring a balance of skills and a wealth of experience to effectively lead and manage the Company. The presence of the Independent Non-executive Directors fulfill a pivotal role in corporate accountability as they provide unbiased and independent judgement, advice and views. The profile of all directors is set out in the Profile of Directors section of this Annual Report.

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long term value and returns for the shareholders, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives which governs the Group. It reviews management performance and affairs of the group and ensures that the necessary financial and human resources are available to meet the Group's objectives.

To assist in the execution of its responsibilities, the Board has established a number of Board Committee which include an Audit Committee who has the authority to examine particular issues for reporting to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

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 quarterly intervals and on other occasions, as and when necessary, to inter-alia approve quarterly results, financial statements, the annual report as well as to review the performance of the Group and other business development and corporate activities, Senior management and external advisors are invited to attend the Board and Board committee meetings when required to advise on relevant items of the Agenda to enable the Board and its Committees to arrive at a considered decision.

A total of four(4) Board meetings were held for the financial year ended 31 January 2013.

STATEMENT ON CORPORATE GOVERNANCE

Directors' Training

The Board fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risk to keep abreast with the developments in the economy, industry, technology and the changing business environment within which the Group operates.

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 concerning the performance and financial status of the Company at the Board Meetings. Each Director was provided with the agenda and a full set of the Board papers prior to each Board Meeting with the aim of enabling the Directors to make fully informed decision at the Board Meetings.

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

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 exercise controls on matters that require Board's approval through circulation of Directors' Resolutions.

Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the directors shall retire from office and be eligible for re-election at each Annual General Meeting.

Re-appointments are not automatic and all directors shall retire from office at least once in every three(3) years but shall be eligible for re-election by shareholders in the Annual General Meeting.

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 Bursa Malaysia Securities Berhad Main Market Listing Requirements, each member of the Board holds not more than ten(10) directorships in public listed companies and not more than fifteen(15) directorships in non-public listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

Audit Committee

The objective of the Audit Committee is to assist the Board to review the adequacy and integrity of the Company's and the Group's internal control systems and management information systems. The composition, summary of activities and terms of reference of the Audit Committee can be found in the Audit Committee Report of this Annual Report.

DIRECTORS' REMUNERATION

The Board endeavours to ensure that the levels of remuneration offered for directors are sufficient to attract and retain people needed to run the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular non-executive concerned.

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION (Cont'd)

The details of Directors' remuneration payable to all the Directors of the Company during the financial year ended 31 January 2013 are as follows :-

Category of Directors	Fees RM	#Salary RM	Bonus RM	Benefits- in-kind RM	Total RM
Executive Director	60,000	76,750	-	-	136,750
Non-Executive Directors	139,000	-	-	-	139,000
Total	199,000	76,750	-	-	275,750

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

The number of Directors whose total remuneration falls within the following bands for the financial year ended 31 January 2013 is as follows :

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

SHAREHOLDERS' COMMUNICATION

(i) Dialogue with Shareholders and Investors

The Company recognizes the importance of transparency and accountability in disclosure of the Group's business activities to its shareholders. The Board has maintained an effective communication policy that enables the Board to convey information with regard to the Group's performance, corporate strategy and other matters that affect shareholders' interests.

This is achieved through timely announcements and disclosures made to Bursa Malaysia Securities Berhad during the financial year under review, including the release of financial results on a quarterly basis. In addition to various announcements made during the financial year, the Company's website, www.borneo-oil.com.my allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

(ii) The Annual General Meeting

The Annual General Meeting (AGM) represents the principal forum for dialogue with shareholders. Besides the usual agenda for the AGM, the Board encourages shareholders to participate through questions on the business activities of the Group. The Directors and external auditors are available to respond to questions from shareholders during the meeting.

A full explanatory statement of the effects of the proposed resolutions will accompany each item of special business as mentioned in the notice of meeting.

STATEMENT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

In presenting the annual financial statements and quarterly financial results, the Board had ensured that the Group adopts appropriate accounting policies and standards and consistently applied prudent judgements supported by reasonable estimates so that the financial statements represent a true and fair assessment of the Company and Group's financial position. The Board vested responsibilities on the Audit Committee to ensure that the Company maintains proper accounting records, review and assess the accuracy and adequacy of all the information to be disclosed and ensure that the financial statements are in compliance with the Companies Act, 1965, the Listing Requirements and the applicable approved accounting standards in Malaysia.

A statement by the Directors of their responsibilities for the financial statements is incorporated within the Director's Report and Statement by Directors.

(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 conducted a review of the effectiveness and adequacy of the Group's system of internal control. The state of internal control within the Group and reports of the results are set out in the Statement on Internal Control.

(d) Relationship with Auditors

The Board through the Audit Committee maintains a formal and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards and statutory requirements.

Matters that require the Board's attention are highlighted by the external auditors to the Audit Committee and the Board through the issuance of management papers and reports.

The Audit Committee had on certain meetings , met up with the external auditors without the presence of the Executive Directors and Management during the financial year ended 31 January 2013.

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 2013.

Options, Warrants or Convertible Securities

6,668,600 of warrants A 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.

STATEMENT ON CORPORATE GOVERNANCE

Non-Audit Fees

Non-audit fees amounting to RM156,560.00 were paid to the external auditors for the services rendered in connection with the audit for the financial year ended 31st January 2013.

Profit Guarantees

There were no profit guarantees given by the Group during the financial year ended 31 January 2013.

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 31 January 2013.

COMPLIANCE TO THE CODE

The Board of Directors of Borneo Oil Group is of the opinion that the Group is in compliance with the principles of and best practices in corporate governance throughout the financial year ended 31 January 2013.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The Board of Directors of Borneo Oil Berhad is pleased to present the Audit Committee report for the financial year ended 31st January 2013. The Audit Committee was established in July 1999 to act as a Committee for the Board of Directors.

COMPOSITION OF MEMBERS

	No. of meetings attended
Chairman	
Tan Kok Chor <i>(Independent Non Executive Director)</i>	4/ 4
Members	
John Lee Yan Hong @ John Lee <i>(Independent Non Executive Director)</i>	4/ 4
Michael Moo Kai Wah <i>(Independent Non Executive Director)</i>	4/ 4

OBJECTIVES

The principal objectives of the Audit Committee are :-

1. to assist the Board of Directors in fulfilling its fiduciary responsibilities by ensuring that the results of internal and external audit findings are fully considered and properly resolved.
2. to ensure compliance with Paragraph 15 , Part C of the Bursa Malaysia Securities Berhad (“BURSA”) Listing Requirements.
3. to ensure the independence of the External Auditors , the integrity of management and the adequacy of disclosures to shareholders.

COMPOSITION OF MEMBERS

The Board shall elect the Audit Committee member from amongst themselves, comprising no fewer than three(3) directors all of whom shall be non-executive. In addition, the majority of the Audit Committee members shall be independent directors as defined under Bursa’s Listing Requirements. An alternate director shall not be appointed as a member of the Audit Committee.

At least one(1) member of the Audit Committee must be :

- a. A member of the Malaysian Institute of Accountants (MIA) ;
- b. If he is not a member of MIA, he must have at least three(3) years of working experience and ;-
 - i. He must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967 ; or
 - ii. He must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967 ; or
- c. Fulfill such other requirements as prescribed by Bursa.

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced to below three(3) , the Board shall within three(3) months of the event appoint such number of new members as may be required to fill the vacancy.

AUDIT COMMITTEE REPORT

COMPOSITION OF MEMBERS (cont'd)

The Chairman of the Audit Committee, elected from amongst the Audit Committee members, shall be an independent director. The Board of Directors shall approve the appointment of Chairman of the Audit Committee.

The Secretary of the Audit Committee shall be the Company Secretary.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee normally meets four (4) times annually on a quarterly basis although additional meetings may be called at any time whenever necessary. Representatives from the internal auditors will attend the meetings, if required. Other Board members may attend the meeting upon invitation of the Audit Committee.

Each Audit Committee member receives written reports and supporting information, including operating results, comprehensive review and analysis, at least one week ahead of the Audit Committee meeting. Prior to each meeting, the members are provided with an agenda and full set of Audit Committee papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the members to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

The quorum shall consist of a majority of members present being independent non-executive directors.

RIGHTS AND AUTHORITY

The Audit Committee shall :-

1. have the authority to investigate any matters within its terms of reference;
2. have and be able to mobilize the required resources to perform its duties;
3. have full and unrestricted access to any information, records and documents within the Group ;
4. have direct communication channels with the external auditors and internal auditors ;
5. be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary;
6. be able to convene meetings with the external Auditors, internal Auditor or both, excluding the attendance of other directors of the Board and employees of the Group, whenever deemed necessary.
7. 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.

FUNCTIONS AND DUTIES

The functions and duties of the Audit Committee are :-

1. To do the following in relation to the external audit function :-
 - i. Consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal;
 - ii. Discuss with external auditors before the audit commences, the nature and scope of audit, and ensure coordination where more than one (1) audit firm is involved;
 - iii. Discuss issues, problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss and ;
 - iv. Review external auditors' management letters and management's response.

AUDIT COMMITTEE REPORT

FUNCTIONS AND DUTIES (cont'd)

2. To do the following in respect of the internal audit functions :-
 - i. Review the adequacy of the scope, functions and resources of the internal auditors, and that it has necessary authority to carry out its work ; and
 - ii. Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditors.
3. To review the quarterly and year end financial statements of the Group and the Company, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other legal requirements.
4. To consider any related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedures or course of conduct that raises questions of management integrity.
5. To review the ESOS allocation to ensure that it is in compliance with the criteria as approved by the ESOS Committee and the By-laws.
6. To consider the major findings of internal investigation and the management's responses.
7. To report to Bursa Malaysia Securities Berhad any breach of the Listing Requirements which has not been satisfactorily resolved.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 January 2013 , the Audit Committee undertook the following activities :-

- Review of the unaudited quarterly reports on the consolidated results of the Group prior to submission to the Board for its approval before the quarterly announcements to Bursa Malaysia Securities Berhad ("Bursa") were made.
- Review of the audit plan as proposed by the external auditors, in terms of the nature and extent of the audit procedures, significant accounting and audit issues, impact of new or proposed changes in the accounting standards and any other regulatory requirements.
- Review of the audit plans of the internal auditor for the financial year under review.
- Review of the year-end financial statements together with external auditors' report in relation to their audit findings and the accounting issues arising from the audit of the Company's and of the Group's annual financial results before submitting its recommendation to the Board for approval.
- Review of pertinent issues raised by the internal auditor.
- Review of the terms of related party transactions and recurrent related party transactions, if any, entered into by the Group.
- Review of the Group's corporate exercises including the restructuring scheme.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The internal audit function is outsourced and independent of the operations of the Group. It provides reasonable assurance that the Group's system of internal control is satisfactory and operating efficiently. The internal auditor adopts a risk based approach towards the planning and conduct of audits that are consistent with the Group's framework in designing, implementing and monitoring of its internal control system.

Upon completion of the audits, the internal auditor is to closely monitor the implementation progress of the recommendations made in order to assure that Management has duly addressed all major risks and control issues. All audit reports on the results of work undertaken together with the recommended action plans and the implementation status were presented to the Management and the Committee.

AUDIT COMMITTEE REPORT

REVIEW OF SHARE OPTION SCHEME

The Company's Employee Share Option scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 28 December 2011. The ESOS was implemented on 28 February 2012 and is to be in force for a period of 5 years from the date of implementation, with extension of a further 5 years.

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 of time during the tenure of the ESOS. Some of the main features are disclosed and explained in note 16 to the financial statements.

STATEMENT ON INTERNAL CONTROL

In compliance with Bursa Malaysia Securities Berhad Listing Requirements, pursuant to paragraph 15.27 (b) and the Practice Note No. 9 and as guided by the Statement on Internal Control : Guidance for Directors of Public Listed Companies, the Board of Directors of Borneo Oil Berhad is pleased to set out its statement on internal control as a group for the financial year ended 31 January 2013 .

Board Responsibility

The Directors are responsible for the Group's system of internal control that covers all aspects of its business. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system cannot totally eliminate risks and therefore cannot provide absolute assurance against the Group failing to achieve its objectives or making material losses. The system can however provide reasonable assurance against material misstatement or loss.

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

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

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

1. Internal Control Processes and Risk Management framework

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

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

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control are as follows :

- (a) The Group's internal audit function reports to the Audit Committee. The Audit Committee, on behalf of the Board, reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal auditors and the management.
- (b) An accounting system which ensures that all financial transactions are correctly recorded, collated and consolidated into the monthly and quarterly management financial statements, allowing management to focus on areas of material change. A data backup system is in place to ensure recovery of information in the event of untoward incidents.
- (c) Investment decisions are documented and approved by the Board for the acquisition or disposal of business operations, acceptance of projects, application of capital expenditure and approval on borrowings.
- (d) Staff recruitment goes through a process and there is a performance appraisal system as well as training and development programs in place to achieve the objective of ensuring staff are competent to carry out their duties and responsibilities.

STATEMENT ON INTERNAL CONTROL

The Group's system of internal control can be summarised as follows: (cont'd)

1. Internal Control Processes and Risk Management framework (cont'd)

- (e) The Audit Committee and the Board monitor and review the Group performance and financial results at their quarterly meetings ; and
- (f) Authority limits are defined for board members and senior management within an appropriate organization structure.

The above processes serve to ensure that there is a platform for the timely identification, evaluation and management of significant risks affecting the business.

The Board recognizes the importance of risk management, as such the control processes are reviewed by the Board on an ongoing basis for identification and mitigation of the major risks within the Group. Besides this, the participation of the executive director in the daily activities has also reduced the business and operational risks of the Group. The executive director and senior management regularly organized informal meetings for purpose of identifying and managing the business risk of the Group.

2. Authority Levels

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

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

3. Financial Performance

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

4. Internal Compliance

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

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

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

STATEMENT ON INTERNAL CONTROL

4. Internal Compliance (cont'd)

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 Board's conclusion

The Board consistently believe that by maintaining a balanced achievement of its business objectives and operational efficiency, it will bring about a better and more effective performance and results of the Group. As such , the Board is of the view that the system of internal controls being instituted throughout the financial year 2013 is sound and effective. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard shareholders' investment and the Group's interest and assets. No major internal control weaknesses were identified during the year under review nor have any of the reported weaknesses resulted in any material losses or contingencies requiring disclosure in the Group's Annual Report.

The Board of Directors of Borneo Oil Berhad

Date : 6th June 2013

STATEMENT OF DIRECTOR'S RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

(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 of the Group are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 January 2013 and of the results and cash flows of the Group and the Company for the financial year then ended .

The Directors are pleased to announce that in preparing the financial statements of the Group and of the Company for the financial year ended 31 January 2013, the Directors have :-

- Adopted appropriate applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 and applied them consistently ;
- made judgements and estimates that are prudent and reasonable ;
- ensured that all applicable Financial Reporting Standards and the Listing Requirements of Bursa Malaysia Securities Berhad and other statutory requirements in Malaysia have been complied with ; and
- confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible to ensure 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 to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 , Listing Requirements and Financial Reporting Standards in Malaysia.

The Directors are also responsible for ensuring proper internal controls is in place to safeguard the assets of the Group and Company and to prevent and detect 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 2013.

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 after taxation attributable to owners of the parent	(8,088,109)	(255,790)

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 RM165,926,000 to RM199,194,600 by way of the issuance of 33,268,600 ordinary shares of RM1 each as follows:

	Number of ordinary shares issued
Share issued pursuant to the exercise of Employee Share Option Schemes	26,600,000
Share issued pursuant to the exercise of Warrants 2002/2012	6,668,600
Total ordinary share issued during the financial year	33,268,600

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 28 December 2011. The ESOS was implemented on 28.2.2012 and is to be in force for a period of 5 years from the date of implementation, with extension of a further 5 years.

The main features of the ESOS and the movements in the share options for the year ended 31 January 2013 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

In accordance with Article 91 and 92 of the Company's Article of Association, John Lee Yan Hong @ John Lee 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 expired on 18 November 2012. The movement of warrants during the financial year is as follows:

	Number of Warrants	
	2013	2012
At beginning of year	11,847,200	11,847,200
Exercised during the financial year	(6,668,600)	-
Forfeiture of unexercised warrants	(5,178,600)	-
At end of year	-	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

DATE: 20 May 2013

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 38, 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

DATE: 20 May 2013

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 20 May 2013

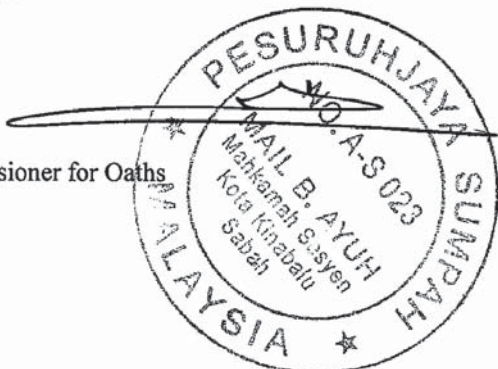
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Before me:



MICHAEL MOO KAI WAH

Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the financial statements of BORNEO OIL BERHAD which comprise the statements of financial position as at 31 January 2013 of the Group and of the Company, the statements of comprehensive income, statements of changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2013 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) we have considered the financial statements and the auditors' reports of all subsidiaries 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 subsidiaries 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 subsidiaries 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 38 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

1. As stated in Note 2 to the financial statements, BORNEO OIL BERHAD adopted the Malaysian Financial Reporting Standards on 1 February 2012 with a transition date of 1 February 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 January 2012 and 1 February 2011, and the statements of comprehensive income, changes in equity and cash flows for the financial year ended 31 January 2012 and its related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 January 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2012 do not contain misstatements that materially affect the financial position as at 31 January 2013 and the financial performance and cash flows for the financial year then ended.
2. 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: 20 MAY 2013



LEOU THIAM LAI
APPROVED COMPANY AUDITOR
TREASURY APPROVAL NO.1269/6/14(J)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2013

ASSETS	Note	GROUP			COMPANY	
		31.01.2013 RM	31.01.2012 RM	01.02.2011 RM	2013 RM	2012 RM
Non-current assets						
Property, plant and equipment	4	36,288,450	13,432,825	11,059,995	147,139	33,054
Investment properties	5	133,725,737	130,868,507	131,003,195	-	-
Investment in subsidiary companies	6	-	-	-	2	2
Investment in quoted securities	7	17,502	256,201	85,360	-	-
Prepaid lease payments	8	13,947,262	15,537,157	17,127,052	-	-
Development expenditure	9	1	1,505,002	1,505,002	-	-
Intangible assets	10	11,833	11,833	11,833	-	-
Total non-current assets		183,990,785	161,611,525	160,792,437	147,141	33,056
Current assets						
Inventories	11	3,167,098	1,879,287	1,562,491	-	-
Trade receivables	12	1,905,391	3,470,613	3,516,765	-	-
Other receivables and deposits	13	4,642,868	7,961,685	5,898,435	460,765	2,742,048
Amount due from subsidiary companies	14	-	-	-	188,955,639	156,390,436
Cash and cash equivalents	15	8,797,096	5,272,154	5,311,325	4,347,292	2,255,386
Total current assets		18,512,453	18,583,739	16,289,016	193,763,696	161,387,870
TOTAL ASSETS		202,503,238	180,195,264	177,081,453	193,910,837	161,420,926
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	16	199,194,600	165,926,000	160,376,000	199,194,600	165,926,000
Reserves	17	(15,474,480)	(7,381,330)	(2,150,004)	(8,256,308)	(8,030,518)
Shareholders' equity		183,720,120	158,544,670	158,225,996	190,938,292	157,895,482
Non-current liabilities						
Long term borrowings	18	5,330,331	7,001,318	8,486,340	-	12,098
Deferred tax liabilities	20	27,700	-	188,000	-	-
Total non-current liabilities		5,358,031	7,001,318	8,674,340	-	12,098
Current liabilities						
Trade payables	21	1,928,653	1,771,540	632,410	-	-
Other payables	22	7,504,580	8,040,791	5,228,934	384,341	851,226
Amount due to subsidiary companies	14	-	-	-	2,576,107	2,624,240
Short term borrowings	18	3,505,306	4,589,355	4,072,148	12,097	37,880
Provision for taxation		486,548	247,590	247,625	-	-
Total current liabilities		13,425,087	14,649,276	10,181,117	2,972,545	3,513,346
Total liabilities		18,783,118	21,650,594	18,855,457	2,972,545	3,525,444
TOTAL EQUITY AND LIABILITIES		202,503,238	180,195,264	177,081,453	193,910,837	161,420,926

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2013

	Note	GROUP		COMPANY	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	23	33,330,652	25,507,796	2,810,404	2,229,399
Cost of sales		(20,831,905)	(14,349,050)	-	-
Gross profit		12,498,747	11,158,746	2,810,404	2,229,399
Other income	24	1,848,495	1,333,030	115,266	17,000
Administrative expenses		(21,567,885)	(17,240,919)	(3,149,527)	(1,349,533)
Finance costs		(598,116)	(668,415)	(1,983)	(4,301)
(Loss)/Profit before taxation	25	(7,818,759)	(5,417,558)	(225,840)	892,565
Taxation	26	(269,350)	186,232	50	(1,803)
(Loss)/Profit after taxation		(8,088,109)	(5,231,326)	(225,790)	890,762
Profit after taxation attributable to:					
Owners of the parent		(8,088,109)	(5,231,326)		
Total comprehensive income attributable to:					
Owners of the parent		(8,088,109)	(5,231,326)		
Earnings per share attributable to owners of the parent					
- Basic (sen)	27	(4.36)	(3.22)		
- Diluted (sen)	27	(4.36)	(3.22)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2013

GROUP	Attributable to Owners of the parent									
	Non distributable					Distributable				
	Share Capital RM	Share Premium RM	Currency Translation Reserves RM	Warrants Reserves RM	Capital Reserves RM	ESOS Reserves RM	Accumulated Loss RM	Shareholders' Equity RM	Total Equity RM	
Balance at 1 February 2011	160,376,000	24,164,992	-	2,672,933	15,000	45,717	(29,048,646)	158,225,996	158,225,996	
Issuance of shares	5,550,000	-	-	-	-	-	-	5,550,000	5,550,000	
Total comprehensive income for the year	-	-	-	-	-	-	(5,231,326)	(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	158,544,670	
Issuance of shares	33,268,600	-	-	-	-	-	-	33,268,600	33,268,600	
Loss for the year	-	-	-	-	-	-	(8,088,109)	(8,088,109)	(8,088,109)	
Other comprehensive income for the year - Currency translation reserves	-	-	(5,041)	-	-	-	-	(5,041)	(5,041)	
Total comprehensive income for the year	-	-	(5,041)	-	-	-	(8,088,109)	(8,093,150)	(8,093,150)	
Balance at 31 January 2013	199,194,600	24,164,992	(5,041)	2,672,933	15,000	45,717	(42,368,081)	183,720,120	183,720,120	

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

COMPANY	Non distributable				Distributable	Total Shareholders' Equity RM
	Share Capital RM	Share Premium RM	ESOS Reserves RM	Warrants Reserves RM	Accumulated Loss RM	
Balance at 1 February 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
Issuance of shares	33,268,600	-	-	-	-	33,268,600
Total comprehensive income for the year	-	-	-	-	(225,790)	(225,790)
Balance at 31 January 2013	199,194,600	24,164,992	45,717	2,672,933	(35,139,950)	190,938,292

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2013

	Note	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(7,818,759)	(5,417,558)
Adjustments for:			
Allowance for impairment		2,611,083	830,971
Allowance for impairment written back		(469,875)	(604,716)
Amortisation of prepaid lease rental		1,589,895	1,589,895
Bad debts written off		-	604,723
Depreciation		3,055,254	2,563,293
Deposits written off		383,028	-
Gain on disposal of investment properties		(508,842)	(160,511)
Gain on disposal of property, plant and equipment		(84,865)	(97,895)
(Reversal on impairment)/Impairment loss on investment in quoted securities		(15,288)	76,909
Impairment loss on project development		1,505,001	-
Interest expenses		598,116	668,415
Interest income		(118,032)	(17,155)
(Gain)/Loss on disposal of investment in quoted securities		(10,063)	482,803
Property, plant and equipment written off		612,192	534,465
		<hr/>	<hr/>
Operating profit before working capital changes		1,328,845	1,053,639
Inventories		(1,287,811)	(316,796)
Receivables		2,343,154	(3,320,899)
Payables		(379,098)	3,950,987
		<hr/>	<hr/>
Net cash generated from operations		2,005,090	1,366,931
Tax paid		-	(11,906)
Tax refund		13,957	-
Interest paid		(598,116)	(668,415)
		<hr/>	<hr/>
Net cash from operating activities		1,420,931	686,610
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26,390,907)	(5,254,896)
Purchase of investment properties		(4,024,035)	(54,800)
Investment in quoted shares		-	(253,987)
Proceeds from disposal of investment in quoted securities		264,050	6,360
Proceeds from disposal of investment properties		1,675,647	349,999
Proceeds from disposal of property, plant and equipment		401,201	102,403
Interest received		118,032	17,155
		<hr/>	<hr/>
Net cash used in investing activities		(27,956,012)	(5,087,766)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		33,268,600	5,550,000
Repayment of finance lease payables		(132,572)	(85,640)
Repayment of term loans		(3,070,964)	(1,102,375)
		<hr/>	<hr/>
Net cash from financing activities		30,065,064	4,361,985
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,529,983	(39,171)
		<hr/>	<hr/>
FOREIGN CURRENCY TRANSLATION RESERVES		(5,041)	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,272,154	5,311,325
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	8,797,096	5,272,154
		<hr/>	<hr/>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2013

	Note	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(225,840)	892,565
Adjustments for:			
Allowance for impairment		1,883,087	-
Depreciation		16,459	68,995
Interest expenses		1,983	4,301
Interest income		(115,266)	(17,000)
Operating profit before working capital changes		1,560,423	948,861
Receivables		398,246	(2,447,370)
Payables		(466,885)	376,749
Subsidiary companies		(32,613,336)	(4,350,718)
Net cash used in operations		(31,121,552)	(5,472,478)
Interest paid		(1,983)	(4,301)
Tax paid		-	(11,906)
Net cash used in operating activities		(31,123,535)	(5,488,685)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		115,266	17,000
Purchase of property, plant and equipment		(130,544)	-
Net cash (used in)/from investing activities		(15,278)	17,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease payables		(37,881)	(35,563)
Proceeds from issuance of shares		33,268,600	5,550,000
Net cash from financing activities		33,230,719	5,514,437
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,091,906	42,752
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,255,386	2,212,634
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	4,347,292	2,255,386

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013

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 principal place of business of the Company is located at Lot 180, Section 19 KTL D, Jalan Satok, 93400 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 May 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 which is the Company's functional currency.

The financial statements of the Group and of the Company for the financial year ended 31 January 2013 are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

Explanation of Transition to MFRSs (Cont'd)

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int. 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 January 2013.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31 December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int. 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group's and the Company's statements of financial position, comprehensive income and cash flows which are reported in accordance with the previous FRSs.

Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but there are not yet effective and have not been adopted by the Group and the Company:

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

- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

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

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (revised)
- MFRS 127 Consolidated and Separate Financial Statements (revised)
- MFRS 128 Investments in Associates and Joint Ventures (revised)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

Standards issued but not yet effective (Cont'd)

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

- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle)
- Amendments to MFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11 Joint Arrangements: Transition Guidance
- Amendments to MFRS 12 Disclosure of Interest in Other Entities: Transition Guidance
- Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)
- Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)
- Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle)
- Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)

Effective for financial periods beginning on or after 1 January 2014:

- Amendments to MFRS 132 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015:

- MFRS 9 Financial Instruments (2009)
- MFRS 9 Financial Instruments (2010)
- Amendments to MFRS 7 Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Company plan to apply the abovementioned standards, amendments and interpretations when they become effective in the respective financial periods. These standards, amendments and interpretations are not expected to have any effect to the Company's financial statements upon its initial application or interpretations that are effective for financial periods beginning on or after 1 January 2015.

The Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application except for those discussed below:

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities. This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 119 Employee Benefits (revised)

The amendments to MFRS 119 Employee Benefits change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor method" permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statements of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to MFRS 119 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The Directors do not anticipate that the application of MFRS 119 will have significant effect on the Group's and the Company's financial statement.

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

Standards issued but not yet effective (Cont'd)

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the “statement of comprehensive income” is renamed “statement of profit or loss and other comprehensive income” and the “income statement” is renamed the “statement of profit or loss”.

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, made up to the end of the financial year.

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Intragroup transactions, balances and unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The gains or losses on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with exchange differences which were not previously recognised in the consolidated statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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 profit or loss.

(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 profit or loss 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
Bridge	2 %
Factory	10 %
Machinery and equipment	10 - 25 %
Furniture, fixture and fittings	5 - 20 %
Motor vehicles	10 - 20 %
Office equipment	10 %

Land, Stone quarry and 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 2013 (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 profit or loss.

(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 profit or loss.

(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 profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the profit or loss.

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 profit or loss.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 statement of financial position 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 profit or loss 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 profit or loss on a straight-line basis over the estimated useful life of 10 years. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (m).

(l) Deferred exploration and development expenditure

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Financial assets (Cont'd)

(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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Foreign currency (Cont'd)

(ii) Foreign currency transactions (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Employee benefits (Cont'd)

(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 MFRS 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Financial liabilities (cont'd)

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.

(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 JUDGMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

Judgments Made in Applying Accounting Policies

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

(a) Classification of Financial Assets

The Group has classified its investment in debt securities as available-for-sale investment. In applying the accounting policy, the Group assesses its nature and the intention at each reporting date. Should the circumstances change in the future, the classification of this financial asset as available-for-sale may be no longer appropriate.

(b) Leases

The Group judged that the leasehold land of the Group are in substance finance leases and has classified its leasehold land as property, plant and equipment.

Key Sources of Estimation Uncertainty

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

(i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of Investment in Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. The impairment made on investments in subsidiaries entails an allowance for doubtful debts to be made to the amount owing by these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

(iii) Impairment of Non-Current Assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(iv) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Allowance for Inventories

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

(vi) Allowance for Impairment of Receivables

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer credit creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vii) Revaluation of Investment Properties

The Group carries its investment properties at fair values, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at October 2010. The valuer used a valuation technique based on open market value basis. The directors are of the opinion that, based on available market information, the fair value of the investment properties still remains the same. Therefore, no changes in fair value are recognised in profit or loss during the financial year.

(viii) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(ix) Provisions

The Group measures the provision for reinstatement costs of leased premises to its original state with reference to the terms and conditions of the respective tenancy agreements, and the expected date of reinstatement.

The calculation of provision for reinstatement costs requires management to estimate the expected future cash outflows as a result of site restoration, and a suitable pre-tax discount rate that reflects current market assessments of the time value of money in order to calculate the present value of those future cash outflows.

Due to the long term nature of such a provision, such estimates are subjected to significant uncertainty. The Group has made assumptions in relation to provision for future warranty claims based on historical experience and recent trend analysis.

(x) Defined Benefit Plan

The cost of defined benefit plan as well as the present value of the unfunded obligation is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rate, salary incremental rate and pension incremental rate. All assumptions are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

GROUP COST	Balance at 01.02.2012 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2013 RM
Land	-	19,984,765	-	-	19,984,765
Stone quarry	-	1,000,000	-	-	1,000,000
Bridge	-	-	-	790,000	790,000
Factory	-	806,099	-	-	806,099
Bridge under construction	790,000	-	-	(790,000)	-
Furniture, fixture and fittings	15,551,527	1,340,985	(1,140,043)	-	15,752,469
Motor vehicles	3,095,330	688,574	(25,200)	-	3,758,704
Machinery and equipment	13,771,165	3,018,984	(3,028,662)	-	13,761,487
	33,208,022	26,839,407	(4,193,905)	-	55,853,524
ACCUMULATED DEPRECIATION	Balance at 01.02.2012 RM	Charge for the year RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2013 RM
Land	-	-	-	-	-
Stone quarry	-	-	-	-	-
Bridge	-	15,800	-	-	15,800
Factory	-	80,610	-	-	80,610
Furniture, fixture and fittings	8,447,179	1,442,445	(717,775)	-	9,171,849
Motor vehicles	2,236,873	255,514	(25,199)	-	2,467,188
Machinery and equipment	9,091,145	1,260,885	(2,522,403)	-	7,829,627
	19,775,197	3,055,254	(3,265,377)	-	19,565,074
COST	Balance at 01.02.2011 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2012 RM
Bridge under construction	50,000	740,000	-	-	790,000
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
Machinery and equipment	12,872,421	2,289,412	(1,390,668)	-	13,771,165
	30,852,948	5,475,096	(3,120,022)	-	33,208,022
ACCUMULATED DEPRECIATION	Balance at 01.02.2011 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 31.01.2012 RM
Bridge under construction	-	-	-	-	-
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
Machinery and equipment	9,436,024	1,015,222	(1,360,101)	-	9,091,145
	19,792,953	2,563,293	(2,581,049)	-	19,775,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

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

NET BOOK VALUE	GROUP	
	2013 RM	2012 RM
Land	19,984,765	-
Stone quarry	1,000,000	-
Bridge	774,200	-
Factory	725,489	-
Bridge under construction	-	790,000
Furniture, fixture and fittings	6,580,620	7,104,348
Motor vehicles	1,291,516	858,457
Machinery and equipment	5,931,860	4,680,020
	36,288,450	13,432,825

COMPANY COST	Balance at 01.02.2012 RM	Additions RM	Disposals RM	Balance at 31.01.2013 RM
Furniture, fixture and fittings	17,260	65,554	-	82,814
Motor vehicles	600,544	-	-	600,544
Office equipment	40,699	64,990	-	105,689
	658,503	130,544	-	789,047

ACCUMULATED DEPRECIATION	Balance at 01.02.2012 RM	Charge for the year RM	Disposals RM	Balance at 31.01.2013 RM
Furniture, fixture and fittings	8,630	7,515	-	16,145
Motor vehicles	600,539	-	-	600,539
Office equipment	16,280	8,944	-	25,224
	625,449	16,459	-	641,908

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

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

ACCUMULATED DEPRECIATION	Balance at 01.02.2011 RM	Additions RM	Disposals RM	Balance at 31.01.2012 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>
			2013 RM	2012 RM
Furniture, fixture and fittings			66,669	8,630
Motor vehicles			5	5
Office equipment			80,465	24,419
			<u>147,139</u>	<u>33,054</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 RM438,250 (2012 – RM313,450) and RM4 (2012 – 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Machinery and equipment	903,486	903,486	-	-
Furniture, fixture and fittings	556,210	556,210	-	-
Motor vehicles	725,148	725,148	284,544	284,544
	<u>2,184,844</u>	<u>2,184,844</u>	<u>284,544</u>	<u>284,544</u>

5. INVESTMENT PROPERTIES

	GROUP	
	2013 RM	2012 RM
At beginning of year	130,868,507	131,003,195
Add: Additional during the year	4,024,035	54,800
	<u>134,892,542</u>	<u>131,057,995</u>
Less: Disposal during the year	(1,166,805)	(189,488)
At the end of year	<u>133,725,737</u>	<u>130,868,507</u>
Investment properties consist of the followings:		
Long term leasehold land and buildings	123,565,704	119,541,669
Short term leasehold land	7,611,731	7,611,731
Freehold condominium	2,548,302	3,715,107
	<u>133,725,737</u>	<u>130,868,507</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

5. INVESTMENT PROPERTIES (Cont'd)

Certain investment properties of the Group with carrying amount of RM15,314,107 (2012 – RM15,314,107) 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 (2012 – RM36,964,233) 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.

Had the revalued investment properties been carried under the cost model, the carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 31 January are as follows:

	GROUP	
	2013 RM	2012 RM
Long term leasehold land and buildings	47,721,698	42,197,663
Short term leasehold land	3,746,846	3,746,846
Freehold condominium	2,548,302	3,715,107
	54,016,846	49,659,616

The estimated fair value of the Group's investment properties amounting to RM103,418,000 (2012 – 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	
	2013 RM	2012 RM
Unquoted shares at cost	2,600,000	2,600,000
Less: Accumulated impairment losses	(2,599,998)	(2,599,998)
	2	2

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
	2013	2012		
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 2013 (Cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

NAME OF COMPANY	% EQUITY HELD		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
	2013	2012		
Subsidiaries of SB Partners Sdn. Bhd.				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Franchisee and 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.
Sugarbun Pty Ltd *	100	-	Australia	Dormant
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.	100	100	Malaysia	Investment holding.
Subsidiary of Segama Resources Sdn. Bhd.				
Segama Ventures Sdn. Bhd.	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 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

7. INVESTMENT IN QUOTED SECURITIES

	GROUP	
	2013 RM	2012 RM
Non-current assets		
Available-for-sale financial assets		
Quoted securities - at cost	3,537,241	3,782,750
Add: Reversal on impairment of other investment	8,751	-
Less: Accumulated impairment losses	(3,528,490)	(3,526,549)
Carrying amount	17,502	256,201
- at market value	17,502	256,201

8. PREPAID LEASE PAYMENTS

	GROUP	
	2013 RM	2012 RM
Prepaid lease rental	27,474,992	27,474,992
Less: Accumulated amortisation	(13,527,730)	(11,937,835)
	13,947,262	15,537,157

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.

9. DEVELOPMENT EXPENDITURE

	GROUP	
	2013 RM	2012 RM
At beginning of year	1,505,002	1,505,002
Less: Impairment during the year	(1,505,001)	-
At end of year	1	1,505,002

10. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
(a) Goodwill on consolidation				
At beginning and end of year	11,833	11,833	-	-
(b) Patents and rights, at cost				
At beginning of year	5,000,000	5,000,000	5,000,000	5,000,000
Add: Accumulated amortisation	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
At end of year	-	-	-	-
Total intangible assets	11,833	11,833	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

11. INVENTORIES

	GROUP	
	2013 RM	2012 RM
At cost:		
Food and beverages and packing materials	3,055,910	1,754,662
Machinery and spare parts	111,188	124,625
	3,167,098	1,879,287

12. TRADE RECEIVABLES

	GROUP	
	2013 RM	2012 RM
Trade receivables	3,885,212	5,322,389
Less: Allowance for impairment	(1,979,821)	(1,851,776)
	1,905,391	3,470,613

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.

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

	GROUP	
	2013 RM	2012 RM
Neither past due nor impaired	1,052,325	1,381,258
1 to 30 days past due not impaired	-	106,982
31 to 60 days past due not impaired	-	-
61 to 90 days past due not impaired	-	-
more than 91 days past due not impaired	2,832,887	3,834,149
	3,885,212	5,322,389
Less: Allowance for impairment	(1,979,821)	(1,851,776)
	1,905,391	3,470,613

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 RM853,066 (2012 – RM2,089,355) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

12. TRADE RECEIVABLES (Cont'd)

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	
	2013 RM	2012 RM
At beginning of year	1,851,776	1,136,305
Add: Charge during the year	597,920	715,471
Less: Reversal of allowance for impairments	(469,875)	-
At end of year	<u>1,979,821</u>	<u>1,851,776</u>

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.

13. OTHER RECEIVABLES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Prepayments	875	56,191	-	-
Deposits	1,303,957	1,536,696	25,217	20,217
Sundry receivables	5,312,960	6,323,776	231,032	2,491,614
Tax recoverable	245,945	252,728	234,516	230,217
	<u>6,863,737</u>	<u>8,169,391</u>	<u>490,765</u>	<u>2,742,048</u>
Less: Allowance for impairment	(2,220,869)	(207,706)	(30,000)	-
	<u>4,642,868</u>	<u>7,961,685</u>	<u>460,765</u>	<u>2,742,048</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		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
At beginning of year	207,706	696,922	-	-
Add: Charge for the year	2,013,163	115,500	30,000	-
Less: Reversal during the year	-	(604,716)	-	-
At end of year	<u>2,220,869</u>	<u>207,706</u>	<u>30,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

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	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	6,411,525	3,000,161	2,068,772	92,132
Deposits with licensed financial institutions	2,414,607	2,299,155	2,278,520	2,163,254
Bank overdraft	(29,036)	(27,162)	-	-
	<u>8,797,096</u>	<u>5,272,154</u>	<u>4,347,292</u>	<u>2,255,386</u>

The weighted average interest rates of deposits at the end of financial year range from 2.5% to 3.1% (2012 – 2.5% to 3.1%) per annum and the average maturities of deposits are 30 to 365 days (2012 – 30 to 365 days).

The bank overdraft is temporary and unsecured.

16. SHARE CAPITAL

	GROUP AND COMPANY	
	2013 RM	2012 RM
Authorised: 500,000,000 ordinary shares of RM1 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning of year	165,926,000	160,376,000
Allotment during the year	33,268,600	5,550,000
At end of year	<u>199,194,600</u>	<u>165,926,000</u>

(a) The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 28 December 2011. The ESOS was implemented on 28.2.2012.

(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, with extension of a further 5 years 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

16. SHARE CAPITAL (Cont'd)

- (b) The main features of the ESOS are as follows: (Cont'd)
- (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, with extension of a further 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 29 February 2012, 1,200,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (ii) On 02 March 2012, 2,000,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (iii) On 05 March 2012, 1,800,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (iv) On 21 March 2012, 2,500,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (v) On 30 March 2012, 2,500,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (vi) On 27 April 2012, 3,500,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (vii) On 01 August 2012, 9,100,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
 - (viii) On 09 August 2012, 4,000,000 ordinary shares of RM1 each are allotted to the eligible employees pursuant to the authority as stipulated in the circular to shareholders dated 12 December 2011.
- (d) There were no share options outstanding as at the end of the financial year.

17. RESERVES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 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	-	-
Currency translation reserves	(5,041)	-	-	-
Distributable:				
Accumulated loss	(42,368,081)	(34,279,972)	(35,139,950)	(34,914,160)
	<u>(15,474,480)</u>	<u>(7,381,330)</u>	<u>(8,256,308)</u>	<u>(8,030,518)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

17. RESERVES (Cont'd)

Share premium

The reserve comprise premium paid on subscription of shares in the Company over and above par value of the shares.

Esos reserves

The Group's and the Company's ESOS reserve relates to the Borneo Oil Berhad's Share Scheme of the Company, which were made available to the employees of the Group and the Company as disclosed in page 3.

Capital reserves

The capital reserve arose from surplus on revaluation of investments in subsidiary against the cost of investments.

Currency translation reserves

The exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

18. BORROWINGS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Short Term Borrowings				
Secured:				
Term loans	3,387,028	4,496,182	-	-
Finance lease payables (Note 19)	118,278	93,173	12,097	37,880
	<u>3,505,306</u>	<u>4,589,355</u>	<u>12,097</u>	<u>37,880</u>
Long Term Borrowings				
Secured:				
Term loans	4,859,067	6,820,877	-	-
Finance lease payables (Note 19)	471,264	180,441	-	12,098
	<u>5,330,331</u>	<u>7,001,318</u>	<u>-</u>	<u>12,098</u>
Total Borrowings				
Term loans	8,246,095	11,317,059	-	-
Finance lease payables (Note 19)	589,542	273,614	12,097	49,978
	<u>8,835,637</u>	<u>11,590,673</u>	<u>12,097</u>	<u>49,978</u>
Maturity of borrowings (excluding finance lease payables):				
Within one year	3,387,028	4,496,182	-	-
More than one year and less than two years	1,226,108	2,711,984	-	-
More than two years and less than five years	3,632,959	4,108,893	-	-
	<u>8,246,095</u>	<u>11,317,059</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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	
	2013 %	2012 %
Term loans	3.75 - 8.1	3.8 - 8.1

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. FINANCE LEASE PAYABLES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Minimum lease payments				
- not later than one year	179,305	108,432	12,283	39,864
- later than one year and not later than two years	167,022	76,548	-	12,283
- later than two years and not later than five years	311,718	120,647	-	-
	<u>658,045</u>	<u>305,627</u>	<u>12,283</u>	<u>52,147</u>
Less: Amount representing finance charges	(68,503)	(32,013)	(186)	(2,169)
Present value of minimum lease payment	<u>589,542</u>	<u>273,614</u>	<u>12,097</u>	<u>49,978</u>
Represented by:				
Current				
- not later than one year	118,278	93,173	12,097	37,880
Non-current				
- later than one year and not later than two years	153,253	67,117	-	12,098
- later than two years and not later than five years	318,011	113,324	-	-
	<u>589,542</u>	<u>273,614</u>	<u>12,097</u>	<u>49,978</u>
Analysed as:				
Due within one year	118,278	93,173	12,097	37,880
Due after one year	471,264	180,441	-	12,098
	<u>589,542</u>	<u>273,614</u>	<u>12,097</u>	<u>49,978</u>

The hire purchase and finance lease payables bore interest of between 3.99% and 8.74% (2012 – 3.8% and 8.7%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

20. DEFERRED TAX LIABILITIES

	GROUP	
	2013 RM	2012 RM
At beginning of year	-	188,000
Recognised in the statement of comprehensive income (Note 26)	27,700	(188,000)
At end of year	27,700	-

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.

21. TRADE PAYABLES

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

22. OTHER PAYABLES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Accruals	364,496	300,518	37,248	46,545
Deposits received	1,298,949	1,282,860	185,100	185,100
Sundry payables	5,841,135	6,457,413	161,993	619,581
	7,504,580	8,040,791	384,341	851,226

23. REVENUE

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Oil, gas and energy related businesses	359,287	969	-	-
Sales from fast food and restaurant operations	29,845,174	23,000,538	-	-
Revenue from administrative, management and marketing services	1,801,857	2,401,600	636,000	636,000
Franchise fees	1,324,334	87,072	2,174,404	1,593,399
Rental income	-	17,617	-	-
	33,330,652	25,507,796	2,810,404	2,229,399

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

24. OTHER INCOME

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Allowance for impairment written back	469,875	604,716	-	-
Gain on disposal of investment in quoted shares	10,063	-	-	-
Gain on disposal of investment properties	508,842	160,511	-	-
Gain on disposal of property, plant and equipment	84,865	97,895	-	-
Gain on foreign exchange	4,803	11,414	-	-
Interest income	118,032	17,155	115,266	17,000
Reversal of impairment on other investment	15,288	-	-	-
Sundry in come	636,727	441,339	-	-
	1,848,495	1,333,030	115,266	17,000

25. (LOSS)/PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Allowance for impairment	2,611,083	830,971	1,883,087	-
Amortisation of prepaid lease rental	1,589,895	1,589,895	-	-
Audit fees				
- current year	156,560	148,960	42,000	42,000
- overprovision in prior year	(43,166)	(5,280)	(12,600)	(5,280)
Bad debts written off	-	604,723	-	-
Depreciation	3,055,254	2,563,293	16,459	68,995
Deposits written off	383,028	-	-	-
Directors' remuneration	60,000	54,000	60,000	54,000
Impairment loss in investment in quoted securities	-	76,909	-	-
Impairment loss in project development	1,505,001	-	-	-
Interest expenses:				
- Finance lease interest	28,710	21,248	1,983	4,301
- Late payment interest	1,905	25,390	-	-
- Term loan interest	569,406	647,167	-	-
Loss on disposal of investment in quoted securities	-	482,803	-	-
Non-executive Directors' remuneration	139,000	164,000	30,000	42,000
Property, plant and equipment written off	612,192	534,465	-	-
Rental of hostel	4,800	4,200	-	-
Rental of office equipment	2,160	2,160	-	-
Rental of premises	870,108	1,172,929	24,000	24,000

and crediting the following items:

Allowance for impairment written back	469,875	604,716	-	-
Gain on disposal of investment properties	508,842	160,511	-	-
Gain on disposal of property, plant and equipment	84,865	97,895	-	-
Gain on disposal of investment in quoted securities	10,063	-	-	-
Gain on foreign exchange	4,803	11,414	-	-
Interest income	118,032	17,155	115,266	17,000
Reversal on impairment of other investment	15,288	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

26. TAXATION

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

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Provision for current year	241,700	4,300	-	4,300
Overprovision in prior years	(50)	(2,532)	(50)	(2,497)
Deferred taxation (Note 20)	27,700	(188,000)	-	-
	<u>269,350</u>	<u>(186,232)</u>	<u>(50)</u>	<u>1,803</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	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit before taxation	(7,818,759)	(5,417,558)	(225,840)	892,565
Taxation at the Malaysian statutory tax rate of 25%	(1,954,690)	(1,354,390)	(56,460)	223,141
Income not subjected to tax	(297,163)	78,305	(28,817)	-
Expenses not deductible for tax purposes	2,797,145	1,539,842	71,309	118,241
Deferred tax assets not recognised on :				
- Unabsorbed tax losses	132,640	243,263	13,968	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(408,532)	(690,720)	-	(337,082)
Overprovision of income tax in prior years				
- Malaysian tax	(50)	(2,532)	(50)	(2,497)
Tax expense for the year	<u>269,350</u>	<u>(186,232)</u>	<u>(50)</u>	<u>1,803</u>

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

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Unabsorbed tax losses	36,189,135	37,037,964	145,015	1,920,000
Unutilised capital allowances	11,279,578	11,858,510	-	-
	<u>47,468,713</u>	<u>48,896,474</u>	<u>145,015</u>	<u>1,920,000</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 2013 (Cont'd)

27. LOSS PER SHARE

Basic loss per share:

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

	GROUP	
	2013	2012
Loss for the year (RM)	(8,088,109)	(5,231,326)
Weighted average number of ordinary shares in issue	185,303,345	162,229,288
Basic loss per share (sen)	(4.36)	(3.22)

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

28. STAFF COSTS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries and allowances	4,034,173	3,542,070	456,590	369,362
E.P.F. and Socso contributions	369,881	289,205	42,818	35,944
Other staff related expenses	220,564	153,793	24,840	8,100
	<u>4,624,618</u>	<u>3,985,068</u>	<u>524,248</u>	<u>413,406</u>

Included in staff costs of the Group and of the Company are executive Directors' remuneration amounting to RM60,000 (2012 – RM54,000) and RM60,000 (2012 – RM54,000) respectively as disclosed in Note 29 to the financial statements.

29. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Executive:				
Fees	<u>60,000</u>	<u>54,000</u>	<u>60,000</u>	<u>54,000</u>
Non-Executive:				
Fees	<u>139,000</u>	<u>164,000</u>	<u>30,000</u>	<u>42,000</u>
Total	<u>199,000</u>	<u>218,000</u>	<u>90,000</u>	<u>96,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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	
	2013	2012
Executive Directors:		
Below RM50,000	-	-
RM50,001 - RM100,000	1	1
Non-Executive Directors:		
Below RM50,000	3	3
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	1

30. RELATED PARTY TRANSACTIONS

The related party transactions of the Company comprise the following:

	COMPANY	
	2013 RM	2012 RM
Management fee received from subsidiary company - SB Franchise Management Sdn. Bhd.	600,000	600,000
Licensing fee received from subsidiary company - L & V Trading Sdn. Bhd.	1,046,085	754,822
- SB Supplies & Logistics Sdn. Bhd.	1,128,319	838,577

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	
	2013 RM	2012 RM	2013 RM	2012 RM
Total KMP's remuneration	60,000	54,000	60,000	54,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

31. CONTINGENT LIABILITIES

	COMPANY	
	2013 RM	2012 RM
Unsecured:		
Corporate guarantees given to banks and other financial institutions for credit facilities granted to subsidiary companies	14,099,470	14,099,470

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").

Group	AFS RM	L&R RM	AC RM	TOTAL RM
At 31 January 2013				
Financial Assets				
Investment in quoted securities	17,502	-	-	17,502
Trade receivables	-	1,905,391	-	1,905,391
Other receivables	-	4,642,868	-	4,642,868
Cash and cash equivalents	-	8,797,096	-	8,797,096
	<u>17,502</u>	<u>15,345,355</u>	<u>-</u>	<u>15,362,857</u>
Financial Liabilities				
Trade payables	-	-	1,928,653	1,928,653
Other payables	-	-	7,504,580	7,504,580
Term loans	-	-	8,246,095	8,246,095
Finance lease payables	-	-	589,542	589,542
	<u>-</u>	<u>-</u>	<u>18,268,870</u>	<u>18,268,870</u>
At 31 January 2012				
Financial Assets				
Investment in quoted securities	256,201	-	-	256,201
Trade receivables	-	3,470,613	-	3,470,613
Other receivables and deposits	-	7,961,685	-	7,961,685
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
Finance lease payables	-	-	273,614	273,614
	<u>-</u>	<u>-</u>	<u>21,403,004</u>	<u>21,403,004</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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 2013				
Financial Assets				
Other receivables	-	460,765	-	460,765
Amount due from subsidiary companies	-	188,955,639	-	188,955,639
Cash and cash equivalents	-	4,347,292	-	4,347,292
	-	193,763,696	-	193,763,696
Financial liabilities				
Other payables	-	-	384,341	384,341
Amount due to subsidiary companies	-	-	2,576,107	2,576,107
Finance lease payables	-	-	12,097	12,097
	-	-	2,972,545	2,972,545
Company				
At 31 January 2012				
Financial Assets				
Other receivables and deposits	-	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
Finance lease payables	-	-	49,978	49,978
	-	-	3,525,444	3,525,444

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

(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 2013						
Fixed rate						
Deposits with licensed financial institutions	15	2.71	2,414,607	-	-	2,414,607
Finance lease payables	19	4.83	118,278	471,264	-	589,542
			<u>2,532,885</u>	<u>471,264</u>	<u>-</u>	<u>3,004,149</u>
Floating rate						
Term loans	18	5.93	3,387,028	4,859,067	-	8,246,095
At 31 January 2012						
Fixed rate						
Deposits with licensed financial institutions	15	2.75	2,299,155	-	-	2,299,155
Finance lease payables	19	5.24	93,173	180,441	-	273,614
			<u>2,392,328</u>	<u>180,441</u>	<u>-</u>	<u>2,572,769</u>
Floating rate						
Term loans	18	3.85	4,496,182	6,820,877	-	11,317,059

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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 2013						
Fixed rate						
Deposits with licensed financial institutions	15	2.75	2,278,520	-	-	2,278,520
Finance lease payables	19	3.99	12,097	-	-	12,097
			<u>2,290,617</u>	<u>-</u>	<u>-</u>	<u>2,290,617</u>
At 31 January 2012						
Fixed rate						
Deposits with licensed financial institutions	15	2.59	2,163,254	-	-	2,163,254
Finance lease payables	19	3.99	37,880	12,098	-	49,978
			<u>2,201,134</u>	<u>12,098</u>	<u>-</u>	<u>2,213,232</u>

Interest rate risk sensitivity analysis

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

	Group	
	2013 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM
Effect on profit after taxation		
Increase of 100 Basis Point (bp)	(82,461)	(113,171)
Decrease of 100 Basis Point (bp)	<u>82,461</u>	<u>113,171</u>
Effect on equity		
Increase of 100 Basis Point (bp)	(82,461)	(113,171)
Decrease of 100 Basis Point (bp)	<u>82,461</u>	<u>113,171</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

(ii) Credit risk (Cont'd)

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 (2012 – RM14,099,470) relating to corporate guarantees to bank and other financial institutions for credit facilities granted to subsidiary companies.

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)			Total
	held in non-functional currency			
Group	United States Dollar RM	Singapore Dollar RM	Brunei Dollar RM	RM
At 31 January 2013				
Investment in quoted securities	17,502	-	-	17,502
Trade receivables	118,360	-	11,652	130,012
Cash and cash equivalents	-	-	3,546	3,546
	118,360	-	15,198	133,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

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

(iii) Foreign currency risk (cont'd)

Functional Currency	Net financial assets/(financial liabilities) held in non-functional currency			
	United States Dollar RM	Singapore Dollar RM	Brunei Dollar RM	Total RM
Group				
At 31 January 2012				
Investment in quoted securities	8,751	-	-	8,751
Trade receivables	25,331	-	43,230	68,561
Cash and cash equivalents	286	-	3,556	3,842
Trade payables	(49,215)	(40,305)	-	(89,520)
	(14,847)	(40,305)	46,786	(8,366)
Company				
At 31 January 2013				
Cash and cash equivalents	-	-	-	-
At 31 January 2012				
Cash and cash equivalents	286	-	-	286

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
USD/RM - Strengthened 5%	5,918	(742)	-	14
- Weakened 5%	(5,918)	742	-	(14)
SGD/RM - Strengthened 5%	-	(2,015)	-	-
- Weakened 5%	-	2,015	-	-
BRD/RM - Strengthened 5%	760	2,339	-	-
- Weakened 5%	(760)	(2,339)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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.

	GROUP			Total RM
	On demand or within 1 year RM	2 - 5 years RM	More than 5 years RM	
At 31 January 2013				
Trade payables	1,928,653	-	-	1,928,653
Other payables	7,504,580	-	-	7,504,580
Term loans	3,505,306	5,330,331	-	8,835,637
Finance lease payables	118,278	471,264	-	589,542
	13,056,817	5,801,595	-	18,858,412
At 31 January 2012				
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
Finance lease payables	93,173	180,441	-	273,614
	14,401,686	7,001,318	-	21,403,004
	COMPANY			
	On demand or within 1 year RM	2 - 5 years RM	More than 5 years RM	Total RM
At 31 January 2013				
Other payables	384,341	-	-	384,341
Amount due to subsidiary companies	2,576,107	-	-	2,576,107
Finance lease payables	12,097	-	-	12,097
	2,972,545	-	-	2,972,545
At 31 January 2012				
Other payables	851,226	-	-	851,226
Amount due to subsidiary companies	2,624,240	-	-	2,624,240
Finance lease payables	37,880	12,098	-	49,978
	3,513,346	12,098	-	3,525,444

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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 2012 and as at 31 January 2013 were as follows:

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

	GROUP	
	2013	2012
	RM	RM
Trade payables	1,928,653	1,771,540
Other payables	7,504,580	8,040,791
Total borrowings (Note 18)	8,835,637	11,590,673
Less: Cash and cash equivalents	(8,797,096)	(5,272,154)
Net debt	9,471,774	16,130,850
Equity attributable to the owners of the parent	183,720,120	158,544,670
Capital and net debt	193,191,894	174,675,520
Gearing ratio	0.05	0.09

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

35. MATERIAL LITIGATIONS

At the date of this report, the Group is not engaged in any material litigation, which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

36. SIGNIFICANT EVENTS

On 10 September 2012, SB Franchise Management Sdn Bhd ("SBFM"), a wholly owned subsidiary company of the Company, has incorporated SugarBun Pty Ltd as its wholly owned subsidiary, a company incorporated in Australia for a cash consideration of AUD12 (equivalent to about RM39) and subsequently on 17 September 2012 increased to AUD100,000 (equivalent to about RM327,700) by creation of 99,988 ordinary shares at AUD1 (equivalent to about RM3.27) each. Sugarbun Pty Ltd has been incorporated as a vehicle for SB Franchise Management Sdn Bhd's ("SBFM") possible entry into Australia to expand its fast food franchise and related businesses.

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 RM1,345,994 (– RM RM1,475,534) arising from sales by the fast food operations segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue												
External sales	36,000	36,000	26,621,008	19,314,733	6,314,357	6,156,094	359,287	969	-	-	33,330,652	25,507,796
Inter-segment sales	2,774,404	2,193,399	19,884,055	14,577,627	-	-	-	-	(22,658,459)	(16,771,026)	-	-
Total revenue	2,810,404	2,229,399	46,505,063	33,892,360	6,314,357	6,156,094	359,287	969	(22,658,459)	(16,771,026)	33,330,652	25,507,796
Results												
Segment results	1,973,772	(1,334,674)	(786,316)	1,561,009	(4,129,644)	(3,950,979)	(4,278,455)	(1,024,499)	-	-	(7,220,643)	(4,749,143)
(Loss)/Profit from operations												
Finance costs, net												
Taxation												
(Loss)/Profit after taxation												
(Loss)/Profit for the year												
ASSETS AND LIABILITIES												
Segment assets	21,338,894	5,140,802	13,383,523	13,672,998	140,813,364	158,396,378	26,967,457	2,985,086	-	-	202,503,238	180,195,264
Segment liabilities	662,038	1,199,897	4,488,277	4,140,594	11,907,556	15,082,971	1,715,247	1,227,132	-	-	18,783,118	21,650,594
OTHER INFORMATION												
Capital expenditure	165,414	-	495,194	473,984	4,622,234	27,952,226	25,132,100	935,486	-	-	30,414,942	29,361,696
Depreciation	17,736	68,995	607,494	662,861	1,736,549	1,722,907	693,475	108,530	-	-	3,055,254	2,563,293
Amortisation of prepaid lease rental	-	-	-	-	1,589,895	1,589,895	-	-	-	-	1,589,895	1,589,895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013 (Cont'd)

38. 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 Unrealise 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(145,775,309)	(133,470,141)	(35,139,950)	(34,914,160)
- Unrealised	79,917,083	79,098,524	-	-
	<u>(65,858,226)</u>	<u>(54,371,617)</u>	<u>(35,139,950)</u>	<u>(34,914,160)</u>
Add: Consolidated adjustments	23,490,145	20,091,645	-	-
Total accumulated losses	<u>(42,368,081)</u>	<u>(34,279,972)</u>	<u>(35,139,950)</u>	<u>(34,914,160)</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.

LIST OF PROPERTIES

Particulars of the Group's Properties

The properties of the Group as at 31 January 2013 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, Kg. Mansiang, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	13.08 acres	Nil	654	3.7.2002
2	NT 013061768, Kg. Mansiang, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 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 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 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 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 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 2.7.2032	11.70 acres	Nil	468	3.7.2002
8	NT 013068954, Tombongan, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	12.67 acres	Nil	532	3.7.2002
9	CL 015279099, Kg. Kiansom, Kota Kinabalu, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2059	22.15 acres	Nil	3,987	26.12.2002
10	CL 015414034 Lot 27, Off Jalan Kolam, Kota Kinabalu	1 storey office building	Leasehold 99 years expiring 31.12.2081	0.083 hectare	17 years	4,195	28.10.1998
11	CL 015433771 Lot 27, Off Jalan Kolam, Kota Kinabalu	3 storey office building	Leasehold 99 years expiring 21.12.2081	0.202 hectare	27 years		
12	NT 013068589, Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	6.75 acres	Nil	270	5.3.2003
13	NT 013067939, Kg Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	2.76 acres	Nil	138	5.3.2003
14	NT 013067742, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	5.65 acres	Nil	282	5.3.2003
15	NT 013064821, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	3.89 acres	Nil	194	5.3.2003
16	NT 013067751, Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	12.95 acres	Nil	518	5.3.2003
17	FR 014009057, Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	12.66 acres	Nil	633	5.3.2003
18	NT 014009066, Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	14.59 acres	Nil	730	5.3.2003
19	NT 013068043, Kg Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Perpetuity	2.65 acres	Nil	106	5.3.2003
20	CL 065313804, Kg. Kundasang, Ranau, Sabah	Vacant land	Leasehold 99 years expiring on 31.12.2081	1.57 acres	Nil	160	5.3.2003
21	CL 095310071, Sg. Metah, Kinabatangan District, Sandakan, Sabah	Vacant land	Leasehold 99 years expiring on 31.12.2073	100.07 acres	Nil	2,418	25.7.2008

LIST OF PROPERTIES (Cont'd)

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

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Acquisition
22	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
23	NT 43163837, NT 43163784, NT 43192365, NT 43163775 & NT 43169884, Kg. Sabandar, Tuaran, Sabah	Vacant land	Leasehold, 30 years expiring 31.1.2038	11.22 acres	Nil	3,226	20.7.2008
24	NT 113026305, NT 113016336, NT 113016345, NT113016354, NT113050392, NT 113019551, NT 113019560, NT 113019588, NT113019579, 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
25	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
26	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
27	NT 053047199, Kg Rukam, Kudat	Vacant land	Leasehold 30 years expiring on 14.7.2040	5.09 acres	Nil	1,850	30.7.2010
28	NT 053047297, Kg Rukam, Kudat	Vacant land	Leasehold 30 years expiring on 14.7.2040	3.36 acres	Nil	1,400	30.7.2010
29	NT013064214, Pulau Gaya Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 31.01.2042	2.05 acres	} Nil	4,000	1.02.2012
30	NT013077300, Pulau Gaya Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring on 31.01.2042	5.16 acres			1.02.2012
31	NT063064648, Kampung Kilimu Ranau, Sabah	Vacant land	Leasehold 30 years expiring on 1.06.2042	11.76 acres	Nil	2,000	01.06.2012
32	NT113065062, Ulu Segama Lahad Datu, Sabah	Vacant land	Leasehold 30 years expiring on 30.09.2042	8.465 acres	} Nil	1,172	01.10.2012
33	NT113065071, Ulu Segama Lahad Datu, Sabah	Vacant land	Leasehold 30 years expiring on 30.09.2042	8.675 acres			01.10.2012
34	NT113053053, Ulu Segama Lahad Datu, Sabah	Vacant land	Leasehold 30 years expiring on 30.09.2042	7.652 acres			01.10.2012
35	NT113065053, Ulu Segama Lahad Datu, Sabah	Vacant land	Leasehold 30 years expiring on 30.09.2042	8.687 acres			01.10.2012
36	NT06301807, Kampung Silad Ranau, Sabah	Vacant land	Leasehold 30 years expiring on 30.11.2042	18.08 acres	Nil	4,520	01.12.2012
37	NT063118516, Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold 30 years expiring on 30.07.2042	4.997 acres	Nil	3,800	01.08.2012
38	NT113006474, Silam Road, Lahad Datu, Sabah	Vacant land	Leasehold 30 years expiring on 28.02.2042	16.16 acres	Nil	5,040	21.03.2012
39	CL065311908, Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold 99 years expiring on 31.12.2072	11.51 acres	Nil	4,000	12.12.2012

STATEMENT OF SHAREHOLDINGS

as at 10TH JUNE 2013

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHARE HOLDINGS	NO. OF SHARE HOLDERS	%	NO. OF SHARES	%
Less than 100	34	0.77	644	-
100 to 1,000	663	15.09	599,556	0.30
1,001 to 10,000	2,218	50.47	12,193,000	6.12
10,001 to 100,000	1,262	28.71	43,501,800	21.84
100,001 to less than 5% of issued shares	217	4.94	121,790,100	61.14
5% and above of issued shares	1	0.02	21,109,500	10.60
*** TOTAL	4,395	100.00	199,194,600	100.00

LIST OF TOP 30 SHAREHOLDERS AS AT 10TH JUNE 2013

ITEM	NAME	NO. OF SHARES	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	21,109,500	10.60
2	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities account for Victoria Capital Sdn Bhd)	9,276,600	4.66
3	CARTABAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Agricole (Suisse) SA , Singapore Branch)	4,127,100	2.07
4	VICTORIA CAPITAL SDN BHD	4,042,300	2.03
5	AIBB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	3,694,000	1.85
6	TAN SOH GEK	3,238,000	1.63
7	WARISAN HARTA SABAH SDN BHD	3,215,000	1.61
8	FONG KIM FAY	3,135,600	1.57
9	AMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Energy Resources Investments Limited)	3,100,000	1.56
10	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Coutts & Co. Ltd (HK Branch)	2,513,100	1.26
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	2,305,800	1.16
12	TAN SIEW HONG	2,289,300	1.15
13	HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Suisse (HK BR-TST-ASING)	2,264,000	1.14
14	THIEN NYUK SHEN	2,182,500	1.10
15	LIEW LI FONG SUSAN	2,101,700	1.06

STATEMENT OF SHAREHOLDINGS

as at 10TH JUNE 2013 (Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 10TH JUNE 2013 (Cont'd)

ITEM	NAME	NO. OF SHARES	%
16	AIBB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yayasan Pok Dan Kassim)	2,000,000	1.00
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Phang Miow Sin)	2,000,000	1.00
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Kong Hwa Ling)	1,947,000	0.98
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account For Su Haw Tieng @ John)	1,550,000	0.78
20	KHO CHANG MING	1,400,000	0.70
21	RHB NOMINEES (ASING) SDN BHD (Pledged Securities Account for Core Pacific Yamaichi International (H.K) Limited)	1,272,000	0.64
22	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	1,265,700	0.64
23	KO KIM KWA	1,246,500	0.63
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Wuan Thong Lok)	1,200,000	0.60
25	JEREMY KHO HUI JAG	1,150,000	0.58
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Boo Cheng Kee)	1,038,000	0.52
27	TAN CHYE KONG	1,000,000	0.50
28	TEW BOO SING	995,000	0.50
29	H'NG CHIAU CHIN	957,800	0.48
30	SIM SIEW MENG	954,000	0.48
		88,570,500	44.48

SUBSTANTIAL SHAREHOLDERS AS AT 10TH JUNE 2013

NAME	NO. OF SHARES HELD			
	Direct	%	Indirect	%
MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	21,109,500	10.60	-	-

STATEMENT OF WARRANT B (2008/2018) HOLDINGS

as at 10TH JUNE 2013

ANALYSIS OF WARRANT B (2008/2018) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	97	6.44	4,240	0.01
100 to 1,000	297	19.72	194,606	0.36
1,001 to 10,000	564	37.45	2,724,068	5.10
10,001 to 100,000	459	30.48	16,071,489	30.06
100,001 to less than 5% of issued warrants	89	5.91	34,464,263	64.47
5% and above of issued warrants	-	-	-	-
*** TOTAL	1,506	100.00	53,458,666	100.00

LIST OF TOP 30 WARRANT B (2008/2018) HOLDERS AS AT 10TH JUNE 2013

NAME	No. of Warrants	%
1 HONG CHENG HOONG	2,500,000	4.68
2 GOH TEN FOOK	2,076,000	3.88
3 CARTABAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Agricole (Suisse) SA, Singapore Branch)	1,600,000	2.99
4 MAYBAN SECURITIES NOMINEES(ASING) SDN BHD (Pledged Securities Account for Chua Chwee Chye)	1,550,800	2.90
5 MAYBAN SECURITIES NOMINEES(TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	1,540,300	2.88
6 HSBC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Suisse (HK BR-TST-ASING))	1,358,000	2.54
7 VINCENT YONG TUCK SENG	1,205,100	2.25
8 TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chong Yoke Ching)	1,187,100	2.22
9 THIEN NYUK SHEN	1,149,999	2.15
10 VICTORIA CAPITAL SDN BHD	1,083,067	2.03
11 WARISAN HARTA SABAH SDN BHD	1,071,666	2.00
12 TAN SOH GEK	900,000	1.68
13 WONG SIEN NGIK	830,000	1.55
14 PAUL TEO CHOON HWAI	723,000	1.35
15 CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for CIMB Securities (Singapore) Pte Ltd)	693,300	1.30

STATEMENT OF WARRANT B (2008/2018) HOLDINGS

as at 10TH JUNE 2013 (Cont'd)

LIST OF TOP 30 WARRANT B (2008/2018) HOLDERS AS AT 10TH JUNE 2013 (Cont'd)

	NAME	No. of Warrants	%
16	HLB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Cheng Chai)	600,000	1.12
17	TAY YEW SIONG	500,000	0.94
18	LAW HOCK CHAI	402,600	0.75
19	TAN SIN SIN	350,000	0.65
20	HDM NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lian Suat Hia)	343,700	0.64
21	SENTRAL BINA JAYA SDN BHD	340,000	0.64
22	AMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Chin Keh Chi)	310,000	0.58
23	WONG SENG POH	300,433	0.56
24	LIM TAI SOON	300,000	0.56
25	LOCK SOI NGEN @ LOCK SOI NGIN	300,000	0.56
26	LU LI	300,000	0.56
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Low Saw Hoon)	300,000	0.56
28	RHB NOMINEES (ASING) SDN BHD (Pledged Securities Account for Yiu May Kae Mavis)	300,000	0.56
29	TAN BENG SIM	300,000	0.56
30	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Yee Foong)	278,100	0.52
		24,693,165	46.16

SUBSTANTIAL WARRANT B (2008/2018) HOLDERS AS AT 10TH JUNE 2013

	NAME	No. Of Warrants	%
	None of the warrant B holders have more than 5% as at 10 th June 2013	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 29th 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 30 July 2013 , Tuesday at 8.00 am for the following purposes :-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 January 2013 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees for the financial year ended 31 January 2013. **(Resolution 2)**
3. To re-elect Mr John Lee Yan Hong @ John Lee 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, subject always to the Companies Act , 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered , pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten per centum (10%) of the nominal value of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

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

"THAT subject always to the Companies Act , 1965, the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, 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 :

- (a) the aggregate number of ordinary shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings or share premium reserves of the Company at the time of the purchase(s); and

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)

(c) the Directors of the Company may decide to :-

- (i) retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or
- (ii) cancel the shares so purchased; and/or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder.

AND THAT such authority shall commence upon passing of this resolution and shall continue to be in force until :-

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

whichever occur first ;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements , arrangements and guarantee with any party or parties) to implement , finalise and give full effect to the aforesaid purchase with full powers to assert to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

7. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Articles of Association and 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 : 8 July 2013

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES :-

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorized representative) to attend and vote in his/her stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.

A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

2. A member may appoint a maximum of two (2) proxies to attend and vote at the same meeting. Such appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an Authorized Nominee as defined under the Securities Industry (Central Depository) Act 1991, it may 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.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

An Exempt Authorised Nominee refers to an Authorised Nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised 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.
6. 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 set for the meeting or any adjournment thereof.
7. Only Members whose names appear in the Record of Depositors as at 22 July 2013 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

8. Explanatory Notes to Special Business :-

(i) Ordinary Resolution

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

The Proposed Ordinary Resolution 5 is a renewal of the general mandate to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

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 28th Annual General Meeting held on 31st July 2012.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purchase of funding current and/or future project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

(ii) Ordinary Resolution

Resolution 6- Proposed Renewal of Authority For The Purchase Of Own Shares By The Company ("Proposed Renewal")

The proposed Ordinary Resolution 6, if passed, will provide a mandate for the Company to purchase its own shares of up to ten percent (10%) of the total issued and paid-up share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a 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 John Lee Yan Hong @ John Lee

2. Board meetings held during the financial year ended 31 January 2013

The Board sat for 18 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	14/18
2. John Lee Yan Hong @ John Lee	25 April 2006	18/18
3. Tan Kok Chor	21 August 2001	18/18
4. Michael Moo Kai Wah	15 Jan 2008	18/18

3. The place , date and time of the 29th Annual General Meeting

2nd Floor , Victoria Point, Jalan OKK Awang Besar, 87007 , W.P. Labuan on 30 th July 2013 , 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 22 nd July 2013, 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.

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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 29th Annual General Meeting of the Company to be held on 30 July 2013 , 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 29th 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 31 January 2013 and the Report of the Auditors thereon.		
2.	To approve the Directors' fees for the financial year ended 31 January 2013.		
3.	To re-elect Mr John Lee Yan Hong @ John Lee 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 : Ordinary Resolution 1 - To authorize Directors to allot and issue shares pursuant to Section 132D of the Companies Act , 1965.		
6.	Ordinary Resolution 2 - 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 22 July 2013 shall be eligible to attend the meeting or appoint a proxy to attend, speak and vote on his/her behalf.

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Affix
stamp

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

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